MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
(AUDITED)

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

Board of Education
Midview Local School District
13050 Durkee Road
Grafton, Ohio 44044

We have reviewed the *Independent Auditor's Report* of the Midview Local School District, Lorain County, prepared by Julian & Grube, Inc., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Midview Local School District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

February 11, 2019

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MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO

TABLE OF CONTENTS

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Julian & Grube, Inc.
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Independent Auditor's Report

Midview Local School District
Lorain County
13050 Durkee Road
Grafton, Ohio 44044

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Midview Local School District, Lorain County, Ohio, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Midview Local School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Midview Local School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Midview Local School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Midview Local School District, Lorain County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* and schedules of net pension and other postemployment benefit liabilities and pension and other postemployment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Midview Local School District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018, on our consideration of the Midview Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Midview Local School District's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 18, 2018

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Our discussion and analysis of the Midview Local School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- For the fiscal year ended June 30, 2018, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this statement resulted in the restatement of net position as of June 30, 2017 for the governmental activities and business-type activities. The food service enterprise fund was also restated. See Note 3 for additional information regarding the restatement.

- In total, net position increased $19,603,421. Net position of governmental activities increased $19,548,232 from 2017 net position, while the net position of business-type activities increased $55,189 from 2017 net position.

- General revenues accounted for $34,550,136 while program specific revenues in the form of charges for services, grants and contributions accounted for $6,938,465 of the total revenue of $41,488,601.

- The District had $21,030,069 in expenses related to governmental activities; only $6,029,041 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily taxes and unrestricted grants and entitlements), and program revenues were adequate to provide for these programs resulting in an increase of net position from a balance of $(14,596,541) to $4,951,691.

- The District had $855,111 in expenses related to business-type activities; a total of $909,424 was provided by program specific charges for services, grants and contributions. The District also had investment income of $876 in the current year.

Using these Basic Financial Statements

This basic financial statement report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund, and, along with the permanent improvement fund, are the only governmental funds reported as major funds.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

> Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
>
> Business-type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's food service operations are reported as business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements
Our analysis of the District's major governmental funds begins on page 13. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's three types of funds, governmental, proprietary, and fiduciary, use different accounting approaches as further described in the notes to the basic financial statements.

Governmental Funds
Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Proprietary Funds
Proprietary funds use the accrual basis of accounting, the same as on the entity-wide statements. Therefore, the statements will essentially match the business-type activities portion of the entity-wide statements.

Fiduciary Funds
The District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in a separate Statement of Net Position – Fiduciary Funds on page 35. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

The District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. The table on the following page provides a summary of the District's net position for 2018 and 2017.

Midview Local School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Current and other assets	$ 37,901,236	$ 33,972,065	$ 146,625	$ 155,937	$ 38,047,861	$ 34,128,002
Restricted assets	1,094,198	1,517,513	-	-	1,094,198	1,517,513
Capital assets, net	37,671,917	39,409,876	193,655	224,643	37,865,572	39,634,519
Total assets	76,667,351	74,899,454	340,280	380,580	77,007,631	75,280,034
Deferred outflows of resources:						
Deferred charge on refunding	751,258	809,047	-	-	751,258	809,047
Pension	10,994,236	9,559,459	113,408	187,126	11,107,644	9,746,585
OPEB	352,713	63,500	7,923	6,089	360,636	69,589
Total deferred outflows of resources	12,098,207	10,432,006	121,331	193,215	12,219,538	10,625,221
Current liabilities	3,657,580	4,116,699	72,111	95,238	3,729,691	4,211,937
Long-term liabilities:						
Due within one year	1,570,003	1,497,442	16,632	24,978	1,586,635	1,522,420
Other long-term items	17,999,364	19,100,232	37,024	28,016	18,036,388	19,128,248
Net pension liability	35,460,321	48,892,549	668,663	834,200	36,128,984	49,726,749
Net OPEB liability	7,851,830	9,845,661	304,262	328,326	8,156,092	10,173,987
Total liabilities	66,539,098	83,452,583	1,098,692	1,310,758	67,637,790	84,763,341
Deferred inflows of resources:						
Property taxes	13,833,374	15,787,804	-	-	13,833,374	15,787,804
Payment in lieu of taxes	730,563	-	-	-	730,563	-
Pension	1,767,892	687,614	16,860	6,581	1,784,752	694,195
OPEB	942,940	-	34,414	-	977,354	-
Total deferred inflows of resources	17,274,769	16,475,418	51,274	6,581	17,326,043	16,481,999
Net investment in capital assets	20,207,010	20,886,515	193,655	224,643	20,400,665	21,111,158
Restricted for:						
Capital projects	3,707,937	3,713,197	-	-	3,707,937	3,713,197
Debt service	2,700	5,400	-	-	2,700	5,400
Other purposes	531,947	947,107	-	-	531,947	947,107
Unrestricted (deficit)	(19,497,903)	(40,148,760)	(882,010)	(968,187)	(20,379,913)	(41,116,947)
Total net position (deficit)	$ 4,951,691	$ (14,596,541)	$ (688,355)	$ (743,544)	$ 4,263,336	$ (15,340,085)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*. For fiscal year 2018, the School District adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OBEP liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position of the governmental activities and business-type activities at June 30, 2017, from $(4,814,380) to $(14,596,541) and $(421,307) to $(743,544), respectively.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the District, total assets and deferred outflows of resources exceed total liabilities and deferred inflows by $4,263,336 at the close of the most recent fiscal year. The main reason for the increase in net position is a result of the District recording the activity related to GASB 68 and GASB 75. During fiscal year 2018, the District's net position increased $19,603,421. As of June 30, 2018, there is no expectation that the District will be required to increase pension/OPEB funding to cover the net pension/OPEB liability.

A portion of the District's net position reflects investments in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment and vehicles), less any related debt to acquire or construct those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Total assets and deferred outflows of resources increased by $3,321,914 from 2017 to 2018, while the District's total liabilities and deferred inflows of resources decreased by $16,281,507. The main sources for the increase in assets and deferred outflows are related to an increase in cash and cash equivalents and deferred outflows for pension offset by a decrease in capital assets, net. Capital assets, net decreased as depreciation exceeded capital purchases during the fiscal year. The increase in cash and cash equivalents is a product of the District closely monitoring its revenues and expenditures. The District continues to exercise careful financial planning and prudent fiscal management in order to manage the resources of the 2013 levy. The most significant change in liabilities and deferred inflows of resources was a decrease in long-term liabilities which was related to the change in the net pension/OPEB liability.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current and prior year.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Revenues:						
Program revenues:						
Charges for services	$ 4,869,736	$ 4,537,098	$ 350,560	$ 341,219	$ 5,220,296	$ 4,878,317
Operating grants and contributions	1,157,979	1,021,045	558,864	621,126	1,716,843	1,642,171
Capital grants and contributions	1,326	-	-	-	1,326	-
Total program revenues	6,029,041	5,558,143	909,424	962,345	6,938,465	6,520,488
General revenues:						
Property taxes	19,979,479	15,885,539	-	-	19,979,479	15,885,539
Grants and entitlements	14,172,359	14,511,213	-	-	14,172,359	14,511,213
Investment earnings	183,690	98,979	876	767	184,566	99,746
Other	213,732	714,796	-	-	213,732	714,796
Total general revenues	34,549,260	31,210,527	876	767	34,550,136	31,211,294
Total revenues	40,578,301	36,768,670	910,300	963,112	41,488,601	37,731,782
Expenses:						
Program expenses:						
Instruction:						
Regular	8,088,909	18,733,286	-	-	8,088,909	18,733,286
Special	2,285,760	3,689,204	-	-	2,285,760	3,689,204
Vocational	47,562	177,588	-	-	47,562	177,588
Other	209,477	150,590	-	-	209,477	150,590
Support services:						
Pupil	858,811	1,567,827	-	-	858,811	1,567,827
Instructional staff	951,008	1,090,187	-	-	951,008	1,090,187
Board of education	344,032	373,348	-	-	344,032	373,348
Administration	210,303	2,320,885	-	-	210,303	2,320,885
Fiscal	716,280	869,665	-	-	716,280	869,665
Business	46,199	6,864	-	-	46,199	6,864
Operation and maintenance - plant	4,349,620	4,678,837	-	-	4,349,620	4,678,837
Pupil transportation	1,600,173	1,829,646	-	-	1,600,173	1,829,646
Central	50,197	53,312	-	-	50,197	53,312
Operation of non - instructional services:						
Community services	26,615	18,440	-	-	26,615	18,440
Extracurricular activities	595,158	941,123	-	-	595,158	941,123
Interest and fiscal charges	649,965	689,127	-	-	649,965	689,127
Food service	-	-	855,111	1,064,205	855,111	1,064,205
Total expenses	21,030,069	37,189,929	855,111	1,064,205	21,885,180	38,254,134
Change in net position	19,548,232	(421,259)	55,189	(101,093)	19,603,421	(522,352)
Net position at beginning of year	(14,596,541)	N/A	(743,544)	N/A	(15,340,085)	N/A
Net position at end of year	$ 4,951,691	$ (14,596,541)	$ (688,355)	$ (743,544)	$ 4,263,336	$ (15,340,085)

Effects of GASB 68

Under GASB 68, pension expense represents additional amounts earned based on a proportionate share of the pension fund liability adjusted by a corresponding proportionate share of deferred outflows and inflows. Under GASB 68, the pension expense for 2018 is $(11,381,816), while in 2017 pension expense was $3,914,373. The District was required to contribute $2,486,452 and $2,478,036 during 2018 and 2017, respectively.

Effects of GASB 75

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $63,500 in governmental activities and $6,089 in the business-type activities computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $1,257,481 in governmental activities and expense of $16,439 in the business-type activities. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-type Activities
Total 2018 program expenses under GASB 75	$ 21,030,069	$ 855,111
OPEB expense under GASB 67	1,257,481	(16,439)
2018 Contractually required contribution	82,623	7,923
Adjusted 2018 program expenses	22,370,173	846,595
Total 2017 program expenses under GASB 45	37,189,929	1,064,205
Decrease in program expenses not related to OPEB	$ (14,819,756)	$ (217,610)

The large decrease in program expenses not related to OPEB is due to the change in pension expense related to a decrease in the District's net pension liability.

Governmental Activities

Net position of the District's governmental activities increased $19,548,232. Total governmental expenses of $21,030,069 were offset by program revenues of $6,029,041 and general revenues of $34,549,260. Program revenues supported 28.67% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements not restricted to specific purposes. These two revenue sources represent 84.16% of total governmental revenue.

The Statement of Activities shows the cost of program services and the charges for services and grants off-setting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2018 and 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Table 3
Total Cost of Program Services

	Governmental Activities			
	Total Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2018	Net Cost of Services 2017
Program expenses:				
Instruction:				
Regular	$ 8,088,909	$ 18,733,286	$ 3,836,774	$ 14,878,628
Special	2,285,760	3,689,204	1,347,989	2,826,511
Vocational	47,562	177,588	46,995	176,223
Other	209,477	150,590	209,477	150,590
Support services:				
Pupil	858,811	1,567,827	858,811	1,567,827
Instructional staff	951,008	1,090,187	866,140	1,023,308
Board of education	344,032	373,348	344,032	373,348
Administration	210,303	2,320,885	210,303	2,320,885
Fiscal	716,280	869,665	716,280	869,665
Business	46,199	6,864	46,199	6,864
Operations and maintenance - plant	4,349,620	4,678,837	4,348,294	4,678,837
Pupil transportation	1,600,173	1,829,646	1,600,173	1,829,646
Central	50,197	53,312	50,197	53,312
Operation of non - instructional services:				
Community services	26,615	18,440	26,615	18,440
Extracurricular activities	595,158	941,123	(157,216)	168,575
Interest and fiscal charges	649,965	689,127	649,965	689,127
Total expenses	$ 21,030,069	$ 37,189,929	$ 15,001,028	$ 31,631,786

The dependence upon general revenues during fiscal year 2018 for governmental activities is apparent, as 51.18% of 2018 instruction activities are supported by property taxes, grants and entitlements, investment earnings, and other general revenues. The District's taxpayers, as a whole, are the primary support for District's students.

Business-Type Activities

Business-type activities are comprised of the food service operations. The food service operations had expenses of $855,111 and revenues of $910,300. This resulted in an increase to net position for the fiscal year of $55,189. Revenues were mostly consistent with the prior year while expenses decreased due to the effects of GASB 68 and GASB 75. Management continually assesses the performance of the food service operations to ensure that it runs efficiently.

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 22 reported a combined fund balance of $19,945,654, which is greater than last year's total of $14,495,897. This increase in total fund balance is explained by the increase in the general fund. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2018 and 2017.

	Fund Balance June 30, 2018	Fund Balance June 30, 2017	Increase (Decrease)
General	$ 15,708,715	$ 9,972,249	$ 5,736,466
Permanent improvement	2,648,928	2,648,016	912
Other governmental	1,588,011	1,875,632	(287,621)
Total	$ 19,945,654	$ 14,495,897	$ 5,449,757

General Fund

The District's general fund balance increased $5,736,466 as the revenues outpaced expenditures.

The table that follows assists in illustrating the revenues of the general fund.

	2018 Amount	2017 Amount	Percentage Change
Revenues:			
Property taxes	$ 18,013,903	$ 14,331,045	25.70%
Investment earnings	178,009	93,159	91.08
Intergovernmental	14,090,674	14,195,229	(0.74)
Tuition	4,117,362	3,764,550	9.37
Other revenue	622,327	1,073,439	(42.02)
Total	$ 37,022,275	$ 33,457,422	

The main driver of this increase was the property tax revenue while other revenue decreased as the District received two settlement payments in the prior year related to construction projects.

The table that follows assists in illustrating the expenditures of the general fund.

	2018 Amount	2017 Amount	Percentage Change
Expenditures by Function:			
Instruction	$ 19,386,347	$ 19,255,953	0.68%
Support services	10,211,381	9,658,032	5.73
Operation of non-instructional services	3,481	3,014	15.49
Facilities acquisition and construction	19,741	13,164	49.96
Extracurricular activities	751,889	705,304	6.60
Debt service	-	78,880	(100.00)
Total	$ 30,372,839	$ 29,714,347	

Overall, general fund expenditures increased $658,492 from the prior year due to increases in support services costs, with the main drivers being an increase administration and pupil services due to an increase in related salaries.

General Fund Budget Information

The District's budget is prepared in accordance with Ohio law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

For the general fund, final budget basis revenue was $1,874,818 greater than the original budget estimate of $33,049,884. This increase was mainly from an increase in budgeted intergovernmental revenues. Actual general fund revenues, including other financing sources, were $34,723,581, or $201,121 less than budgeted. Final budgeted expenditures, including other financing uses, were $33,108,011; less than the original budget estimate of $33,817,191. Actual general fund expenditures, including other financing uses, were $31,747,207 or $1,360,804 less than budgeted. This decrease was mainly from a decrease in regular instruction and transfers out.

Capital Assets

The District has $37,865,572 invested in capital assets net of depreciation, with $37,671,917 attributed to governmental activities. Acquisitions for governmental activities totaled $268,994 and depreciation was $1,998,843. The major acquisitions during the fiscal year related to the purchase of two new buses. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 10).

Debt

During the year ended June 30, 2013, the District advance refunded $23,340,000 in outstanding certificates of participation by issuing refunding certificates of participation in the amount of $22,595,000. At June 30, 2018, the District still had $18,005,000 in outstanding refunding certificates of participation and paid $1,100,000 in principal on the certificates of participation during the fiscal year.

Detailed information regarding long-term debt activity is included in the notes to the basic financial statements (Notes 15 and 16).

Current Financial Related Activities

Consistent with many school districts in Ohio, the Midview Local School District is faced with the challenge of maintaining a high standard of education for our students and services to our community, while striving to remain financially stable. The District relies heavily upon property taxes and state funding as the major sources of revenue.

Of these revenue sources, the state funding remained flat for fiscal year 2018. Furthermore, no increase is expected in fiscal year 2019. In response to the limited revenue and increasing costs, the District placed a levy on the February 2013 ballot which the community approved for a 10-year period. The District is very appreciative of the community's support and is dedicated to stretching these funds for years into the future.

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In the expenditure areas, the District's operating expenses for fiscal year 2018 did not exceed the operating revenue of fiscal year 2018. The administration is committed to searching for additional ways to save money, increasing efficiencies in the daily operations of the District, and pursuing private/public grants opportunities. The District will continue to be good stewards of the resources provided by our taxpayers.

The Midview community has a long history of taking pride in its schools. The Board, administration, and staff are dedicated to working with the community in order to maintain the high standard of education in a safe, effective, and efficient manner. Ultimately the continued success of the District is dependent on the support of the community.

Contacting the District's Financial Management

This financial report is designed to demonstrate the District's accountability for the money it receives and to provide a general overview of the district's finances to our community, creditors, and investors. For additional information about this report, please contact Mr. Rob Showalter, Treasure, Midview Local Schools, 13050 Durkee Road, Grafton, Ohio 44044.

Midview Local School District

Statement of Net Position

June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	$ 18,549,442	$ 136,566	$ 18,686,008
Accounts receivable	72,478	-	72,478
Intergovernmental receivable	1,033,278	1,074	1,034,352
Prepaid items	66,447	-	66,447
Materials and supplies inventory	161,398	8,985	170,383
Property taxes receivable	18,018,193	-	18,018,193
Restricted assets:			
Cash and investments	1,094,198	-	1,094,198
Nondepreciable capital assets	2,236,608	-	2,236,608
Depreciable capital assets, net	35,435,309	193,655	35,628,964
Total assets	76,667,351	340,280	77,007,631
Deferred outflows of resources:			
Deferred charge on refunding	751,258	-	751,258
Pensions	10,994,236	113,408	11,107,644
OPEB	352,713	7,923	360,636
Total deferred outflows of resources	12,098,207	121,331	12,219,538
Liabilities:			
Accounts payable	248,808	-	248,808
Accrued wages and benefits	2,813,097	54,026	2,867,123
Accrued pension	440,499	18,085	458,584
Accrued interest payable	98,203	-	98,203
Matured compensated absences	56,973	-	56,973
Long-term liabilities:			
Due within one year	1,570,003	16,632	1,586,635
Due in more than one year:			
Net pension liability	35,460,321	668,663	36,128,984
Net OPEB liability	7,851,830	304,262	8,156,092
Other amounts due in more than one year	17,999,364	37,024	18,036,388
Total liabilities	66,539,098	1,098,692	67,637,790

(continued)

The accompanying notes are an integral part of these financial statements.

Midview Local School District

Statement of Net Position (continued)

June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Deferred inflows of resources:			
Property taxes	13,833,374	-	13,833,374
Payment in lieu of taxes	730,563	-	730,563
Pension	1,767,892	16,860	1,784,752
OPEB	942,940	34,414	977,354
Total deferred inflows of resources	17,274,769	51,274	17,326,043
Net position:			
Net investment in capital assets	20,207,010	193,655	20,400,665
Restricted for:			
Capital projects	3,707,937	-	3,707,937
Debt service	2,700	-	2,700
Other purposes	531,947	-	531,947
Unrestricted (deficit)	(19,497,903)	(882,010)	(20,379,913)
Total net position (deficit)	$ 4,951,691	$ (688,355)	$ 4,263,336

The accompanying notes are an integral part of these financial statements.

Midview Local School District

Statement of Activities

For the Fiscal Year Ended June 30, 2018

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution
Instruction:				
Regular education	$ 8,088,909	$ 3,785,406	$ 466,729	$ -
Special education	2,285,760	331,389	606,382	-
Vocational education	47,562	567	-	-
Other	209,477	-	-	-
Support services:				
Pupils	858,811	-	-	-
Instructional staff	951,008	-	84,868	-
Board of education	344,032	-	-	-
Administration	210,303	-	-	-
Fiscal services	716,280	-	-	-
Business	46,199	-	-	-
Operations and maintenance - plant	4,349,620	-	-	1,326
Pupil transportation	1,600,173	-	-	-
Central	50,197	-	-	-
Operation of non - instructional services:				
Community services	26,615	-	-	-
Extracurricular activities	595,158	752,374	-	-
Interest and fiscal charges	649,965	-	-	-
Total governmental activities	21,030,069	4,869,736	1,157,979	1,326
Business-type activities:				
Food service	855,111	350,560	558,864	-
Totals	$ 21,885,180	$ 5,220,296	$ 1,716,843	$ 1,326

General revenues:
Property and other taxes levied for:
General purpose
Capital projects
Special revenues
Grant and entitlements not restricted to specific programs
Investment earnings
Miscellaneous
Total general revenues

Change in net position

Net position (deficit) at beginning of year, restated

Net position (deficit) at end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business - Type Activities	Total
$ (3,836,774)	$ -	$ (3,836,774)
(1,347,989)	-	(1,347,989)
(46,995)	-	(46,995)
(209,477)	-	(209,477)
(858,811)	-	(858,811)
(866,140)	-	(866,140)
(344,032)	-	(344,032)
(210,303)	-	(210,303)
(716,280)	-	(716,280)
(46,199)	-	(46,199)
(4,348,294)	-	(4,348,294)
(1,600,173)	-	(1,600,173)
(50,197)	-	(50,197)
(26,615)	-	(26,615)
157,216	-	157,216
(649,965)	-	(649,965)
(15,001,028)	-	(15,001,028)
-	54,313	54,313
(15,001,028)	54,313	(14,946,715)
17,938,993	-	17,938,993
1,795,828	-	1,795,828
244,658	-	244,658
14,172,359	-	14,172,359
183,690	876	184,566
213,732	-	213,732
34,549,260	876	34,550,136
19,548,232	55,189	19,603,421
(14,596,541)	(743,544)	(15,340,085)
$ 4,951,691	$ (688,355)	$ 4,263,336

Midview Local School District

Balance Sheet – Governmental Funds

June 30, 2018

		General		Permanent Improvement		Other Governmental Funds		Total Governmental Funds
Assets:								
Equity in pooled cash and cash equivalents	$	15,284,240	$	2,334,383	$	639,188	$	18,257,811
Receivables:								
Property taxes receivable		16,411,281		1,606,912		-		18,018,193
Intergovernmental receivable		938,026		-		95,252		1,033,278
Interfund receivable		1,000		-		-		1,000
Accounts receivable		55,539		-		7,000		62,539
Materials and supplies inventory		161,398		-		-		161,398
Prepaid items		66,447		-		-		66,447
Restricted assets:								
Restricted cash and investments		-		-		1,094,198		1,094,198
Total assets	$	32,917,931	$	3,941,295	$	1,835,638	$	38,694,864
Liabilities, deferred inflows of resources and fund balances:								
Liabilities:								
Accounts payable	$	222,282	$	24,492	$	2,034	$	248,808
Accrued wages and benefits		2,681,400		-		131,697		2,813,097
Accrued pension		422,854		-		17,645		440,499
Interfund payable		-		-		1,000		1,000
Matured compensated absences		56,973		-		-		56,973
Total liabilities		3,383,509		24,492		152,376		3,560,377
Deferred inflows of resources:								
Property taxes		12,614,848		1,218,526		-		13,833,374
Payments in lieu of taxes		730,563		-		-		730,563
Unavailable revenue		480,296		49,349		95,251		624,896
Total deferred inflows of resources		13,825,707		1,267,875		95,251		15,188,833
Fund balances:								
Nonspendable		227,845		-		-		227,845
Restricted		11,000		2,648,928		1,713,640		4,373,568
Committed		67,007		-		-		67,007
Assigned		562,967		-		13,665		576,632
Unassigned (deficit)		14,839,896		-		(139,294)		14,700,602
Total fund balances		15,708,715		2,648,928		1,588,011		19,945,654
Total liabilities, deferred inflows of resources and fund balances	$	32,917,931	$	3,941,295	$	1,835,638	$	38,694,864

The accompanying notes are an integral part of these financial statements.

Midview Local School District

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

June 30, 2018

Total Governmental Funds Balances			$	19,945,654
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:				
Capital assets, net used in governmental activities are not financial resources and therefore are not reported in the funds.				37,671,917
Other long-term assets are not available to pay for current-period expenditures and therefore are unearned in the funds.				
Property taxes	$	529,645		
Intergovernmental		95,251		
Total				624,896
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental Funds, an interest expenditure is reported when due.				(98,203)
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Position.				301,570
Long-term liabilities and deferred outflows of resources are not due and payable in the current period and are therefore not reported in the funds.				
Certificates of participation		(18,005,000)		
Premium on certifications of participation		(211,165)		
Loss on refunding		751,258		
Compensated absences		(1,353,202)		
Total				(18,818,109)

(continued)

Midview Local School District

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities (continued)

June 30, 2018

The net pension liability and net OPEB liability are not due for payment in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.

Deferred outflows – pension	10,994,236	
Deferred inflows – pension	(1,767,892)	
Net pension liability	(35,460,321)	
Deferred outflows – OPEB	352,713	
Deferred inflows – OPEB	(942,940)	
Net OPEB liability	(7,851,830)	
		(34,676,034)
Net position of governmental activities		$ 4,951,691

The accompanying notes are an integral part of these financial statements.

Midview Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the Fiscal Year Ended June 30, 2018

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and other taxes	$ 18,013,903	$ 1,795,828	$ 244,658	$ 20,054,389
Intergovernmental	14,090,674	223,347	1,074,104	15,388,125
Investment earnings	178,009	-	5,681	183,690
Extracurricular activities	369,951	-	156,217	526,168
Tuition	4,117,362	-	-	4,117,362
Classroom materials and fees	224,551	-	-	224,551
Grants	-	-	74,661	74,661
Miscellaneous	27,825	193,243	21,084	242,152
Total revenues	37,022,275	2,212,418	1,576,405	40,811,098
Expenditures:				
Instruction:				
Regular education	15,868,206	86,776	485,190	16,440,172
Special education	3,164,195	-	557,976	3,722,171
Vocational education	178,169	-	-	178,169
Other	175,777	-	-	175,777
Support services:				
Pupils	1,651,076	-	1,758	1,652,834
Instructional staff	905,420	205,253	14,450	1,125,123
Board of education	344,435	1,500	-	345,935
Administration	2,182,001	13,523	-	2,195,524
Fiscal services	767,331	28,360	-	795,691
Business	46,580	-	-	46,580
Operations and maintenance - plant	2,626,262	482,276	649,077	3,757,615
Pupil transportation	1,651,590	186,243	-	1,837,833
Central	36,686	-	13,511	50,197
Operation of non-instructional services:				
Community services	3,481	-	-	3,481
Extracurricular activities:				
Academic and subject oriented	52,058	-	12	52,070
Sports oriented	541,980	-	164,352	706,332
Co-curricular	157,851	-	-	157,851
Capital outlay:				
Site improvement services	19,741	-	-	19,741
Architecture and engineering services	-	138,975	-	138,975
Building acquisition and construction	-	263,065	-	263,065
Debt service:				
Principal	-	1,100,000	-	1,100,000
Interest and fiscal charges	-	605,719	2,700	608,419
Total expenditures	30,372,839	3,111,690	1,889,026	35,373,555

(continued)

The accompanying notes are an integral part of these financial statements.

Midview Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (continued)

For the Fiscal Year Ended June 30, 2018

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Total excess of revenues over (under) expenditures	6,649,436	(899,272)	(312,621)	5,437,543
Other financing sources (uses):				
Transfers - in	-	895,000	25,000	920,000
Sale of capital assets	7,030	5,184	-	12,214
Transfers - out	(920,000)	-	-	(920,000)
Total other financing sources (uses)	(912,970)	900,184	25,000	12,214
Net change in fund balance	5,736,466	912	(287,621)	5,449,757
Fund balance at beginning of year	9,972,249	2,648,016	1,875,632	14,495,897
Fund balance at end of year	$ 15,708,715	$ 2,648,928	$ 1,588,011	$ 19,945,654

The accompanying notes are an integral part of these financial statements.

Midview Local School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$ 5,449,757
Amounts Reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and capital outlays differed in the current period.		
Capital outlay	$ 268,994	
Depreciation	(1,998,843)	
Total		(1,729,849)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.		(8,110)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property and other taxes	(74,910)	
Intergovernmental	(157,887)	
Total		(232,797)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		1,100,000
Internal Service Funds are used by management to charge to costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the Internal Service Fund is reported with Governmental Activities.		(28,118)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.		
Compensated absences	(87,936)	
Amortization of premium	16,243	
Amortization of deferred loss on refunding	(57,789)	
Total		(129,482)
Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
Pension	2,436,573	
OPEB	82,623	
Total		2,519,196

(continued)

The accompanying notes are an integral part of these financial statements.

Midview Local School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (continued)

For the Fiscal Year Ended June 30, 2018

Except for amounts reported as deferred outflows/inflows, changes in net pension liability are reported as pension/OPEB expense in the Statement of Activities.		
Pension	11,350,154	
OPEB	1,257,481	
Total		12,607,635
Change in Net Position of Governmental Activities		$ 19,548,232

The accompanying notes are an integral part of these financial statements.

Midview Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget (Non-GAAP) and Actual – General Fund

For the Fiscal Year Ended June 30, 2018

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and other taxes	$ 15,386,915	$ 15,386,915	$ 15,703,288	$ 316,373
Intergovernmental	13,204,351	14,605,915	14,130,066	(475,849)
Investment earnings	178,107	197,011	190,593	(6,418)
Extracurricular activities	220,201	243,574	235,639	(7,935)
Tuition	3,837,875	4,245,242	4,106,936	(138,306)
Classroom materials and fees	209,840	232,113	224,551	(7,562)
Miscellaneous	12,595	13,932	13,478	(454)
Total revenues	33,049,884	34,924,702	34,604,551	(320,151)
Expenditures:				
Instruction:				
Regular education	16,665,745	16,310,939	15,923,875	387,064
Special education	3,427,602	3,356,229	3,285,668	70,561
Vocational education	186,597	182,620	181,399	1,221
Other	189,126	185,318	181,772	3,546
Supporting services:				
Pupils	1,753,959	1,717,876	1,643,829	74,047
Instructional staff	989,603	969,001	921,469	47,532
Board of education	532,443	522,716	446,018	76,698
Administration	2,298,424	2,249,807	2,201,440	48,367
Fiscal services	799,740	782,893	768,965	13,928
Business	48,474	47,460	45,276	2,184
Operation and maintenance - plant	3,058,477	2,996,875	2,806,868	190,007
Pupil transportation	1,841,668	1,803,972	1,709,807	94,165
Central	44,719	43,840	40,226	3,614
Community services	4,848	4,754	4,231	523
Extracurricular activities:				
Academic and subject oriented	56,286	55,085	41,009	14,076
Sports oriented	613,563	600,459	522,099	78,360
Co-curricular	52,808	51,680	48,115	3,565
Capital outlay	46,647	45,792	39,141	6,651
Total expenditures	32,610,729	31,927,316	30,811,207	1,116,109
Excess revenues over (under) expenditures	439,155	2,997,386	3,793,344	795,958

(continued)

The accompanying notes are an integral part of these financial statements.

Midview Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget (Non-GAAP) and Actual – General Fund (continued)

For the Fiscal Year Ended June 30, 2018

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	7,030	7,030
Advances - in	-	-	112,000	112,000
Transfers - out	(1,205,440)	(1,179,695)	(935,000)	244,695
Advances - out	(1,022)	(1,000)	(1,000)	-
Total other financing sources (uses)	(1,206,462)	(1,180,695)	(816,970)	363,725
Net change in fund balance	(767,307)	1,816,691	2,976,374	1,159,683
Fund balance at beginning of year	10,870,978	10,870,978	10,870,978	-
Prior year encumbrances appropriated	607,191	607,191	607,191	-
Fund balance at end of year	$ 10,710,862	$ 13,294,860	$ 14,454,543	$ 1,159,683

The accompanying notes are an integral part of these financial statements.

Midview Local School District

Statement of Fund Net Position – Proprietary Funds

June 30, 2018

	Business-Type Activities	Governmental Activities
	Food Service	Internal Service Fund
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	$ 136,566	$ 291,631
Accounts receivable	-	9,939
Intergovernmental receivable	1,074	-
Materials and supplies inventory	8,985	-
Total current assets	146,625	301,570
Non-current assets:		
Depreciable capital assets, net	193,655	-
Total assets	340,280	301,570
Deferred outflows of resources:		
Pension	113,408	-
OPEB	7,923	-
Total deferred outflows or resources	121,331	-
Liabilities:		
Current liabilities:		
Accrued wages and benefits	54,026	-
Accrued pension	18,085	-
Current portion of compensated absences	16,632	-
Total current liabilities	88,743	-
Long-term liabilities:		
Compensated absences	37,024	-
Net pension liability	668,663	-
Net OPEB liability	304,262	-
Total long-term liabilities	1,009,949	-
Total liabilities	1,098,692	-
Deferred inflows of resources:		
Pension	16,860	-
OPEB	34,414	-
Total deferred inflows of resources	51,274	-
Net position:		
Net investment in capital assets	193,655	-
Unrestricted (deficit)	(882,010)	301,570
Total (deficit) net position	$ (688,355)	$ 301,570

The accompanying notes are an integral part of these financial statements.

Midview Local School District

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds

For the Fiscal Year Ended June 30, 2018

	Business-Type Activities	Governmental Activities
	Food Service	Internal Service Fund
Operating revenues:		
Charges for services	$ 325,239	$ -
Miscellaneous	25,321	-
Total operating revenues	350,560	-
Operating expenses:		
Salaries and wages	372,836	-
Fringe benefits	88,307	-
Contractual services	5,790	41,043
Materials and supplies	355,668	1,252
Other operating expenses	1,522	-
Depreciation expense	30,988	-
Total operating expenses	855,111	42,295
Operating loss	(504,551)	(42,295)
Non-operating revenues:		
Federal donated commodities	46,841	-
Investment earnings	876	-
Grant revenue	512,023	-
Other non-operating revenue	-	14,177
Total non-operating revenues	559,740	14,177
Net income (loss)	55,189	(28,118)
Total (deficit) net position at beginning of year, restated	(743,544)	329,688
Total (deficit) net position at end of year	$ (688,355)	$ 301,570

The accompanying notes are an integral part of these financial statements.

Midview Local School District

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2018

	Business-Type Activities	Governmental Activities
	Food Service	Internal Service Fund
Decrease in cash and cash equivalents:		
Cash flows from operating activities:		
Cash received from customers	$ 325,239	$ -
Cash payments for contractual services	(5,790)	(41,043)
Cash payments for materials and supplies	(303,540)	(1,252)
Cash payments to employees for services	(369,347)	-
Cash payments for employee benefits	(161,208)	-
Cash payments for other operating expenses	(1,522)	-
Net cash used by operating activities	(516,168)	(42,295)
Cash flows from non-capital financing activities:		
Non-operating revenue	-	4,238
Grants received	512,096	-
Net cash provided by non-capital financing activities	512,096	4,238
Cash flows from investing activities:		
Interest on investments	876	-
Net decrease in cash and cash equivalents	(3,196)	(38,057)
Cash and cash equivalents at beginning of year	139,762	329,688
Cash and cash equivalents at end of year	$ 136,566	$ 291,631

The accompanying notes are an integral part of these financial statements.

Midview Local School District

Statement of Cash Flows – Proprietary Funds (continued)

For the Fiscal Year Ended June 30, 2018

	Business-Type Activities Food Service	Governmental Activities Internal Service Fund
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$ (504,551)	$ (42,295)
Adjustments:		
Depreciation	30,988	-
Federal donated commodities	46,841	-
Changes in assets/liabilities/deferred outflows/inflows:		
Decrease in prepaid items	756	-
Decrease in inventory	5,287	-
Decrease in deferred outflows – pension	34,478	-
Increase in deferred outflows – OPEB	(1,834)	-
Decrease in accounts payable	(26,077)	-
Increase in accrued wages and benefits	1,855	-
Increase in accrued compensated absences	662	-
Increase in accrued pension	1,095	-
Decrease in net pension liability	(102,034)	-
Decrease in deferred outflows – pension	(13,984)	-
Increase in net OPEB liability	22,729	-
Decrease in deferred outflows – OPEB	(12,379)	-
Total adjustments	(11,617)	-
Net cash used by operating activities	$ (516,168)	$ (42,295)

Schedule of non-cash, non-capital financing activities:

During the year, the food services fund received donated commodities of $46,841.

Midview Local School District

Statement of Net Position – Fiduciary Fund

June 30, 2018

		Agency
Assets:		
Equity in pooled cash and cash equivalents	$	120,930
Total assets	$	120,930
Liabilities:		
Due to others	$	120,930
Total liabilities	$	120,930

The accompanying notes are an integral part of these financial statements.

Note 1: Description of the School District and Reporting Entity

The Midview Local School District (the "District") is located in Lorain County in Northern Ohio. The District includes the townships of Belden, Eaton, Carlisle and Grafton and the Village of Grafton, covering approximately 64 square miles.

The District was organized in accordance with Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District currently operates 3 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 140 non-certified and 198 certified (including administrative) full-time and part-time employees to provide services to approximately 3,088 students in grades K through 12 and various community groups.

Note 2: Summary of Significant Accounting Policies

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. Component units are legally separate organizations for which the District is financially accountable.

The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units.

Note 2: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

The District participates in four jointly governed organizations and is associated with one related organization, which are discussed in Note 17. The District is also a participant in a public-entity risk-sharing pool, which is discussed in Note 17.

The District is not involved in the budgeting or the management of Parent-Teacher Organizations, booster clubs or the Midview Endowment Fund. The District is also not responsible for any debt and has no influence over these organizations, clubs or Fund.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, liabilities and deferred inflows of resources is reported as fund balance. The following are the District’s major governmental funds:

General Fund

The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent Improvement Fund

The permanent improvement fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Other governmental funds of the District are used to account for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs; and for grants and other resources whose use is restricted to a particular purpose.

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Proprietary Funds

Proprietary funds focus on the determination of operating income, changes in net position, financial position, and cash flows. They are classified as either enterprise or internal service.

Enterprise Funds

The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District has one enterprise fund to account for food service operations.

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District has one internal service fund to account for health and wellness costs.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has two agency funds, one to account for resources that belong to the student bodies and one to account for costs related to Ohio High School Athletic Association tournaments.

Note 2: Summary of Significant Accounting Policies (continued)

C. Measurement Focus

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation, with brief explanations, to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a Balance Sheet, which generally includes only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and a Statement of Revenues, Expenditures and Changes in Fund Balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Note 2: Summary of Significant Accounting Policies (continued)

C. Measurement Focus (continued)

Fund Financial Statements (continued)

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund are charges for sales and services. Operating expenses for internal service funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Revenues - Exchange and Non-Exchange Transactions (continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Unearned Revenue

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. The District does not have any unearned revenue at June 30, 2018.

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements that report net position may include a section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported for deferred charges on refunding, for pension and OPEB in the Statements of Net Position. The deferred outflows of resources related to pension and OPEB are explained in Note 11 and Note 12.

In addition to liabilities, the statements that report net position may include a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes, unavailable revenue, OPEB and pension. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported in the Statements of Net Position (Note 11 and 12).

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2018 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.

2. By no later than January 15, the Board-adopted budget is filed with the Lorain County Budget Commission for tax rate determination.

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2018.

Note 2: Summary of Significant Accounting Policies (continued)

E. Budgetary Process (continued)

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which are the legal levels of budgetary control (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Although the legal level of budgetary control was established at the fund level of expenditures for the general fund, the District has elected to present its respective budgetary statement comparison at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term inter-fund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.

6. Any revisions that alter the legal level of budgetary control for a fund must be approved by the Board of Education.

7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with the general obligation bond indenture and other statutory provisions.

8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocate or increase the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2018.

9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control for the fund.

F. Cash and Cash Equivalents

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements. During fiscal year 2018, investments were limited to money market accounts, negotiable certificates of deposits, commercial paper, United States government securities and State Treasury Asset Reserve of Ohio (STAR Ohio).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits, commercial paper and repurchase agreements are reported at cost.

STAR Ohio, is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District measures their investment in STAR Ohio at amortized cost.

Note 2: Summary of Significant Accounting Policies (continued)

F. Cash and Cash Equivalents (continued)

For the fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to $178,009, which includes $14,620 assigned from other District funds.

Aside from investments clearly identified as belonging to a specific fund, any unrealized gain/loss resulting from the valuation will be recognized within the general fund to the extent its cash and investments balance exceeds the cumulative value of those investments subject to GASB Statement No. 31.

If there is a gain/loss resulting from the valuation it will be reported within the investment earnings account on the Statement of Activities.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

G. Inventory

Purchased inventories are presented at cost on a first-in, first-out basis and are expended/expenses when used and donated commodities are presented at their entitlement value. Inventory consists of donated food, purchased food, school supplies held for resale, and materials and supplies for consumption.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure /expense is reported in the fiscal year in which services are consumed.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the other governmental funds include amounts for the classroom facilities assistance program.

Note 2: Summary of Significant Accounting Policies (continued)

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of $3,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business - Type Activities Estimated Lives
Land Improvements	3-40 years	N/A
Buildings and Improvements	2-40 years	N/A
Furniture and Equipment	3-20 years	4-20 years
Vehicles	8-20 years	N/A

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

L. Compensated Absences

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

Note 2: Summary of Significant Accounting Policies (continued)

L. Compensated Absences (continued)

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements and the liability due from proprietary funds is also reported on the proprietary fund financial statements.

M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, special termination benefits and the net pension liability and net OPEB liability, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. In general, payments made more than sixty days after year end are considered not to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

N. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Note 2: Summary of Significant Accounting Policies (continued)

O. Net Position

Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for other grants, classroom facilities maintenance, data communications, and miscellaneous state grants.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. As of June 30, 2018, net position restricted was $4,242,584 in the Statement of Net Position, none of which were by enabling legislation.

P. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit these amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education. Through the District's purchasing policy, the Board has given the Treasurer the authority to constrain monies for intended purposes.

Note 2: Summary of Significant Accounting Policies (continued)

P. Fund Balance

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales and miscellaneous for food service and charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. Revenues and expenditures not meeting this definition are reported as non-operating.

R. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

S. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3: Change in Accounting Principles and Restatement

For fiscal year 2018, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 81, *Irrevocable Split-Interest Agreements*, Statement No. 86, *Certain Debt Extinguishment Issues*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 81 seeks to improve accounting and financial reporting for irrevocable split-interest agreements created through trusts or other legally enforceable agreements whereby a donor irrevocably transfers resources to an intermediary. The District is not a beneficiary of any irrevocable split-interest agreements and thus implementation of this standard has had no effect on the District's financial statements or disclosures.

GASB 86, seeks to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions involved in the extinguishment of debt including, prepaid insurance and note disclosures for in-substance defeasance of debt. Implementation of this standard has had no effect on the District's financial statements or disclosures.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

	Governmental Activities	Business-Type Activities	Total
Net position at June 30, 2017	$ (4,814,380)	$ (421,307)	$ (5,235,687)
Net OPEB liability	(9,845,661)	(328,326)	(10,173,987)
Deferred outflow – payments subsequent to measurement date	63,500	6,089	69,589
Restated net position at June 30, 2017	$ (14,596,541)	$ (743,544)	$ (15,340,085)

The food service enterprise fund was also restated and is included in business-type activities above. Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

GASB Statements and guidance to be implemented in future reporting periods include GASB Statement No. 83, *Certain Asset Retirement Obligations,* GASB Statement No. 84, *Fiduciary Activities,* GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,* GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period, and* GASB Statement No. 87, *Leases.* The District is currently evaluating the impact that these Statements will have on its financial statements and disclosures.

Note 4: Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Permanent Improvement	Other Governmental	Total Governmental
Nonspendable:				
Prepaids	$ 66,447	$ -	$ -	$ 66,447
Inventory	161,398	-	-	161,398
Total nonspendable	227,845	-	-	227,845
Restricted for:				
Debt service payments	-	-	2,700	2,700
Community activities	-	-	253,884	253,884
Athletics	-	-	84,795	84,795
Capital improvements	-	2,648,928	1,271,132	3,920,060
Other purposes	11,000	-	101,129	112,129
Total restricted	11,000	2,648,928	1,713,640	4,373,568
Committed to:				
Other purposes	67,007	-	-	67,007
Assigned to:				
Capital improvements	-	-	13,665	13,665
Other purposes	562,967	-	-	562,967
Total assigned	562,967	-	13,665	576,632
Unassigned (deficit)	14,839,896	-	(139,294)	14,700,602
Total fund balance	$ 15,708,715	$ 2,648,928	$ 1,588,011	$ 19,945,654

Note 5: Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements and encumbrances.

Note 5: Budgetary Basis of Accounting (continued)

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

(a) Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

(b) Expenditures and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

(c) Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

(d) Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

	Net Change In Fund Balance
GAAP Basis	$ 5,736,466
Net Adjustment for Revenue Accruals	(2,266,505)
Advances - in	112,000
Net Adjustment for Expenditure Accruals	69,120
Advances - out	(1,000)
Adjustment for Encumbrances	(651,741)
To reclassify the net change in fund balance for funds combined with the general fund for GASB 54	(21,966)
Budget Basis	$ 2,976,374

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the special trust fund, the uniform school supplies fund, the summer school fund, the public school support fund, the special enterprise fund and the underground storage tanks fund.

Note 6: Deposits and Investments

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;

2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool (STAR Ohio);

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and

Note 6: Deposits and Investments (continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held until maturity. Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial Credit Risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of District funds shall be required to pledge as security for repayment of all public moneys. The District has no policy for custodial credit risk beyond the requirements of State statute.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at one hundred two percent or a rate set by the Treasurer of State. Financial institution opting not to participate in OPCS will collateralize utilizing the specific pledge method at one hundred five percent. The District’s financial institution has enrolled in OPCS as of December 20, 2017.

At year-end, the carrying amount of the District's deposits was $7,319,127 and the bank balance was $7,893,872. Of the bank balance, $2,665,878 was covered by Federal depository insurance and $5,227,994 was uninsured and was collateralized with securities held by the pledging institution's trust department, not in the District’s name. At fiscal year-end, the District had $300 undeposited cash on hand, which is included on the balance sheet of the District as part of “equity in pooled cash and cash equivalents.”

Note 6: Deposits and Investments (continued)

Investments

Investments are reported at measurement value. As of June 30, 2018, the District had the following investments:

	Fair Value	Less Than 1 Year	1-5 Years
Federal Home Loan Bank (FHLB)	$ 249,931	$ -	$ 249,931
Federal Home Loan Mortgage Corporation (FHLMC)	750,675	-	750,675
Negotiable Certificates of Deposit	1,953,503	-	1,953,503
Money Market	58,406	58,406	-
Commercial Paper	1,996,800	1,996,800	-
STAR Ohio	7,572,394	7,572,394	-
Total portfolio	$ 12,581,709	$ 9,627,600	$ 2,954,109

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2018:

- STAR Ohio is measured at amortized cost, which approximates fair value. At June 30, 2018, the average days to maturity was 48.9.
- FHLB and FHLMC are measured based on Level 2 inputs, using matrix pricing.
- Negotiable Certificates of Deposit are measured based on Level 2 inputs, using matrix pricing.
- Money Market and Commercial Paper are valued at amortized cost, which approximates fair value. (Level 1)

Interest Rate Risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The District's investment policy addresses interest rate risk requiring that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The District investment policy also limits security purchases to those that mature within five years unless specifically matched to a specific cash flow. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Custodial Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the District must meet a set of prescribed standards and be periodically reviewed.

Note 6: Deposits and Investments (continued)

Investments (continued)

Credit Risk is addressed by the District's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that the portfolio be diversified both by types of investment and issuer. The Federal Home Loan Bank bonds and Federal Home Loan Mortgage Corporation bonds all carry a rating of AA+ by Standard and Poor's. The Commercial Paper carries a rating of A1 by Standard and Poor's. STAR Ohio carries a rating AAAm by Standard & Poor's and the negotiable certificates of deposit are unrated.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The District's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations.

Investment Issuer	Percentage of Investments
Federal Home Loan Bank	2.0%
Federal Home Loan Mortgage Corporation	6.0
Money market	0.5
Certificates of Deposit	15.5
Commercial Paper	15.8
STAR Ohio	60.2

Note 7: Receivables

Receivables at June 30, 2018 consisted of taxes, accounts and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables reported on the Statement of Net Position follows:

Governmental activities:	
Title VI-B IDEA	$ 56,027
Title I	33,340
Title II	5,885
Casino tax receivable	81,266
Medicaid reimbursement	4,455
City of Elyria	803,122
Ohio Bureau of Worker's Compensation	49,183
Total governmental activities	$ 1,033,278

Receivables have been disaggregated on the face of the basic finance statements. All receivables are expected to be collected within the subsequent year.

Note 8: Property Taxes

Property taxes are levied and assessed on a calendar year basis while the District's fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, are levied after April 1, 2017 and are collected in 2018 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received from telephone companies during calendar 2018 were levied after October 1, 2017, on the value as of December 31, 2017. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures, is no longer levied and collected.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Midview Local School District. The County Auditor periodically advances to the District its portion of the taxes. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Note 8: Property Taxes (continued)

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second-Half Collections		2018 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$ 439,991,110	93.11%	$ 445,629,940	91.15%
Public Utility Personal	32,576,190	6.89%	43,273,150	8.85%
	$ 472,567,300	100.00%	$ 488,903,090	100.00%
Tax rate per $1,000 of assessed valuation	$ 56.60		$ 56.13	

Accrued property taxes receivable includes real property, public utility property, and tangible personal taxes which became measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current year fiscal year operations. The receivable is, therefore, offset by a credit to deferred inflow of resources for that portion not levied to finance current fiscal year operations. The late settlement and the amount available to the District as an advance at June 30, 2018 are recognized as revenue.

At June 30, 2018, $3,316,137 was available as an advance to the general fund and $339,037 for the permanent improvement fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

Note 9: Interfund Transfers and Balances

A. Interfund Balances

Interfund loans receivable/payable consisted of the following at June 30, 2018, as reported on the fund statement.

Receivable Fund	Payable Fund	Amount
General	Other governmental funds	$ 1,000

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid in the next fiscal year once the anticipated revenues are received.

Note 9: Interfund Transfers and Balances (continued)

B. Interfund Transfers

Interfund transfers for the year ended June 30, 2018, consisted of the following, as reported on the fund statements.

	Amount
Transfers from general fund to:	
Permanent improvement fund	$ 895,000
Other governmental funds	25,000
	$ 920,000

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 10: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance at 6/30/17	Additions	Disposals	Balance at 6/30/18
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 2,236,608	$ -	$ -	$ 2,236,608
Total capital assets, not being depreciated	2,236,608	-	-	2,236,608
Capital assets, being depreciated:				
Land improvements	7,159,663	-	-	7,159,663
Buildings and improvements	52,432,048	30,344	(20,105)	52,442,287
Furniture and equipment	5,573,900	42,408	(64,904)	5,551,404
Vehicles	3,047,784	196,242	-	3,244,026
Total capital assets being depreciated	68,213,395	268,994	(85,009)	68,397,380
Less accumulated depreciation:				
Land improvements	(4,416,254)	(392,306)	-	(4,808,560)
Buildings and improvements	(20,710,903)	(1,175,980)	13,069	(21,873,814)
Furniture and equipment	(4,020,508)	(311,634)	63,830	(4,268,312)
Vehicles	(1,892,462)	(118,923)	-	(2,011,385)
Total accumulated depreciation	(31,040,127)	(1,998,843)	76,899	(32,962,071)
Total capital assets being depreciated, net	37,173,268	(1,729,849)	(8,110)	35,435,309
Governmental activities capital assets, net	$ 39,409,876	$ (1,729,849)	$ (8,110)	$ 37,671,917

Note 10: Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular education	$	1,397,620
Special education		2,124
Vocational education		2,828
Other		33,700
Support services:		
Instructional staff		25,059
Administration		6,525
Operations and maintenance - plant		400,098
Pupil transportation		115,270
Community Services		3,393
Extracurricular activities		12,226
Total	$	1,998,843

	Balance at 6/30/17	Additions	Disposals	Balance at 6/30/18
Business-type activities:				
Capital assets being depreciated:				
Furniture and equipment	$ 651,826	$ -	$ -	$ 651,826
Total capital assets being depreciated	651,826	-	-	651,826
Less accumulated depreciation:				
Furniture and equipment	(427,183)	(30,988)	-	(458,171)
Total accumulated depreciation	(427,183)	(30,988)	-	(458,171)
Business-type activities capital assets, net	$ 224,643	$ (30,988)	$ -	$ 193,655

Note 11: Pension Plans

A. Net Pension Liability

The net pension liabilities reported on the Statements of Net Position represent a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that occurred in the past.

Note 11: Pension Plans (continued)

A. Net Pension Liability (continued)

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued pension on both the accrual and modified accrual bases of accounting.

B. Plan Description - School Employees Retirement System (SERS)

Plan Description – District non-teaching employees participate in SERS, a cost-sharing, multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Note 11: Pension Plans (continued)

B. Plan Description - School Employees Retirement System (SERS) (continued)

Age and service requirements for retirement are as follows:

	Retire on or before August 1, 2017 *	Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit. Effective January 1, 2018, SERS COLA will change from a fixed 3 percent annual increase to one based on the Consumer Price Index (CPI-W), with a cap of 2.5 percent and a floor of 0 percent, per House Bill 49. House Bill 49 also provided the SERS Retirement Board with the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W; however, any adjustment above or below CPI-W could only be enacted if the system's actuary determines it would not materially impair the fiscal integrity of the system, or is necessary to preserve the fiscal integrity of the system.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent while 0.5 percent was allocated to the Health Care Fund.

The District's contractually required pension contributions to SERS was $570,037 for fiscal year 2018.

Note 11: Pension Plans (continued)

C. Plan Description - State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other faculty members participate in STRS, a cost-sharing, multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance, payable for life, based on the average of the member's five highest years of earnings multiplied by 2.2 percent for each year of credited service. For July 1, 2015 and earlier, the annual allowance is determined by multiplying final average salary (average of three highest years of earnings) by 2.2 percent for the first 30 years of credited service. Each year over 30 years is incrementally increased by 0.1 percent starting at 2.5 percent for the 31st year of contributing service up to a maximum allowance of 100 percent of final average salary. Upon reaching 35 years of Ohio service, the first 31 years of Ohio contributing service are multiplied by 2.5 percent, and each year over 31 years is incrementally increased by 0.1 percent starting at 2.6 percent for the 32nd year. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan benefits are established under Chapter 3307.80 to 3307.89 of the Ohio Revised Code. The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. Employer contributions into member accounts are vested after the first anniversary of the first day of paid service. Members vest 20 percent per year in employer contributions and all gains and losses on those contributions. Members who become disabled are entitled only to their account balances. The member's beneficiary is entitled to receive the member's account balance should he/she die before retirement benefits begin.

Note 11: Pension Plans (continued)

C. Plan Description - State Teachers Retirement System (STRS) (continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. A member's defined benefit is determined by multiplying 1.0 percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits.

A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or Combined Plans.

Administrative Expenses – The costs of administering the Defined Benefit and postemployment health care plans are financed by investment income. The administrative costs of the Defined Contribution Plan are financed by participant fees.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equivalent to the statutory maximum rates.

The District's contractually required contribution to STRS was $1,916,415 for fiscal year 2018.

Note 11: Pension Plans (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Subsequent payments made during the current fiscal year are accounted for as deferred outflows. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of net pension liability prior measurement date	0.130258%	0.120076%	
Proportion of net pension liability current measurement date	0.127902%	0.119919%	
Change in proportionate share	(0.002356)%	(0.000157)%	
Proportionate share of the net pension liability	$ 7,641,857	$ 28,487,127	$ 36,128,984
Pension expense (reduction of expense)	$ (361,843)	$ (11,019,973)	$ (11,381,816)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 328,879	$ 1,100,039	$ 1,428,918
Change in assumptions	395,166	6,230,448	6,625,614
Changes in proportionate share and difference between District contributions and proportionate share of contributions	2,010	564,650	566,660
District contributions subsequent to the measurement date	570,037	1,916,415	2,486,452
Total deferred outflows of resources	$ 1,296,092	$ 9,811,552	$ 11,107,644

Note 11: Pension Plans (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 229,595	$ 229,595
Net difference between projected and actual earned on investments	36,274	940,108	976,382
Changes in proportionate share and difference between District contributions and proportionate share of contributions	156,408	422,367	578,775
Total deferred inflows of resources	$ 192,682	$ 1,592,070	$ 1,784,752

The District reported $2,486,452 as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ 219,695	$ 1,261,584	$ 1,481,279
2020	408,988	2,540,454	2,949,442
2021	82,839	2,005,800	2,088,639
2022	(178,149)	495,229	317,080
Total	$ 533,373	$ 6,303,067	$ 6,836,440

E. Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Note 11: Pension Plans (continued)

E. Actuarial Assumptions - SERS (continued)

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Cost-of-living adjustment (COLA)	2.50 percent
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both set-back one year for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates, and 100 percent for female rates, set back five years is used for the period after disability retirement.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015 adopted by the Board on April 21, 2016.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

Note 11: Pension Plans (continued)

E. Actuarial Assumptions - SERS (continued)

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00%	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 10,604,910	$ 7,641,857	$ 5,159,694

Note 11: Pension Plans (continued)

F. Actuarial Assumptions - STRS

Actuarial assumptions used in the June 30, 2018 valuation are based on prior year measurement date of June 30, 2017. The actuarial assumptions used in the valuation are based on the results of an actuarial experience study, effective July 1, 2017. The actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	2.50 percent at age 65 to 12.50 percent at age 20
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	0 percent effective July 1, 2017
Payroll increase	3.00 percent

Mortality rates were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016; pre-retirement mortality rates were based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016; and post-retirement disabled mortality rates were based on RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	28.00%	7.35%
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00%	

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25 percent, and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Note 11: Pension Plans (continued)

F. Actuarial Assumptions - STRS (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent for June 30, 2017 included in the pension liability and related deferred inflow and outflow calculations. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increase described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.45 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent), or one percentage point higher (8.45 percent) than the current rate.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	$ 40,835,327	$ 28,487,127	$ 18,085,619

Changes Between Measurement Date and Report Date Effective July 1, 2017, of the 14 percent employer contribution, 9.53 percent of salary is deposited into the member's DC plan while 4.47 percent of the salaries is used to amortize the unfunded actuarial accrued liability of the DB plan. In the prior fiscal year, the allocation was 9.5 percent and 4.5 percent to the DC plan and the DB plan, respectively.

G. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2018, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12: Defined Benefit OPEB Plans

A. Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions–between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued pension on both the accrual and modified accrual bases of accounting.

Note 12: Defined Benefit OPEB Plans (continued)

B. Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population.

For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was $23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the District's surcharge obligation was $69,434.

Note 12: Defined Benefit OPEB Plans (continued)

B. Plan Description - School Employees Retirement System (SERS) (continued)

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS for healthcare was $90,546 for fiscal year 2018. Of this amount $69,434 is reported as an intergovernmental payable.

C. Plan Description – State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS Ohio did not allocate any employer contributions to post-employment health care.

D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of net OPEB liability prior measurement date	0.131642%	0.120076%	
Proportion of net OPEB liability current measurement date	0.129569%	0.119919%	
Change in proportionate share	(0.002073)%	(0.000157)%	
Proportionate share of the net OPEB liability	$ 3,477,278	$ 4,678,814	$ 8,156,092
OPEB expense (reduction of expense)	$ 187,875	$ (1,428,917)	$ (1,241,042)

Note 12: Defined Benefit OPEB Plans (continued)

D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ -	$ 270,090	$ 270,090
District contributions subsequent to the measurement date	90,546	-	90,546
Total deferred outflows of resources	$ 90,546	$ 270,090	$ 360,636
Deferred inflows of resources			
Change in assumptions	$ 329,976	$ 376,894	$ 706,870
Difference between projected and actual earnings on pension plan investments	9,183	199,984	209,167
Changes in proportionate share and difference between District contributions and proportionate share of contributions	54,144	7,173	61,317
Total deferred inflows of resources	$ 393,303	$ 584,051	$ 977,354

The $90,546 reported as deferred outflows of resources related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ (141,470)	$ (68,991)	$ (210,461)
2020	(141,470)	(68,991)	(210,461)
2021	(108,067)	(68,991)	(177,058)
2022	(2,296)	(68,993)	(71,289)
2023	-	(18,996)	(18,996)
Thereafter	-	(18,999)	(18,999)
Total	$ (393,303)	$ (313,961)	$ (707,264)

Note 12: Defined Benefit OPEB Plans (continued)

E. Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

Note 12: Defined Benefit OPEB Plans (continued)

E. Actuarial Assumptions – SERS (continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00%	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Note 12: Defined Benefit OPEB Plans (continued)

E. Actuarial Assumptions – SERS (continued)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
District's proportionate share of the net OPEB liability	$ 4,199,256	$ 3,477,278	$ 2,905,287

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 2,821,551	$ 3,477,278	$ 4,345,145

F. Actuarial Assumptions – STRS

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage Inflation	2.50 percent
Projected salary increases	12.5 percent at age 20 to 2.50 percent at age 54
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.0 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6.0 to 11.0 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Note 12: Defined Benefit OPEB Plans (continued)

F. Actuarial Assumptions – STRS (continued)

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity	28.00%	7.35%
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00%	7.45%

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25%, and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Note 12: Defined Benefit OPEB Plans (continued)

F. Actuarial Assumptions – STRS (continued)

Discount Rate The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net OPEB liability	$ 6,281,234	$ 4,678,814	$ 3,412,380

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 3,250,640	$ 4,678,814	$ 6,558,461

Note 13: Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation, personal leave, sick leave, and compensatory time components are derived from negotiated agreements and State laws. Classified employees and administrators earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum. Upon retirement, payment is made for 25 percent of the total sick leave accumulation, up to a maximum accumulation of 340 days for certified employees. For administrators, payment is made for 25 percent of the total sick leave accumulation, up to a maximum accumulation of 340 days. For classified employees, the payment is made for 25 percent of the first 100 days accumulated; 35 percent for days 101-250; and 50 percent for days 251-351. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through Ohio Schools' Council Association. The amounts provided for all employees equal the employee's annual salary times two up to a limit of $250,000.

C. Early Retirement Incentive

The District offers employees participation in a Retirement Incentive Program. Participation is open to certificated employees who opt to retire at the end of any school year and have been approved by STRS Ohio to receive retirement benefits other than disability retirement. Eligible employees must notify the Board of their intention to retire in writing, no later than March 15 of the year they intend to retire. Eligible employees who fulfill the above requirements will receive a lump sum payment of $20,000. Certain classified employees are also eligible to receive a retirement incentive.

The last installment of the 2017-2018 Retirement Incentive Programs will be completed in January 2019. The payment of $10,000 will be made from the general fund.

Note 14: Risk Management

A. Property and Liability

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2018, the District has contracted with Schools of Ohio Risk Sharing Authority (Agent: CF Risk & Insurance LLC) for property and general liability insurance. Professional liability is provided by Schools of Ohio Risk Sharing Authority with a $17,000,000 aggregate limit.

Note 14: Risk Management (continued)

A. Property and Liability (continued)

Vehicles are covered by the Schools of Ohio Risk Sharing Authority. Automobile liability has a $15,000,000 combined single limit of liability.

Performance bonds of $50,000 are maintained for the treasurer by the Hylant Group.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior year.

B. Worker's Compensation

For fiscal year 2018, the District participated in the Better Business Bureau of Central Ohio Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. The firm Sheakley Uniservice Inc. provides administrative, cost control and actuarial services to the GRP.

C. Medical

The District has joined the Lake Erie Regional Council (LERC) to provide medical, dental and vision benefits for its employees and their covered dependents. LERC is a shared risk pool or consortium comprised of twelve school districts within Lorain County. The participating districts pay monthly contributions that are placed in a common fund, from which eligible claims and expenses are paid for employees (and their covered dependents) of participating school districts. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of $250,000 per participant.

Premium contributions are determined annually based on the claims experience of the shared risk-pool. Premiums can only be increased or decreased as approved by council. Member districts may become liable for additional contributions to fund the liability of the pool. In the event of termination, all participating districts' claims would be paid without regard to their individual account balances. This plan provides a medical, dental and vision plan with a $1,500 deductible for family coverage and $750 deductible for single coverage. There is the opportunity for members to reduce the deductibles to $1,000 for family coverage and $500 for single coverage through a wellness incentive.

Note 15: Long-Term Liabilities

Changes in long-term debt activity for the year ended June 30, 2018 was as follows:

	Interest Rate	Issue Date	Restated Balance 6/30/17	Additions	Reductions	Balance 6/30/18	Amounts Due in One Year
Governmental activities:							
Certificates of participation	3.0% - 4.0%	11/02/12	$ 19,105,000	$ -	$ 1,100,000	$ 18,005,000	$ 1,135,000
Premium on certificates of participation	n/a	11/02/12	227,408	-	16,243	211,165	-
Net pension liability:							
SERS	n/a	n/a	8,699,513	-	1,726,319	6,973,194	-
STRS	n/a	n/a	40,193,036	-	11,705,909	28,487,127	-
Net OPEB liability:							
SERS	n/a	n/a	3,423,969	-	250,953	3,173,016	-
STRS	n/a	n/a	6,421,692	-	1,742,878	4,678,814	-
Compensated absences	n/a	n/a	1,265,266	530,302	442,366	1,353,202	435,003
Total governmental activities			$ 79,335,884	$ 530,302	$ 16,984,668	$ 62,881,518	$ 1,570,003
Business-type activities:							
Net pension liability – SERS	n/a	n/a	$ 834,200	$ -	$ 165,537	$ 668,663	$ -
Net OPEB liability – SERS	n/a	n/a	328,326	-	24,064	304,262	-
Compensated absences	n/a	n/a	52,994	13,792	13,130	53,656	16,632
Total business-type activities			$ 1,215,520	$ 13,792	$ 202,731	$ 1,026,581	$ 16,632

The government pays obligations related to employee compensation from the fund receiving the benefit.

Certificates of Participation – In April 2003, the District entered into a lease agreement with the Lorain County Port Authority for three new schools. The lease is an annual lease subject to renewal for 27 years through December 30, 2030. In April 2004, the District entered into another lease agreement with the Lorain County Port Authority for the three new schools. This lease is an annual lease subject to renewal for 26 years through November 1, 2030. On November 2, 2012, the District advance refunded these certificates of participation.

On November 2, 2012, the District issued $22,595,000 in certificates of participation (“series 2012 certificates”) for the purpose of advance refunding certificates of participation outstanding in order to take advantage of lower interest rates. The interest rates range from 3.0 percent to 4.0 percent. The series 2012 certificates were sold at a premium of $308,623. Proceeds of $22,434,891 and cash reserves of $2,003,101 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the certificates of participation. As of June 30, 2018 the refunded debt has been fully redeemed.

Note 15: Long-Term Liabilities (continued)

The Leasing Corporation entered into an agreement with a trustee through which it assigned and transferred rights and interest under the lease to the Bank of New York Trust Company, N.A. as Trustee. The Trustee issued Certificates of Participation in the lease agreement enabling holders of the Certificates to receive a portion of the semi-annual lease payments. Proceeds from the issuance were mainly used to construct three new schools. In addition, terms of the trust indenture required a portion of the proceeds to be set aside for current and future certificate payments. The current certificate payment account is used to account for resources accumulated for payment over the next twelve months. The reserve account was established solely to make rent payments if a deficiency exists in the current certificate payment and, if all payments are current, to make payment of the last certificate payments.

The obligation of the District under the lease and any subsequent lease renewal is subject to annual appropriation of the rental payments. Legal title to the facilities remains with the Bank of New York Trust Company, N.A., i.e. the leasing corporation, until all payments required under the lease have been made. At that time, title will transfer to the District.

The annual principal and interest requirements are payable from resources from the permanent improvement fund. The Certificates of Participation are not a general obligation of the District but are payable only from appropriations by the District for annual lease payments.

Principal and interest requirements to retire the long-term debt outstanding at June 30, 2018 are as follows:

	Governmental Activities	
	Certificates of Participation	
	Principal	Interest
2019	$ 1,135,000	$ 572,193
2020	1,165,000	531,868
2021	1,210,000	484,368
2022	1,260,000	441,268
2023-2027	6,900,000	1,599,057
2028-2031	6,335,000	434,671
Total	$ 18,005,000	$ 4,063,425

Note 16: Lease Obligations

The District also has two operating leases related to equipment.

The first lease is for a period of five years and requires quarterly payments of $419. The second lease is for a period of five years and requires yearly payments of $133,385. The following is a schedule of the future minimum lease payments required under the operating leases at year-end:

	Operating Leases
2019	$ 135,062
2020	135,062
2021	135,062
2022	133,385
Total minimum lease payments	$ 538,571

Total expense related to the operating leases totaled $135,062 for the year ended June 30, 2018.

Note 17: Jointly Governed Organizations, Related Organization and Public Entity Risk Pool

A. Jointly Governed Organizations

Lake Erie Regional Council

The Lake Erie Regional Council (LERC) is a jointly governed organization among twelve school districts. LERC was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern. Each member provides operating resources to LERC on a per pupil or actual usage charge (except for insurance). The LERC assembly consists of a superintendent or designated representative from each participating district and the fiscal agent. LERC is governed by a board of directors chosen from the general membership. The degree of control exercised by any participating district is limited to its representation on the board. Financial information is available from the Treasurer of the Educational Service Center of Lorain County, located at 1885 Lake Avenue, Elyria, Ohio 44035. During fiscal year 2018, the District paid $3,422,102 (including insurance premiums) to LERC.

Lorain County Joint Vocational School District

The Lorain County Joint Vocational School District (JVS) is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of its students. The Board of the JVS is comprised of representatives from each participating district, and is responsible for approving its own budgets, appointing personnel, and accounting and financing-related activities. The District's students may attend the JVS on a tuition-free basis. Each district's control is limited to its representation on the board. Financial information is available from the Treasurer of the Lorain County Joint Vocational School District, 15181 State Route 58, Oberlin, Ohio 44074.

Note 17: Jointly Governed Organizations, Related Organization and Public Entity Risk Pool (continued)

A. Jointly Governed Organizations (continued)

Connect

The governing Board of Directors, the Educational Service Centers (ESC) of Cuyahoga, Lorain and Medina County and the Ohio Schools Council, accepted the ownership, responsibility and liability of Connect in order to provide exemplary service to member districts. Each of the governments of these districts supports Connect based upon a per pupil charge, dependent upon the software package utilized. The superintendent/executive director of the three ESCs and Ohio Schools Council serve on Connect's Board of Directors. The purpose of Connect is applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions for member districts. Fiscal information for Connect is available from the Treasurer of the Educational Service Center of Cuyahoga County (fiscal agent), located at 6393 Oak Tree Boulevard, Independence, Ohio 44131. During the year ended June 30, 2018, the District paid $313,843 to Connect for basic service charges.

Ohio Schools' Council

The Ohio Schools' Council (the "Council") is a jointly governed organization among 210 school districts, educational service centers, joint vocational districts and Developmental Disabilities boards. The jointly governed organization was created for the purpose of saving money through volume purchases. Each member supports the Council by paying an annual participation fee. Each member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the "Council Board"). The Council Board is the policy making authority of the Council. The Council Board meets monthly September to June. The Council Board appoints the Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Council Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2018, the District paid $134,595 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools' Council at 6393 Oak Tree Blvd, Suite 377, Independence, Ohio 44131.

The District participates in the Council's prepaid natural gas program. This program allows school districts to purchase natural gas at reduced rates. Constellation New Energy (Formerly Compass) had been selected as the natural gas supplier and program manager for the period March 31, 2016 through June 30, 2019. There are currently 157 participants in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

Note 17: Jointly Governed Organizations, Related Organization and Public Entity Risk Pool (continued)

B. Related Organization

The Grafton-Midview Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Midview Local School District Board of Education. The Board possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Financial information can be obtained by contacting the Fiscal Officer at the Grafton-Midview Public Library at 983 Main Street, Grafton, Ohio, 44044.

C. Public Entity Risk Pool

The District participates in the Better Business Bureau Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by Sheakley Uniservice Inc. Sheakley Uniservice Inc. serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 18: Contingencies

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

B. Litigation

The District is not involved in any litigation that, in the opinion of management, would have a material effect on the financial statements.

C. Foundation Funding

The District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

Note 19: Fund Deficits

Fund balances at June 30, 2018 included the following individual fund deficits:

Funds		Deficit Fund Balance
Nonmajor special revenue funds:		
Title VI-B special education IDEA	$	83,012
Title I		50,192
Classroom reduction		6,090
Nonmajor enterprise funds:		
Food service		688,355

The fund deficits in all funds are due to timing differences in accruing revenues and expenditures. The general fund is liable for any deficit in the funds and provides transfers when cash is required, not when accruals occur.

Note 20: Set-Aside Calculations

The District is required by State Statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the year-end set-aside amounts for capital improvements. Disclosure of this information is required by State Statute.

		Capital Improvements Reserve
Set-Aside Reserve Balance as of June 30, 2017	$	423,315
Current Year Set-Aside Requirements		550,809
Qualifying Disbursements		(1,632,211)
Set-Aside Reserve Balance as of June 30, 2018	$	(658,087)

Although the District had qualifying disbursements during the year that reduced the capital improvements set-aside amount below zero, this amount may not be used to reduce the set-aside requirement for future fiscal years. This negative balance is therefore not presented as being carried forward to future fiscal years.

Note 21: Other Significant Commitments

Other significant commitments include the encumbrances outstanding for the general fund, permanent improvement fund and other governmental funds other than capital projects were as follows:

		Encumbrances
General fund	$	517,129
Permanent improvement fund		413,162
Other governmental funds		15,244
Total other significant commitments	$	945,535

Note 22: Tax Abatements

Under an agreement entered into by the Village of Grafton, property tax revenues were reduced by $6,025.

Required Supplementary Information

Midview Local School District

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio

Last Five Fiscal Years

	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
School district's proportion of the net pension liability	0.127902%	0.130258%	0.130149%	0.132537%	0.132537%
School district's proportionate share of the net pension liability	$ 7,641,857	$ 9,533,713	$ 7,426,400	$ 6,707,622	$ 7,881,550
School district's covered payroll	$ 4,171,450	$ 4,046,057	$ 3,878,793	$ 3,847,878	$ 3,923,996
School district's proportionate share of the net pension liability as a percentage of its covered payroll	183.19%	235.63%	191.46%	174.32%	200.86%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available. Amounts presented for each fiscal year were determined as of the District's measurement date which is June 30 of the prior fiscal year.

Midview Local School District

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio

Last Five Fiscal Years

	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
School district's proportion of the net pension liability	0.119919%	0.120076%	0.116702%	0.120189%	0.120189%
School district's proportionate share of the net pension liability	$ 28,487,127	$ 40,193,036	$ 32,252,993	$ 29,234,178	$ 34,823,561
School district's covered payroll	$ 13,528,807	$ 12,760,771	$ 12,099,264	$ 12,572,854	$ 12,609,285
School district's proportionate share of the net pension liability as a percentage of its covered payroll	210.57%	314.97%	266.57%	232.52%	276.17%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available. Amounts presented for each fiscal year were determined as of the District's measurement date which is June 30 of the prior fiscal year.

The accompany notes are an integral part of the required supplemental information.

Midview Local School District

Required Supplementary Information
Schedule of the School District Contributions
School Employees Retirement System of Ohio

For the Last 10 Fiscal Years

	2018	2017	2016	2015	2014
Contractually required contribution	$ 570,037	$ 584,003	$ 566,448	$ 511,225	$ 533,316
Contributions in relation to the contractually required contribution	(570,037)	(584,003)	(566,448)	(511,225)	(533,316)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School district covered payroll	$ 4,222,493	$ 4,171,450	$ 4,046,057	$ 3,878,793	$ 3,847,879
Contributions as a percentage of covered payroll	13.5%	14.00%	14.00%	13.18%	13.86%

	2013	2012	2011	2010	2009
Contractually required contribution	$ 543,081	$ 522,491	$ 478,626	$ 509,505	$ 383,539
Contributions in relation to the contractually required contribution	(543,081)	(522,491)	(478,626)	(509,505)	(383,539)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School district covered payroll	$ 3,923,996	$ 3,884,688	$ 3,807,685	$ 3,762,962	$ 3,897,754
Contributions as a percentage of covered payroll	13.84%	13.45%	12.57%	13.54%	9.84%

The accompany notes are an integral part of the required supplemental information.

Midview Local School District

Required Supplementary Information
Schedule of the School District Contributions
State Teachers Retirement System of Ohio

For the Last 10 Fiscal Years

	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,916,415	$ 1,894,033	$ 1,786,508	$ 1,693,897	$ 1,634,471
Contributions in relation to the contractually required contribution	(1,916,415)	(1,894,033)	(1,786,508)	(1,693,897)	(1,693,471)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School district covered payroll	$ 13,688,679	$ 13,528,807	$ 12,760,771	$ 12,099,264	$ 12,572,854
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	13.00%

	2013	2012	2011	2010	2009
Contractually required contribution	$ 1,639,207	$ 1,659,905	$ 1,611,310	$ 1,568,506	$ 1,548,979
Contributions in relation to the contractually required contribution	(1,639,207)	(1,659,905)	(1,611,310)	(1,568,506)	(1,548,979)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School district covered payroll	$ 12,609,285	$ 12,768,500	$ 12,394,692	$ 12,065,431	$ 11,915,221
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%	13.00%

The accompany notes are an integral part of the required supplemental information.

Midview Local School District

Required Supplementary Information
Schedule of the School District Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio

For the Last Two Fiscal Years

	2018 (1)	2017 (1)
School district's proportion of the net OPEB liability	0.129569%	0.131642%
School district's proportionate share of the net OPEB liability	$ 3,477,278	$ 3,752,295
School district's covered payroll	$ 4,171,450	$ 4,046,057
School district's proportionate share of the net OPEB liability as a percentage of its covered payroll	83.36%	92.74%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

(1) Information prior to 2017 is not available. Amounts presented for each fiscal year were determined as of the District's measurement date which is June 30 of the prior fiscal year.

The accompany notes are an integral part of the required supplemental information.

Midview Local School District

Required Supplementary Information
Schedule of the School District Proportionate Share of the Net OPEB Liability
State Teachers Retirement System of Ohio

For the Last Two Fiscal Years

	2018 (1)	2017 (1)
School district's proportion of the net OPEB liability	0.119919%	0.120076%
School district's proportionate share of the net OPEB liability	$ 4,678,814	$ 6,421,692
School district’s covered payroll	$ 13,528,807	$ 12,760,771
School district's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.58%	50.32%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.30%

(1) Information prior to 2017 is not available. Amounts presented for each fiscal year were determined as of the District’s measurement date which is June 30 of the prior fiscal year.

The accompany notes are an integral part of the required supplemental information.

Midview Local School District

Required Supplementary Information
Schedule of the School District OPEB Contribution
School Employees Retirement System of Ohio

For the Last 10 Fiscal Years

	2018	2017	2016	2015	2014
Contractually required contribution (1)	$ 90,546	$ 69,589	$ 65,066	$ 99,537	$ 70,704
Contributions in relation to the contractually required contribution	(90,546)	(69,589)	(65,066)	(99,537)	(70,704)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District covered payroll	$ 4,222,493	$ 4,171,450	$ 4,046,057	$ 3,878,793	$ 3,847,879
Contributions as a percentage of covered payroll	2.14%	1.67%	1.61%	2.57%	1.84%

	2013	2012	2011	2010	2009
Contractually required contribution (1)	$ 72,735	$ 78,949	$ 112,033	$ 102,239	$ 220,590
Contributions in relation to the contractually required contribution	(72,735)	(78,949)	(112,033)	(102,239)	(220,590)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District covered payroll	$ 3,923,996	$ 3,884,688	$ 3,807,685	$ 3,762,962	$ 3,897,754
Contributions as a percentage of covered payroll	1.85%	2.03%	2.94%	2.72%	5.66%

(1) Includes surcharge

The accompany notes are an integral part of the required supplemental information.

Midview Local School District

Required Supplementary Information
Schedule of the School District OPEB Contribution
State Teachers Retirement System of Ohio

For the Last 10 Fiscal Years

	2018	2017	2016	2015	2014
Contractually required contribution	$ -	$ -	$ -	$ -	$ 125,729
Contributions in relation to the contractually required contribution	-	-	-	-	(125,729)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District covered payroll	$ 13,688,679	$ 13,528,807	$ 12,760,771	$ 12,099,264	$ 12,572,854
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	1.00%

	2013	2012	2011	2010	2009
Contractually required contribution	$ 126,093	$ 127,685	$ 123,947	$ 120,654	$ 119,152
Contributions in relation to the contractually required contribution	(126,093)	(127,685)	(123,947)	(120,654)	(119,152)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District covered payroll	$ 12,609,285	$ 12,768,500	$ 12,394,692	$ 12,065,431	$ 11,915,221
Contributions as a percentage of covered payroll	1.00%	1.00%	1.00%	1.00%	1.00%

The accompany notes are an integral part of the required supplemental information.

Note 1: Net OPEB Liability Change in Assumptions

SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

Note 2: Net Pension Liability Change in Assumptions

STRS

Amounts reported for fiscal year 2018 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	**Fiscal Year 2017 and Prior**
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent

Note 2: Net Pension Liability Change in Assumptions (continued)

STRS (continued)

	Fiscal Year 2018	**Fiscal Year 2017 and Prior**
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013 or later, 2 percent COLA commences on fifth anniversary of retirement date.

The information presented in the required supplemental schedule was determined as part of the actuarial valuation for the dates indicated.

For fiscal year 2018 post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70% of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

SERS

For fiscal year 2018, an assumption of 2.50 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3.00 percent was used. Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	**Fiscal Year 2016 and Prior**
Wage inflation	3.00 percent	3.25 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation

Note 2: Net Pension Liability Change in Assumptions (continued)

SERS (continued)

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

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SUPPLEMENTARY INFORMATION

MIDVIEW LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
	U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
	Child Nutrition Cluster:			
(C)	School Breakfast Program	10.553	2018	$ 121,764
(C)	National School Lunch Program	10.555	2018	380,923
(D)	National School Lunch Program - Donations	10.555	2018	46,936
	Total National School Lunch Program			427,859
	Total U.S. Department of Agriculture and Child Nutrition Cluster			549,623
	U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
	Title I Grants to Local Educational Agencies	84.010	2017	45,883
	Title I Grants to Local Educational Agencies	84.010	2018	273,473
	Total Title I Grants to Local Educational Agencies			319,356
	Special Education Cluster:			
	Special Education_Grants to States	84.027	2017	79,642
	Special Education_Grants to States	84.027	2018	459,217
	Total Special Education Grants to States			538,859
	Special Education_Preschool Grants	84.173	2017	8,909
	Special Education_Preschool Grants	84.173	2018	3,624
	Total Special Education Preschool Grants			12,533
	Total Special Education Cluster			551,392
	Supporting Effective Instruction State Grants	84.367	2017	21,850
	Supporting Effective Instruction State Grants	84.367	2018	54,082
	Total Supporting Effective Instruction State Grants			75,932
	Student Support and Academic Enrichment Program	84.424A	2018	10,000
	Total U.S. Department of Education			956,680
	Total Federal Financial Assistance			$ 1,506,303

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

(A) OAKS did not assign pass-through numbers for fiscal year 2018.

(B) This schedule includes the federal award activity of the Midview Local School District under programs of the federal government for the fiscal year ended June 30, 2018 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Midview Local School District, it is not intended to and does not present the financial position or changes in net position or cash flows, of the Midview Local School District.

(C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.

(D) The Food Donation program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.

(E) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The District has not elected to use the 10% de minimis indirect cost rate.

Julian & Grube, Inc.
Serving Ohio Local Governments
333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Midview Local School District
Lorain County
13050 Durkee Road
Grafton, Ohio 44044

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Midview Local School District, Lorain County, Ohio, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Midview Local School District's basic financial statements and have issued our report thereon dated December 18, 2018, wherein we noted as discussed in Note 3, the Midview Local School District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Midview Local School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Midview Local School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Midview Local School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Midview Local School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Midview Local School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Midview Local School District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 18, 2018

Julian & Grube, Inc.
Serving Ohio Local Governments
333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Midview Local School District
Lorain County
13050 Durkee Road
Grafton, Ohio 44044

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Midview Local School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Midview Local School District's major federal program for the fiscal year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Midview Local School District's major federal program.

Management's Responsibility

The Midview Local School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Midview Local School District's compliance for the Midview Local School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Midview Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Midview Local School District's major program. However, our audit does not provide a legal determination of the Midview Local School District's compliance.

Opinion on the Major Federal Program

In our opinion, the Midview Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

The Midview Local School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Midview Local School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Midview Local School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.**

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 18, 2018

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	*Type of Financial Statement Opinion*	Unmodified
(d)(1)(ii)	*Were there any material control weaknesses reported at the financial statement level (GAGAS)?*	No
(d)(1)(ii)	*Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?*	No
(d)(1)(iii)	*Was there any reported material noncompliance at the financial statement level (GAGAS)?*	No
(d)(1)(iv)	*Were there any material internal control weaknesses reported for major federal programs?*	No
(d)(1)(iv)	*Were there any significant deficiencies in internal control reported for major federal programs?*	No
(d)(1)(v)	*Type of Major Program's Compliance Opinion*	Unmodified
(d)(1)(vi)	*Are there any reportable findings under 2 CFR §200.516(a)?*	No
(d)(1)(vii)	*Major Program (listed):*	Special Education Cluster
(d)(1)(viii)	*Dollar Threshold: Type A/B Programs*	Type A: $750,000 Type B: all others
(d)(1)(ix)	*Low Risk Auditee under 2 CFR § 200.520?*	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

MIDVIEW LOCAL SCHOOL DISTRICT

LORAIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 21, 2019