MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2017

Dave Yost • Auditor of State

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY

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INDEPENDENT AUDITOR'S REPORT

Marysville Exempted Village School District
Union County
1000 Edgewood Drive
Marysville, Ohio 43040

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 Marysville Exempted Village School District, Union County, Ohio (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the 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 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 District's internal control. Accordingly, we express no 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 Marysville Exempted Village School District, Union County, Ohio, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the 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 liabilities and pension 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 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 schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule 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 March 20, 2018, on our consideration of the 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 District's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

March 20, 2018

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MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

The management's discussion and analysis of Marysville Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2017are as follows:

- In total, net position increased $5,453,154. Net position of governmental activities increased $5,401,486, which represents a 11.06 percent increase from 2016. Net position of business-type activities increased $51,668 or 21.05 percent from 2016.

- General revenues accounted for $65,695,439 in revenue or 88.12 percent of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for $8,858,188 or 11.88 percent of total governmental activities revenues of $74,553,627.

- The District had $69,152,141 in expenses related to governmental activities; only $8,858,188 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily property taxes and unrestricted grants and entitlements) of $65,695,439 were adequate to provide for these programs.

- The District's major governmental funds are the general fund, bond retirement fund, and the permanent improvement fund. The general fund had $55,721,247 in revenues and $48,519,491 in expenditures and other financing uses. The fund balance of the general fund increased from $10,677,745 to $17,879,501.

- The bond retirement fund had $9,675,635 in revenues and $7,759,181 in expenditures. The fund balance of the bond retirement fund increased from $1,704,143 to $3,620,597.

- The permanent improvement fund had $4,788,545 in revenues and $4,297,987 in expenditures. The fund balance of the permanent improvement fund increased from $5,808,018 to $6,298,576.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements 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 nonmajor funds presented in total in one column. The District has three major governmental funds: the general fund, bond retirement fund, and the permanent improvement fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues* and *expenses* except for fiduciary funds using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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, operations and maintenance, pupil transportation, extracurricular activities and food service operations.

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 special enterprise-day care programs are reported as business-type activities.

The District's statement of net position and statement of activities can be found on pages 18 - 19 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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 all other *financial assets* that can readily be 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 fewer financial resources that can be spent in the near future to finance educational 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 financial statements. The basic governmental fund financial statements can be found on pages 20 - 27 of this report.

Proprietary Funds

The proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The proprietary fund financial statements can be found on pages 28 - 30 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 31 and 32. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 33 - 73 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 74 - 82 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2017 and 2016.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	$ 66,196,264	$ 55,302,228	$ 457,974	$ 324,476	$ 66,654,238	$ 55,626,704
Capital assets, net	82,266,953	86,680,485	-	-	82,266,953	86,680,485
Total assets	148,463,217	141,982,713	457,974	324,476	148,921,191	142,307,189
Deferred outflows						
Unamortized deferred charges	1,771,745	1,975,868	-	-	1,771,745	1,975,868
Pension	16,973,988	7,669,481	241,722	141,157	17,215,710	7,810,638
Total deferred outflows	18,745,733	9,645,349	241,722	141,157	18,987,455	9,786,506
Liabilities						
Current liabilities	6,114,437	6,076,842	32,389	18,970	6,146,826	6,095,812
Long-term liabilities						
Due within one year	4,265,833	2,467,463	12,104	5,248	4,277,937	2,472,711
Due in more than one year						
Net pension liability	90,099,605	73,147,627	836,253	658,493	90,935,858	73,806,120
Other amounts	79,836,697	84,623,930	7,016	6,600	79,843,713	84,630,530
Total liabilities	180,316,572	166,315,862	887,762	689,311	181,204,334	167,005,173
Deferred inflows						
Property taxes and PILOT	30,320,763	29,456,065	-	-	30,320,763	29,456,065
Pension	-	4,686,006	5,762	21,818	5,762	4,707,824
Total deferred inflows	30,320,763	34,142,071	5,762	21,818	30,326,525	34,163,889
Net position						
Net investment in capital assets	6,388,962	10,158,030	-	-	6,388,962	10,158,030
Restricted	7,932,185	6,584,557	-	-	7,932,185	6,584,557
Unrestricted (deficit)	(57,749,532)	(65,572,458)	(193,828)	(245,496)	(57,943,360)	(65,817,954)
Total net position (deficit)	$ (43,428,385)	$ (48,829,871)	$ (193,828)	$ (245,496)	$ (43,622,213)	$ (49,075,367)

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. 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 the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension 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 this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *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 pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

The table below shows the change in net position for fiscal years 2017 and 2016.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services and sales	$ 2,543,187	$ 2,720,249	$ 668,489	$ 610,087	$ 3,211,676	$ 3,330,336
Operating grants and contributions	6,290,963	5,557,413	-	-	6,290,963	5,557,413
Capital grants and contributions	24,038	23,110	-	-	24,038	23,110
General revenues:						
Property taxes	36,906,108	32,125,979	-	-	36,906,108	32,125,979
Payments in lieu of taxes	1,658,401	1,462,904	-	-	1,658,401	1,462,904
Grants and entitlements	26,943,990	27,317,011	-	-	26,943,990	27,317,011
Investment earnings	246,953	141,753	-	-	246,953	141,753
Change in fair value of investments	(131,707)	-	-	-	(131,707)	-
Other	71,694	128,556	-	-	71,694	128,556
Total revenues	74,553,627	69,476,975	668,489	610,087	75,222,116	70,087,062

The biggest increase in revenues was for property taxes. Property taxes increased $4,780,129 due to an increase in the District's assessed valuation and the amount of taxes available as an advance and reported as revenue. The tax advance available is reported as revenue in the basic financial statements (see Note 6 to the basic financial statements for detail). The amount of taxes available as an advance can vary depending on when tax bills are sent to the taxpayer.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 85.64 percent of total governmental revenue.

Change in Net Position (Continued)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Expenses						
Program expenses:						
Instruction:						
Regular	$ 27,004,947	$ 25,383,990	$ -	$ -	$ 27,004,947	$ 25,383,990
Special	9,298,503	8,469,226	-	-	9,298,503	8,469,226
Vocational	524,325	434,650	-	-	524,325	434,650
Other	242,441	313,410	-	-	242,441	313,410
Support services:						
Pupil	3,614,936	3,301,337	-	-	3,614,936	3,301,337
Instructional staff	3,635,713	3,969,800	-	-	3,635,713	3,969,800
Board of education	179,817	175,841	-	-	179,817	175,841
Administration	4,172,875	3,990,591	-	-	4,172,875	3,990,591
Fiscal	1,346,872	1,331,966	-	-	1,346,872	1,331,966
Business	456,183	371,848	-	-	456,183	371,848
Operations and maintenance	6,986,953	5,849,584	-	-	6,986,953	5,849,584
Pupil transportation	2,469,485	2,804,231	-	-	2,469,485	2,804,231
Central	1,062,367	1,024,198	-	-	1,062,367	1,024,198
Operation of non-instructional services:						
Other non-instructional services	237,733	155,506	-	-	237,733	155,506
Food services	2,011,750	2,129,606	-	-	2,011,750	2,129,606
Extracurricular activities	1,178,908	1,187,159	-	-	1,178,908	1,187,159
Interest and fiscal charges	4,728,333	3,716,753	-	-	4,728,333	3,716,753
Special enterprise - day care	-	-	616,821	537,020	616,821	537,020
Total expenses	69,152,141	64,609,696	616,821	537,020	69,768,962	65,146,716
Changes in net position	5,401,486	4,867,279	51,668	73,067	5,453,154	4,940,346
Net position (deficit) at beginning of year	(48,829,871)	(53,697,150)	(245,496)	(318,563)	(49,075,367)	(54,015,713)
Net position (deficit) at end of year	$ (43,428,385)	$ (48,829,871)	$ (193,828)	$ (245,496)	$ (43,622,213)	$ (49,075,367)

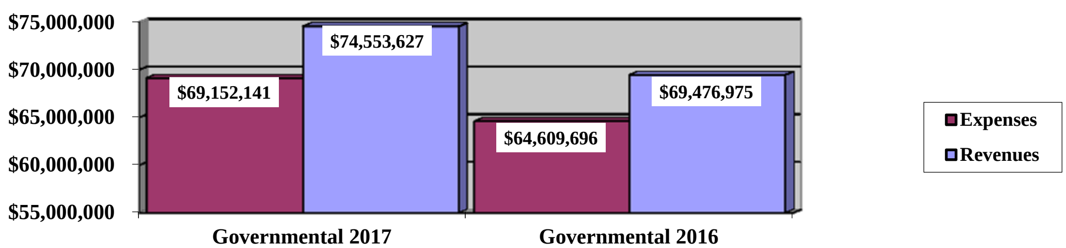
Governmental Activities

Net position of the District's governmental activities increased $5,401,486. Total governmental expenses of $69,152,141 were offset by program revenues of $8,858,188, and general revenues of $65,695,439. Program revenues supported 12.81 percent of the total governmental expenses.

The largest expense of the District is for instructional programs. Instruction expenses totaled $37,070,216 or 53.61 percent of total governmental expenses for fiscal year 2017. Instruction expenses increased by 7.14 percent during fiscal year 2017.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2017 and 2016.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants and contributions offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2017 and 2016. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

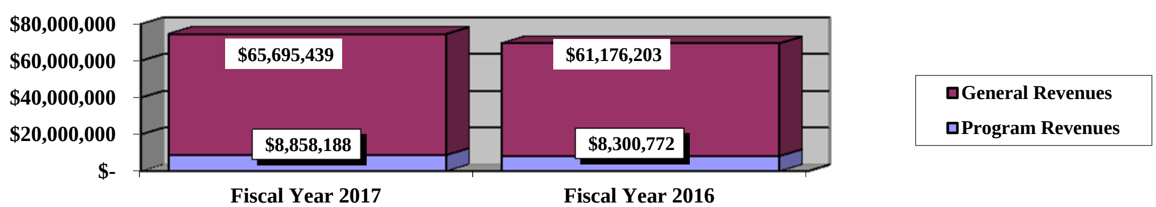
Governmental Activities

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Instruction:	$ 37,070,216	$ 31,779,952	$ 34,601,276	$ 30,051,009
Support services:				
Pupil	3,614,936	3,389,579	3,301,337	3,141,382
Instructional staff	3,635,713	3,573,130	3,969,800	3,885,667
Board of education	179,817	179,817	175,841	175,841
Administration	4,172,875	3,922,776	3,990,591	3,658,735
Fiscal	1,346,872	1,346,872	1,331,966	1,331,966
Business	456,183	456,183	371,848	371,848
Operations and maintenance	6,986,953	6,905,965	5,849,584	5,741,888
Pupil transportation	2,469,485	2,332,819	2,804,231	2,681,077
Central	1,062,367	1,062,252	1,024,198	1,023,986
Operation of non-instructional services:				
Other non-instructional services	237,733	(4,370)	155,506	(33,063)
Food service operations	2,011,750	(32,214)	2,129,606	262
Extracurricular activities	1,178,908	652,859	1,187,159	561,573
Interest and fiscal charges	4,728,333	4,728,333	3,716,753	3,716,753
Total expenses	$ 69,152,141	$ 60,293,953	$ 64,609,696	$ 56,308,924

The dependence upon tax revenues during fiscal year 2017 for governmental activities is apparent, as 87.19 percent of 2017 expenses are supported through taxes and other general revenues. The District's taxpayers and unrestricted grants and entitlements from the State are the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2017 and 2016.

Governmental Activities - General and Program Revenues



Business-Type Activities

Business-type activities include the special enterprise-day care operations. This program had revenues of $668,489 and expenses of $616,821 for fiscal year 2017. Tuition and fees from the day care operations outpaced the expenses by $51,668 during fiscal year 2017. The deficit net position is a result of reporting the net pension liability, deferred outflows of resources and deferred inflows of resources associated with GASB Statement No. 68. The District's business-type activities do not receive support from tax revenues.

The District's Funds

The District's governmental funds (as presented on the balance sheet on pages 19 - 20) reported a combined fund balance of $28,367,663, which is $9,491,238 higher than last year's total of $18,876,425. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2017 and 2016.

	Fund Balance June 30, 2017	Fund Balance June 30, 2016	Increase (Decrease)
General	$ 17,879,501	$ 10,677,745	$ 7,201,756
Bond retirement	3,620,597	1,704,143	1,916,454
Permanent improvement	6,298,576	5,808,018	490,558
Other governmental	568,989	686,519	(117,530)
Total	$ 28,367,663	$ 18,876,425	$ 9,491,238

General Fund

The District's general fund balance increased $7,201,756 during fiscal year 2017. The table that follows assists in illustrating the revenues of the general fund.

	2017 Amount	2016 Amount	Percentage Change
Revenues			
Taxes	$ 26,526,908	$ 23,377,516	13.47 %
Intergovernmental	27,913,042	27,443,113	1.71 %
Other revenues	1,281,297	1,401,468	(8.57) %
Total	$ 55,721,247	$ 52,222,097	6.70 %

Tax revenue increased 13.47 percent. This increase is primarily due to the fluctuation in the amount of taxes available as an advance, and reported as revenue, at the end of the fiscal years 2017 and 2016. The amount of taxes available for advance is determined by timing of the tax bills sent by the County auditor. Intergovernmental revenue increased 1.71 percent. The District received additional funding from the State Foundation which contributed to the increase.

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

	2017 Amount	2016 Amount	Percentage Change
Expenditures			
Instruction	$ 29,625,196	$ 27,783,001	6.63 %
Support services	17,705,269	16,836,262	5.16 %
Operation of non-instructional services	45,977	14,327	220.91 %
Extracurricular activities	736,382	718,255	2.52 %
Debt service	6,667	98,850	(93.26) %
Total	$ 48,119,491	$ 45,450,695	5.87 %

Instruction expenditures and support services increased during fiscal year 2017, following increases primarily attributable to salary and fringe benefit increases. Overall the expenditures of the District increased 5.87 percent during fiscal year 2017.

Bond Retirement Fund

Another major governmental fund is the bond retirement fund. The bond retirement fund had $9,675,635 in revenues and other financing sources and $7,759,181 in expenditures and other financing uses. The fund balance of the bond retirement fund increased from $1,704,143 to $3,620,597, primarily due to the fluctuation in tax revenue related to advances available fiscal year-end.

Permanent Improvement Fund

The District's other major governmental fund is the permanent improvement fund. The permanent improvement fund had $4,788,545 in revenues and $4,297,987 in expenditures related to repairs and maintenance of District facilities. The fund balance increased $490,558 from $5,808,018 to a balance of $6,298,576.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2017, the District amended its general fund budget. For the general fund, final budgeted revenues of $51,696,860 remained the same in the original budgeted revenues. Actual revenues and other financing sources of $53,483,587 were $1,786,727 higher than the final budget.

General fund final appropriations and other financing uses of $49,515,982 were $399,999 higher than original appropriations of $49,115,983. The actual budget basis expenditures and other financing uses for fiscal year 2017 totaled $48,500,144, which was $1,015,838 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the District had $82,266,953 invested in land, buildings and improvements, furniture, fixtures and equipment and vehicles.

The following table shows fiscal year 2017 balances compared to 2016:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2017	2016
Land	$ 6,355,496	$ 6,355,496
Buildings and improvements	71,953,336	76,243,656
Furniture, fixtures and equipment	2,330,518	2,690,878
Vehicles	1,627,603	1,390,455
Total	$ 82,266,953	$ 86,680,485

See Note 10 to the basic financial statements for detail on the District's capital assets. Capital assets decreased as a result of depreciation expense of $5,040,712 exceeding additions of $627,180.

Debt Administration

At June 30, 2017 the District had $74,620,375 in general obligation bonds, capital leases and loans payable outstanding. The general obligation bond issues are comprised of current issue bonds and capital appreciation bonds. Of this total debt outstanding, $3,615,791 is due within one year and $71,004,584 is due in more than one year. The table that follows summarizes the bonds, leases, notes and loans outstanding:

Outstanding Debt, at June 30

	Governmental Activities	
	2017	Restated 2016
General obligation bonds	$ 71,020,567	$ 72,883,628
Capital appreciation bonds - accreted interest	2,761,582	3,482,818
Capital lease	809,000	924,000
Loan payable	29,226	35,893
Total	$ 74,620,375	$ 77,326,339

See Note 12 to the basic financial statements for detail on the District's debt administration.

Current Financial Related Activities

The District relies on its property taxes and state foundation funds to provide the funds necessary to maintain its educational programs. The District continues to grow with an average 2 percent growth rate per year. This year's total school population was over 5,300 students. Our graduating class in 2002 was the last class under 300.

Union County is one of the fastest growing counties in Ohio and Marysville is one of the fastest growing cities in Ohio. We have had commercial growth and new housing developments take place in the past six years. Marysville industrial and commercial tax base is increasing with an addition to the Scotts facility and new restaurants and stores being built in the Coleman's Crossing area.

House Bill 66, passed in 2005, phases out the tax on tangible personal property of general business, telephone, and railroads. The tax on general business and railroad property was eliminated in 2009 and the tax on telephone in 2011. The tax is phased out by reducing the assessment rate on the property each year. The loss and replacement of the tangible personal property tax revenues has been calculated by the Ohio Department of Taxation using 2004 as the base year. The base year amount is the amount of property tax revenue lost when the tax has been fully phased out. School districts are being "held harmless" and reimbursed for lost revenue in the first five years; in the following seven years, the reimbursements are phased out. Even with the direct reimbursement, the District will see no growth from tangible personal property revenues since the payment is calculated on a 2004 base year.

In November 2009, District residents passed a renewal of an existing 6.56 mill levy, which was renewed in November 2013. This levy does not generate any additional tax dollars. In May 2013, two November 2008 levies were renewed into a continuing levy.

In conclusion, the District has committed itself to financial excellence for many years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Todd Johnson, Treasurer/CFO, Marysville Exempted Village School District, 1000 Edgewood Drive, Marysville, Ohio 43040.

BASIC
FINANCIAL STATEMENTS

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	$ 28,461,784	$ 457,741	$ 28,919,525
Receivables:			
Property taxes	35,097,336	-	35,097,336
Payment in lieu of taxes	1,563,090	-	1,563,090
Accounts	5,170	-	5,170
Accrued interest	29,660	-	29,660
Intergovernmental	936,881	-	936,881
Prepayments	87,756	987	88,743
Inventory held for resale	13,833	-	13,833
Internal balance	754	(754)	-
Capital assets:			
Nondepreciable capital assets	6,355,496	-	6,355,496
Depreciable capital assets, net	75,911,457	-	75,911,457
Capital assets, net	82,266,953	-	82,266,953
Total assets	148,463,217	457,974	148,921,191
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	1,771,745	-	1,771,745
Pension - STRS	12,746,269	-	12,746,269
Pension - SERS	4,227,719	241,722	4,469,441
Total deferred outflows of resources	18,745,733	241,722	18,987,455
Liabilities:			
Accounts payable	46,645	5,775	52,420
Accrued wages and benefits payable	4,664,106	20,007	4,684,113
Intergovernmental payable	168,552	255	168,807
Pension and postemployment benefits	793,875	6,352	800,227
Accrued interest payable	197,660	-	197,660
Claims payable	243,599	-	243,599
Long-term liabilities:			
Due within one year	4,265,833	12,104	4,277,937
Due in more than one year:			
Net pension liability (See Note 14)	90,099,605	836,253	90,935,858
Other amounts due in more than one year	79,836,697	7,016	79,843,713
Total liabilities	180,316,572	887,762	181,204,334
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	28,757,673	-	28,757,673
Payment in lieu of taxes levied for the next fiscal year	1,563,090	-	1,563,090
Pension - SERS	-	5,762	5,762
Total deferred inflows of resources	30,320,763	5,762	30,326,525
Net position:			
Net investment in capital assets	6,388,962	-	6,388,962
Restricted for:			
Capital projects	6,418,023	-	6,418,023
Debt service	784,085	-	784,085
Food service operations	457,196	-	457,196
Student activities	154,979	-	154,979
Locally funded programs	15,178	-	15,178
State funded programs	86,998	-	86,998
Federally funded programs	15,726	-	15,726
Unrestricted (deficit)	(57,749,532)	(193,828)	(57,943,360)
Total net position (deficit)	$ (43,428,385)	$ (193,828)	$ (43,622,213)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction:							
Regular	$ 27,004,947	$ 536,446	$ 195,068	$ 24,038	$ (26,249,395)	$ -	$ (26,249,395)
Special	9,298,503	27,008	4,391,385	-	(4,880,110)	-	(4,880,110)
Vocational	524,325	-	116,319	-	(408,006)	-	(408,006)
Other	242,441	-	-	-	(242,441)	-	(242,441)
Support services:							
Pupil	3,614,936	105,223	120,134	-	(3,389,579)	-	(3,389,579)
Instructional staff	3,635,713	15,566	47,017	-	(3,573,130)	-	(3,573,130)
Board of education	179,817	-	-	-	(179,817)	-	(179,817)
Administration	4,172,875	-	250,099	-	(3,922,776)	-	(3,922,776)
Fiscal	1,346,872	-	-	-	(1,346,872)	-	(1,346,872)
Business	456,183	-	-	-	(456,183)	-	(456,183)
Operations and maintenance	6,986,953	80,458	530	-	(6,905,965)	-	(6,905,965)
Pupil transportation	2,469,485	-	136,666	-	(2,332,819)	-	(2,332,819)
Central	1,062,367	115	-	-	(1,062,252)	-	(1,062,252)
Operation of non-instructional services:							
Other non-instructional services	237,733	61,408	180,695	-	4,370	-	4,370
Food service operations	2,011,750	1,190,914	853,050	-	32,214	-	32,214
Extracurricular activities	1,178,908	526,049	-	-	(652,859)	-	(652,859)
Interest and fiscal charges	4,728,333	-	-	-	(4,728,333)	-	(4,728,333)
Total governmental activities	69,152,141	2,543,187	6,290,963	24,038	(60,293,953)	-	(60,293,953)
Business-type activities:							
Special enterprise - day care	616,821	668,489	-	-	-	51,668	51,668
Totals	$ 69,768,962	$ 3,211,676	$ 6,290,963	$ 24,038	(60,293,953)	51,668	(60,242,285)
General revenues:							
Property taxes levied for:							
General purposes					26,543,410	-	26,543,410
Debt service					7,477,458	-	7,477,458
Capital outlay					2,885,240	-	2,885,240
Payments in lieu of taxes					1,658,401	-	1,658,401
Grants and entitlements not restricted to specific programs					26,943,990	-	26,943,990
Investment earnings					246,953	-	246,953
Change in fair value of investments					(131,707)	-	(131,707)
Miscellaneous					71,694	-	71,694
Total general revenues					65,695,439	-	65,695,439
Change in net position					5,401,486	51,668	5,453,154
Net position (deficit) at beginning of year					(48,829,871)	(245,496)	(49,075,367)
Net position (deficit) at end of year					$ (43,428,385)	$ (193,828)	$ (43,622,213)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Bond Retirement	Permanent Improvement
Assets:			
Equity in pooled cash			
and cash equivalents.	$ 18,772,764	$ 2,288,445	$ 5,868,398
Receivables:			
Property taxes.	25,202,670	7,022,730	2,871,936
Payment in lieu of taxes	-	-	1,563,090
Accounts	760	-	-
Accrued interest	29,660	-	-
Intergovernmental.	135,210	-	-
Prepayments.	84,376	-	-
Inventory held for resale.	-	-	-
Due from other funds	469,519	-	-
Total assets	$ 44,694,959	$ 9,311,175	$ 10,303,424
Liabilities:			
Accounts payable	21,022	-	4,494
Accrued wages and benefits payable	4,402,257	-	-
Intergovernmental payable	165,231	-	-
Compensated absences payable	125,706	-	-
Pension and postemployment benefits	747,070	-	-
Due to other funds	-	-	-
Total liabilities.	5,461,286	-	4,494
Deferred inflows of resources:			
Property taxes levied for the next fiscal year. . .	20,799,497	5,567,848	2,390,328
Payment in lieu of taxes levied for the			
next fiscal year	-	-	1,563,090
Delinquent property tax revenue not available . .	429,868	122,730	46,936
Intergovernmental revenue not available.	107,255	-	-
Accrued interest not available.	17,552	-	-
Total deferred inflows of resources	21,354,172	5,690,578	4,000,354
Fund balances:			
Nonspendable:			
Prepaids.	84,376	-	-
Restricted:			
Debt service	-	3,620,597	-
Capital improvements	-	-	6,298,576
Food service operations	-	-	-
Student activities.	-	-	-
Locally funded programs.	-	-	-
Non-public schools	-	-	-
Assigned:			
Student instruction	58,738	-	-
Student and staff support.	440,717	-	-
Employee benefits.	17,382	-	-
Unassigned (deficit)	17,278,288	-	-
Total fund balances	17,879,501	3,620,597	6,298,576
Total liabilities, deferred inflows of resources			
and fund balances	$ 44,694,959	$ 9,311,175	$ 10,303,424

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
$ 915,880	$ 27,845,487
-	35,097,336
-	1,563,090
4,410	5,170
-	29,660
801,671	936,881
3,380	87,756
13,833	13,833
-	469,519
$ 1,739,174	$ 66,048,732
21,129	46,645
261,849	4,664,106
3,321	168,552
6,582	132,288
46,805	793,875
469,519	469,519
809,205	6,274,985
-	28,757,673
-	1,563,090
-	599,534
360,980	468,235
-	17,552
360,980	31,406,084
3,380	87,756
-	3,620,597
72,511	6,371,087
526,660	526,660
154,929	154,929
15,178	15,178
45,860	45,860
-	58,738
-	440,717
-	17,382
(249,529)	17,028,759
568,989	28,367,663
$ 1,739,174	$ 66,048,732

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

Total governmental fund balances		$ 28,367,663
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		82,266,953
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 599,534	
Accrued interest receivable	17,552	
Intergovernmental receivable	468,235	
Total		1,085,321
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		372,698
An internal balance is recorded in governmental activities to reflect overpayments to the internal service funds by the business-type activities.		754
Unamortized premiums on bonds issued are not recognized in the funds.		(5,820,169)
Unamortized amounts on refundings are not recognized in the funds.		1,771,745
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(197,660)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows of resources are not reported in governmental funds:		
Deferred outflows of resources - pension	16,973,988	
Net pension liability	(90,099,605)	
Total		(73,125,617)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(71,020,567)	
Accreted interest - general obligation bonds	(2,761,582)	
Loan	(29,226)	
Capital lease obligations	(809,000)	
Compensated absences	(3,529,698)	
Total		(78,150,073)
Net position of governmental activities		$ (43,428,385)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General	Bond Retirement	Permanent Improvement
Revenues:			
From local sources:			
Property taxes	$ 26,526,908	$ 7,470,203	$ 2,883,974
Payment in lieu of taxes	-	-	1,658,401
Tuition	372,646	-	-
Earnings on investments	247,968	-	-
Charges for services	-	-	-
Extracurricular	484,970	-	-
Classroom materials and fees	155,268	-	-
Rental income	80,458	-	-
Other local revenues	71,694	-	24,038
Intergovernmental - state	27,738,038	2,205,432	222,132
Intergovernmental - federal	175,004	-	-
Change in fair value of investments	(131,707)	-	-
Total revenues	55,721,247	9,675,635	4,788,545
Expenditures:			
Current:			
Instruction:			
Regular	22,190,539	-	598,938
Special	6,745,595	-	-
Vocational	446,621	-	-
Other	242,441	-	-
Support services:			
Pupil	2,941,999	-	-
Instructional staff	2,611,053	-	391,355
Board of education	178,962	-	-
Administration	3,342,395	-	-
Fiscal	1,047,738	137,168	52,988
Business	389,699	-	18,449
Operations and maintenance	4,043,726	-	525,097
Pupil transportation	2,144,092	-	435,043
Central	1,005,605	-	-
Operation of non-instructional services:			
Other non-instructional services	45,977	-	-
Food service operations	-	-	-
Extracurricular activities	736,382	-	-
Facilities acquisition and construction	-	-	2,119,428
Debt service:			
Principal retirement	6,667	1,863,061	115,000
Interest and fiscal charges	-	3,032,013	41,689
Accretion on capital appreciation bonds	-	2,726,939	-
Total expenditures	48,119,491	7,759,181	4,297,987
Excess (deficiency) of revenues over (under) expenditures	7,601,756	1,916,454	490,558
Other financing (uses):			
Transfers (out)	(400,000)	-	-
Total other financing (uses)	(400,000)	-	-
Net change in fund balances	7,201,756	1,916,454	490,558
Fund balances at beginning of year	10,677,745	1,704,143	5,808,018
Fund balances at end of year	$ 17,879,501	$ 3,620,597	$ 6,298,576

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 36,881,085
-	1,658,401
-	372,646
244	248,212
1,190,914	1,190,914
258,931	743,901
-	155,268
-	80,458
-	95,732
286,746	30,452,348
2,386,207	2,561,211
-	(131,707)
4,123,042	74,308,469
211,344	23,000,821
1,209,820	7,955,415
-	446,621
-	242,441
131,842	3,073,841
47,455	3,049,863
-	178,962
246,280	3,588,675
-	1,237,894
-	408,148
700	4,569,523
-	2,579,135
-	1,005,605
184,105	230,082
1,935,617	1,935,617
272,509	1,008,891
900	2,120,328
-	1,984,728
-	3,073,702
-	2,726,939
4,240,572	64,417,231
(117,530)	9,891,238
-	(400,000)
-	(400,000)
(117,530)	9,491,238
686,519	18,876,425
$ 568,989	$ 28,367,663

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

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, 2017

Net change in fund balances - total governmental funds		$ 9,491,238
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.		
Capital asset additions	$ 627,180	
Current year depreciation	(5,040,712)	
Total		(4,413,532)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	25,023	
Earnings on investments	(1,015)	
Intergovernmental	185,464	
Total		209,472
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
General obligation bonds	1,863,061	
Accreted interest on capital appreciation bonds	2,726,939	
Loan	6,667	
Capital leases	115,000	
Total		4,711,667
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	2,138	
Accreted interest on capital appreciation bonds	(2,005,703)	
Amortization of bond premiums	553,057	
Amortization of deferred charges	(204,123)	
Total		(1,654,631)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		4,455,997
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(7,417,462)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(240,226)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities, net of the change in the internal balance ($754) resulting from activity within enterprise funds.		258,963
Change in net position of governmental activities		$ 5,401,486

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Property taxes	$ 22,329,578	$ 22,329,578	$ 24,622,896	$ 2,293,318
Tuition	431,000	431,000	372,646	(58,354)
Earnings on investments	15,000	15,000	45,431	30,431
Extracurricular	369,600	369,600	267,118	(102,482)
Classroom materials and fees	238,248	238,248	154,777	(83,471)
Rental income	100,000	100,000	80,458	(19,542)
Other local revenues	124,000	124,000	71,694	(52,306)
Intergovernmental - state	27,969,586	27,969,586	27,693,464	(276,122)
Intergovernmental - federal	119,848	119,848	175,004	55,156
Total revenues	51,696,860	51,696,860	53,483,488	1,786,628
Expenditures:				
Current:				
Instruction:				
Regular	22,214,126	22,116,220	21,929,034	187,186
Special	6,707,009	6,705,629	6,724,420	(18,791)
Vocational	451,530	451,149	459,901	(8,752)
Other	400,068	430,660	253,441	177,219
Support services:				
Pupil	2,944,506	2,943,366	2,877,633	65,733
Instructional staff	2,575,287	2,571,713	2,632,999	(61,286)
Board of education	224,056	229,627	203,864	25,763
Administration	3,442,060	3,471,412	3,336,030	135,382
Fiscal	1,114,041	1,113,853	1,049,785	64,068
Business	466,113	466,034	404,402	61,632
Operations and maintenance	4,630,568	4,631,155	4,214,126	417,029
Pupil transportation	2,313,719	2,314,794	2,259,871	54,923
Central	894,794	915,389	1,013,698	(98,309)
Extracurricular activities	738,106	754,981	740,940	14,041
Total expenditures	49,115,983	49,115,982	48,100,144	1,015,838
Excess of revenues over expenditures	2,580,877	2,580,878	5,383,344	2,802,466
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	99	99
Transfers (out)	-	(400,000)	(400,000)	-
Total other financing sources	-	(400,000)	(399,901)	99
Net change in fund balance	2,580,877	2,180,878	4,983,443	2,802,565
Fund balance at beginning of year	13,216,439	13,216,439	13,216,439	-
Prior year encumbrances appropriated	336,464	336,464	336,464	-
Fund balance at end of year	$ 16,133,780	$ 15,733,781	$ 18,536,346	$ 2,802,565

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Assets:		
Equity in pooled cash		
and cash equivalents	$ 457,741	$ 616,297
Prepayments	987	-
Total assets.	458,728	616,297
Deferred outflows of resources:		
Pension - SERS	241,722	-
Liabilities:		
Accounts payable.	5,775	-
Accrued wages and benefits payable	20,007	-
Pension and postemployment benefits	6,352	-
Intergovernmental payable	255	-
Claims payable	-	243,599
Total current liabilities	32,389	243,599
Long-term liabilities:		
Due within one year.	12,104	-
Due in more than one year:		
Net pension liability (See Note 14)	836,253	-
Other amounts due in more than one year.	7,016	-
Total long-term liabilities	855,373	-
Total liabilities	887,762	243,599
Deferred inflows of resources:		
Pension - SERS	5,762	-
Net position:		
Unrestricted (deficit).	(193,074)	372,698
Total net position (deficit)	(193,074)	$ 372,698
Adjustment to reflect the consolidation of the internal service fund activities related to the enterprise fund.	(754)	
Net position of business-type activities	$ (193,828)	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Operating revenues:		
Tuition and fees	$ 668,489	$ -
Charges for services	-	4,826,048
Total operating revenues	668,489	4,826,048
Operating expenses:		
Personal services	530,413	-
Purchased services	25,917	694,726
Materials and supplies	54,439	-
Other	5,298	-
Claims	-	4,273,113
Total operating expenses	616,067	4,967,839
Operating income (loss)	52,422	(141,791)
Transfer in	-	400,000
Change in net position	52,422	258,209
Net position (deficit) at beginning of year	(245,496)	114,489
Net position (deficit) at end of year	$ (193,074)	$ 372,698
Change in net position of enterprise fund	$ 52,422	
Adjustment to reflect the consolidation of the internal service fund activities related to the enterprise fund	(754)	
Change in net position of business-type activities	51,668	

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from tuition and fees	$ 668,489	$ -
Cash received from charges for services	-	4,826,048
Cash payments for personal services	(454,787)	-
Cash payments for contractual services	(25,559)	(694,726)
Cash payments for materials and supplies	(49,580)	-
Cash payments for claims	-	(4,338,170)
Cash payments for other expenses	(5,298)	-
Net cash provided by (used in) operating activities	133,265	(206,848)
Cash flows from noncapital financing activities:		
Cash received from transfers in	-	400,000
Net cash provided by noncapital financing activities	-	400,000
Net increase in cash and cash equivalents	133,265	193,152
Cash and cash equivalents at beginning of year	324,476	423,145
Cash and cash equivalents at end of year	$ 457,741	$ 616,297
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	$ 52,422	$ (141,791)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
(Increase) in prepayments	(987)	-
(Increase) in deferred outflows - pension	(100,565)	-
Increase in accounts payable	5,694	-
Increase in accrued wages and benefits	5,843	-
(Decrease) in intergovernmental payable	(407)	-
Increase in compensated absences payable	7,272	-
Increase in pension and postemployment benefits payable	2,289	-
(Decrease) in claims payable		(65,057)
Increase in net pension liability	177,760	-
(Decrease) in deferred inflows - pension	(16,056)	-
Net cash provided by (used in) operating activities	$ 133,265	$ (206,848)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Private-Purpose Trust	
	Scholarship	**Agency**
Assets:		
Equity in pooled cash and cash equivalents	$ 131,070	$ 331,358
Total assets	131,070	$ 331,358
Liabilities:		
Accounts payable	$ -	$ 7,933
Intergovernmental payable	-	19,204
Due to students	-	249,429
Due to others	-	54,792
Total liabilities	-	$ 331,358
Net position:		
Held in trust for scholarships	131,070	
Total net position	$ 131,070	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	$ 8
Gifts and contributions	3,700
Total additions	3,708
Deductions:	
Scholarships awarded	18,107
Change in net position	(14,399)
Net position at beginning of year	145,469
Net position at end of year	$ 131,070

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Marysville Exempted Village School District, Ohio (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five member Board of Education (the "Board") which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 222 non-certified and approximately 371 certified teaching personnel and administrative employees providing education to 5,384 students.

The District provides regular and special instruction. The District also provides support services for pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisition and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

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

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of 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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions
The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), and Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2017, the District paid META Solutions $200,396 for services. Financial information can be obtained from Dave Varda, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Ohio Hi-Point Joint Vocational School
The Ohio Hi-Point Joint Vocational School District is a political subdivision of the State of Ohio, which possesses its own budgeting and taxing authority. The Vocational School is governed by a Board of Education that consists of a representative from each participating school district and its degree of control is limited to its representation on the board. To obtain financial information write to the Ohio Hi-Point Vocational School, Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

Union County Council of Governments (COG)
The District, Union County, and the City of Marysville (the “Members”) formed the COG on January 26, 2012 to collaborate, share resources, reduce costs, centralize supervision and enhance the provision of technology services to its Members. The COG was established pursuant to Ohio Revised Code, Chapter 167. The COG is governed by a Governing Board consisting of the Superintendent of Marysville Exempted Village School District, the Mayor of the City of Marysville, and the President of the Board of Union County Commissioners. The degree of control exercised by each participating Member is limited to its representation on the Governing Board. Financial information is available from Union County, who serves as fiscal agent, at 233 West Sixth Street, Marysville, Ohio 43040.

INSURANCE PURCHASING POOL

Workers’ Compensation Group Rating Program
The District participates in a Workers’ Compensation Group Rating Program (GRP) administered by CompManagement, Inc. 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 District pays a fee to the GRP to cover the costs of administering the program. The District paid $4,945 in fees during fiscal year 2017.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 and deferred outflows of resources and 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 and report all financial resources not accounted for and reported 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.

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for payment.

Permanent improvement fund - This fund is used to account for financial resources to be used for the acquisition of major capital assets (other than that financed by proprietary funds).

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary funds:

Enterprise Fund - This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises in which 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. The enterprise fund is used to account for school day care.

Internal Service Fund - The internal service fund is 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's internal service fund accounts for a medical self-insurance program.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary 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 therefore are not available to support the District's own programs. The District's only trust fund is a private purpose trust that accounts for scholarship programs for students. The District's agency funds account for various student-managed activity programs, unclaimed funds, and the District's Section 125 Cafeteria Plan. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation.

C. Basis of Presentation and 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. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

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. 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 and current liabilities/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.

The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows and all liabilities and deferred inflows associated with the operation of this fund is included on the statement of net position. The statement of 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 activity.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary funds' principal ongoing operation. For the District, these revenues are tuition and fees for the school day care program and expenses incurred in operating the school day care program and charges for services revenue and claims and purchased services expenses for the internal service fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. 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 on the fund financial statements. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange 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.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, payment in lieu of 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 (See Note 6). 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)

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 nonexchange 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 and grants.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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, see Note 14 for deferred outflows of resources related the District's net pension liability. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report 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 and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow of resources 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, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Note 14 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the operating statement as an expense with a like amount reported as intergovernmental 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Budgetary statements are presented beyond that legal level of control for informational purposes only. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget
By January 15, the Superintendent and Treasurer submit an annual operating budget for the following tax year to the Board of Education for consideration and passage. Adoption of a tax budget has been waived by the County Budget Commission.

Estimated Resources
Prior to April 1, unless a later date is approved by the Tax Commissioner, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, 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. 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 of estimated resources issued for fiscal year 2017.

Appropriations
A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. During the year, several supplemental appropriations were necessary. Administrative control is maintained through the establishment of more detailed line-item budgets.

Lapsing of Appropriations
At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2017, the District's investments included negotiable CDs, Federal Home Loan Bank Securities (FHLB), Federal Home Loan Mortgage Corporation securities (FHLMC), Fannie Mae (FNMA), U.S. government money markets, commercial paper and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR Ohio (the State Treasury Asset Reserve of 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 Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2017, 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 $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, interest earnings are allocated to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2017 amounted to $247,968, which includes $91,568 assigned from other District funds.

For purposes of the statement of cash flows and for presentation on the financial statements, investments of the cash management pool and investments with original maturities 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 are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. Inventory consists of donated food and purchased food.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets

Governmental capital assets are those assets not specifically related to activities reported in the proprietary fund. 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of $2,000. Contributed capital assets are recorded at their acquisition value as of the date received. 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 not capitalized.

Furniture, fixtures and equipment acquired by the proprietary fund is stated at cost (or estimated historical cost). Contributed capital assets are recorded at their acquisition values as of the date received.

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	Estimated Lives
Buildings and improvements	30 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	8 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from cash deficits among the governmental activities are classified as "due to/from other funds". These amounts are eliminated in the governmental type activities columns of the statement of net position.

K. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave 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)

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

Employees may earn 15 days of sick leave per year up to a maximum of 280 days. Upon retirement, certified and classified employees will receive 25 percent, and administration will receive 30 percent of the accumulated sick leave up to a maximum of 70 days. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, employees any age with 10 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2017 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

These amounts are recorded in the account "compensated absences payable" in the fund from which the employees are paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. 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, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences and net pension 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 year. Bonds, notes, loans and capital leases are recognized as a liability on the fund financial statements when due.

M. 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:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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 (the highest level of decision making authority). 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 those 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 nor 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, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund 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 restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Estimates

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

P. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. During fiscal year 2017, there were no transfers between governmental and business-type activities.

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 nonoperating 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.

Q. Pensions

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2017.

S. Issuance Costs, Bond Premium/Discount and Accounting Gain/Loss on Debt Refunding

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and gain or loss from debt refunding are recognized in the current period.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 12.A.

For an advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as deferred outflows of resources.

T. Fair Market Value

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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2017, the District has implemented GASB Statement No. 77, "*Tax Abatement Disclosures*", GASB Statement No. 78, "*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*", GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*" and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*".

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. These disclosures were incorporated in the District's fiscal year 2017 financial statements (see Note 8); however, there was no effect on beginning net position/fund balance.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2017 included the following individual fund deficits:

Nonmajor funds	Deficit
Miscellaneous state grants	$ 24,763
IDEA Part B	117,169
Title I	61,453
Improving teacher quality	15,672
Miscellaneous federal grants	27,311

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - 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.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the 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 the 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 be 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 items (1) and (2) above 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 eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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 to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all District deposits was $3,549,959. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, $3,504,793 of the District's bank balance of $3,790,410 was exposed to custodial credit risk as discussed below, while $285,617 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2017, the District had the following investments and maturities:

		Investment Maturities				
Investment type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Amortized cost:						
STAR Ohio	$ 1,551,341	$ 1,551,341	$ -	$ -	$ -	$ -
Fair value:						
U.S. Government money market	27,464	27,464	-	-	-	-
Negotiable CDs	1,942,414	46,955	747,204	402,960	496,566	248,729
Commercial paper	11,912,965	238,366	11,674,599	-	-	-
FHLMC	3,683,008	-	-	-	2,295,538	1,387,470
FHLB	2,521,698	799,376	-	-	-	1,722,322
FNMA	4,193,104	-	-	-	-	4,193,104
Total	$ 25,831,994	$ 2,663,502	$ 12,421,803	$ 402,960	$ 2,792,104	$ 7,551,625

The weighted average maturity of investments is 1.49 years.

The District's investments in U.S. Government money market accounts are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FLMC, FHLB, FNMA), commercial paper and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The District's policy attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific obligation or debt of the District, investments of the District will be limited to those maturing in five years or less from the date of settlement.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The investment in FHLMC, FHLB and FNMA carry ratings of Aaa by Moodys and AA+ by Standard & Poor's. The commercial paper, U.S. government money market and negotiable CDs were not rated. The negotiable CDs are FDIC insured. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State Statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2017:

Investment type	Measurement Value	% of Total
Amortized cost:		
STAR Ohio	$ 1,551,341	6.01
Fair value:		
U.S. Government money market	27,464	0.11
Negotiable CDs	1,942,414	7.52
Commercial paper	11,912,965	46.11
FHLMC	3,683,008	14.26
FHLB	2,521,698	9.76
FNMA	4,193,104	16.23
Total	$ 25,831,994	100.00

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2017:

Cash and investments per note	
Carrying amount of deposits	$ 3,549,959
Investments	25,831,994
Total	$ 29,381,953

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Cash and investments per statement of net position	
Governmental activities	$ 28,461,784
Business-type activities	457,741
Private-purpose trust fund	131,070
Agency fund	331,358
Total	$ 29,381,953

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2017, as reported on the fund financial statements, consist of the following amounts due to/from other funds:

Receivable fund	Payable funds	Amount
General	Nonmajor special revenue:	
	Miscellaneous state grants	$ 42,315
	IDEA Part B	242,987
	Title I	114,596
	Improving teacher quality	42,131
	Miscellaneous federal grants	27,490
	Total	$ 469,519

The purpose of the due to/from other funds is to cover the negative cash balances at fiscal year-end in the nonmajor governmental funds. The interfund balances will be repaid once the anticipated revenues are received.

B. Interfund transfers for the fiscal year 2017 consisted of the following, as reported on the fund statements:

	Amount
Transfers from general fund to:	
Internal service fund	$ 400,000

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. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District 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 property and public utility property. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Public utility real and personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Union County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was $3,973,305 in the general fund, $1,332,152 in the bond retirement fund and $434,672 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2016 was $2,069,293 in the general fund, $580,277 in the bond retirement fund and $228,820 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second Half Collections		2017 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 637,484,560	86.13	$ 701,559,330	86.69
Public utility personal	102,700,670	13.87	107,678,300	13.31
Total	$ 740,185,230	100.00	$ 809,237,630	100.00
Tax rate per $1,000 of assessed valuation	$ 62.27		$ 62.27	

NOTE 7 - PAYMENT IN LIEU OF TAXES

According to State law, Union County has entered into agreements with property owners under which Union County has granted property tax abatements to those property owners and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to Union County to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by those owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners. The District received $1,658,401 in payments in lieu of taxes during fiscal year 2017 and a receivable of $1,563,090 has been reported on the fund financial statements and the statement of net position.

NOTE 8 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Enterprise Zones

Union County and the City of Marysville have entered into property tax abatement agreements with local businesses under Enterprise Zone tax abatement agreements. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the District.

Under the 2003 Union County-Marysville Economic Development Action Plan agreements with Ohio & Heritage Cooperative, Inc. and Sumitomo Electric Wiring Systems & Sumary Investment, the District's property taxes were reduced by $50,557 and $143,828, respectively during fiscal year 2017.

NOTE 9 - RECEIVABLES

Receivables at June 30, 2017 consisted of property taxes, payment in lieu of taxes, accrued interest, 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 items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	$ 35,097,336
Payment in lieu of taxes	1,563,090
Accounts	5,170
Accrued interest	29,660
Intergovernmental	936,881
Total receivables	$ 37,632,137

Receivables have been disaggregated on the face of the basic financial statements. All receivables, except property taxes and payment in lieu of taxes, are expected to be collected within one year. Property taxes and payments in lieu of taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

NOTE 10 - CAPITAL ASSETS

Capital asset activity for governmental activities for the fiscal year ended June 30, 2017, was as follows:

Governmental activities:	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	$ 6,355,496	$ -	$ -	$ 6,355,496
Total capital assets, not being depreciated	6,355,496	-	-	6,355,496
Capital assets, being depreciated:				
Building and improvements	133,208,843	-	-	133,208,843
Furniture, fixtures and equipment	5,980,967	99,063	-	6,080,030
Vehicles	3,880,262	528,117	(310,815)	4,097,564
Total capital assets, being depreciated	143,070,072	627,180	(310,815)	143,386,437
Less: accumulated depreciation				
Building and improvements	(56,965,187)	(4,290,320)	-	(61,255,507)
Furniture, fixtures and equipment	(3,290,089)	(459,423)	-	(3,749,512)
Vehicles	(2,489,807)	(290,969)	310,815	(2,469,961)
Total accumulated depreciation	(62,745,083)	(5,040,712)	310,815	(67,474,980)
Governmental activities capital assets, net	$ 86,680,485	$ (4,413,532)	$ -	$ 82,266,953

NOTE 10 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 2,447,292
Special	752,510
Vocational	45,415
Support Services:	
Pupil	337,589
Instructional staff	442,100
Administration	354,513
Fiscal	62,062
Business	27,213
Operations and maintenance	140,417
Pupil transportation	290,968
Food service operations	36,357
Extracurricular	104,276
Total depreciation expense	$ 5,040,712

NOTE 11 - CAPITALIZED LEASES

In previous fiscal years, the District entered into agreements for buildings and improvements and computer networking technology under capital lease obligations. These leases meet the criteria of a capital lease as defined by GASB, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

The cost of the capital assets obtained under capital lease for buildings and improvements is $1,634,164, and has been included in the governmental activities capital assets. The assets acquired by lease agreement for computer networking technology were not capitalized as the individual assets did not exceed the District's threshold for capitalization.

A corresponding liability for future principal payments on the capital lease agreements is recorded in the statement of net position. Principal payments in the 2017 fiscal year totaled $115,000. This amount is reflected as debt service principal retirement in the permanent improvement fund and as a reduction to the long-term liabilities reported on the statement of net position.

NOTE 11 - CAPITALIZED LEASES (Continued)

The following is a schedule of future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2017:

Fiscal Year Ending June 30,	Amount
2018	$ 156,111
2019	155,269
2020	155,140
2021	155,675
2022	154,867
2023	155,662
Total minimum lease payments	932,724
Less: amount representing interest	(123,724)
Total	$ 809,000

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NOTE 12 - LONG-TERM OBLIGATIONS

A. Long-term obligations were restated at June 30, 2016, to reclassify $1,682,531 between principal and accreted interest on capital appreciation bonds for the 2006 school improvement refunding bonds to properly state the balances. This restatement had no effect on net position at the beginning of the year. The District's long-term obligations activity during fiscal year 2017 consisted of the following.

	(Restated) Balance June 30, 2016	Additions	Disposals	Balance June 30, 2017	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds					
2001 Refunding new elementary 3.4-5.15%	$ 4,124,487	$ -	$ (19,487)	$ 4,105,000	$ 510,000
2000 Fifth/sixth elementary 5.79%	286,586	-	(151,759)	134,827	134,827
2000 New elementary and middle school 4.35-5.375%	63,338	-	(63,338)	-	-
2002 Refunding fifth/sixth elementary 3.60%	414,974	-	-	414,974	-
2005 Refunding school improvement 3.25-5%	821,728	-	(821,728)	-	-
2006 School improvement/refunding 3.5-5%	2,572,515	-	(151,749)	2,420,766	549,297
2012 School improvement/refunding 2-5%	10,645,000	-	(155,000)	10,490,000	125,000
2013 School improvement/refunding 2-5%	8,605,000	-	-	8,605,000	-
2014 School improvement/refunding 1-4%	9,015,000	-	-	9,015,000	5,000
2015 School improvement/refunding 5%	36,335,000	-	(500,000)	35,835,000	2,165,000
Subtotal general obligation bonds	72,883,628	-	(1,863,061)	71,020,567	3,489,124
Unamortized premium on bond issuances	6,373,226	-	(553,057)	5,820,169	-
Capital appreciation bonds interest accretion	3,482,818	2,005,703	(2,726,939)	2,761,582	-
Total general obligation bonds	82,739,672	2,005,703	(5,143,057)	79,602,318	3,489,124
Other long-term obligations:					
Loan payable	35,893	-	(6,667)	29,226	6,667
Compensated absences	3,391,828	936,379	(666,221)	3,661,986	650,042
Net pension liability	73,147,627	16,951,978	-	90,099,605	-
Capital leases payable	924,000	-	(115,000)	809,000	120,000
Total other long-term obligations	77,499,348	17,888,357	(787,888)	94,599,817	776,709
Total	$ 160,239,020	$ 19,894,060	$ (5,930,945)	$ 174,202,135	$ 4,265,833
Business-type Activities:					
Compensated absences	$ 11,848	$ 12,520	$ (5,248)	$ 19,120	$ 12,104
Net pension liability	658,493	177,760	-	836,253	-
Total business-type activities	$ 670,341	$ 190,280	$ (5,248)	$ 855,373	$ 12,104

Compensated absences - Compensated absences will be paid from the fund from which the person is paid, which, for governmental activities, is primarily the general fund, the food service, IDEA Part-B, Title I, improving teacher quality and miscellaneous federal grant nonmajor special revenues funds, and, for business-type activities, the school day care fund.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Net Pension Liability - The District pays obligations related to employee compensation from the fund benefitting their service. See Note 14 to the notes to the basic financial statements for details.

Capital leases payable - Refer to Note 11 to the notes to the basic financial statements for detail on the capital lease obligations.

Loan payable - On June 26, 2012, the Board of Education approved a resolution to authorize the District Treasurer to enter into a loan agreement on behalf of the District for the Union County Council of Governments (COG). The District's share of the $400,000 no-interest loan with the Ohio Department of Development is scheduled to be 10.64 percent of the loan. A liability for the District's share of $29,226 has been reported as a liability on the statement of net position. A payment schedule is not available.

B. Principal and interest requirements to retire the general obligation bonds are as follows:

Fiscal Year	General Obligation Bonds		
Ending June 30,	Principal	Interest	Total
2018	$ 3,489,124	$ 3,826,157	$ 7,315,281
2019	4,652,351	2,906,637	7,558,988
2020	3,853,377	4,021,898	7,875,275
2021	3,925,852	3,956,172	7,882,024
2022	4,163,495	3,623,915	7,787,410
2023 - 2027	29,546,368	9,370,230	38,916,598
2028 - 2030	21,390,000	1,420,875	22,810,875
Total	$ 71,020,567	$ 29,125,884	$ 100,146,451

C. Defeased Debt

In March 2001, the District defeased $7,669,538 of general obligation bonds for the new elementary additions, dated October 1, 1995, through the issuance of $7,667,973 of general obligation bonds for the new elementary additions. The net proceeds of the 2001 bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of $4,105,000 at June 30, 2017, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding. The refunding bonds are paid from the bond retirement fund.

In March 2002, the District defeased $13,335,000 of general obligation bonds for the fifth/sixth elementary building, dated March 1, 2000, through the issuance of $13,334,974 of general obligation bonds for the fifth/sixth elementary building. The net proceeds of the 2002 bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of $13,335,000 at June 30, 2017, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding. The refunding bonds are paid from the bond retirement fund.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

In September 2005, the District defeased $41,425,000 of certificates of participation for school improvements, dated March 2, 2005, through the issuance of $40,284,966 of general obligation bonds for school improvements. The net proceeds of the 2005 were invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, were used to pay the principal and interest on the refunded certificates. On September 3, 2015 the District advance refunded $28,050,000 of the 2006 current interest serial and term bonds that were due December 1, 2016 through December 1, 2029. The refunding bonds are paid from the bond retirement fund. At June 30, 2017, the remaining portion of the 2005 refunding bonds that were not refunded were retired.

In February 2006, the District defeased $12,350,000 of general obligation bonds for a new elementary and Raymond elementary school improvements, dated December 1, 2000, through the issuance of $12,349,984 of general obligation bonds for school improvements. The net proceeds of the 2006 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of $12,210,000 at June 30, 2017, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding. On September 3, 2015 the District advance refunded $11,090,000 of the 2006 current interest serial and term bonds that were due December 1, 2016 through December 1, 2029. The refunding bonds are paid from the bond retirement fund.

In November 2012, the District issued $10,870,000 in school improvement general obligation refunding bonds to currently refund $10,835,000 of the school improvement refunding bonds dated March 1, 2002 and to advance refund $515,000 of the school improvement bonds dated March 2, 2006. The debt issue is comprised of current interest serial bonds (par value $8,845,000) and current interest term bonds (par value $2,025,000). The interest rate on the current interest serial bonds ranges from 2.00- 5.00 percent and the interest rate on the current interest term bonds is 3.00 percent. Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029. The refunding bonds are paid from the bond retirement fund. The net proceeds of the 2012 school improvement refunding bonds related to the advance refunding portion have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which been fully retired at June 30, 2017, were not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

In November 2013, the District issued $8,655,000 in school improvement general obligation refunding bonds to advance refund $8,830,000 of the school improvement bonds dated March 2, 2006. The debt issue is comprised of current interest serial bonds (par value $6,705,000) and current interest term bonds (par value $1,950,000). The interest rate on the current interest serial bonds ranges from 2.00-5.00 percent and the interest rate on the current interest term bonds is 5.00 percent. Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2026. The refunding bonds are paid from the bond retirement fund. The net present value savings of the refunding was $420,434. The reacquisition price exceeded the net carrying amount of the old debt by $1,007,863. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The net proceeds of the 2013 school improvement refunding bonds related to the advance refunding portion have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of $8,605,000 at June 30, 2017, are not included in the District’s outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

In June 2014, the District issued $9,015,000 in school improvement general obligation refunding bonds to advance refund $9,130,000 of the school improvement bonds dated March 2, 2006. The debt issue is comprised of current interest serial bonds (par value $9,015,000). The interest rate on the current interest serial bonds ranges from 1.00- 4.00 percent. Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029. The refunding bonds are paid from the bond retirement fund. The net present value savings of the refunding was $674,488. The reacquisition price exceeded the net carrying amount of the old debt by $577,407. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The net proceeds of the 2014 school improvement refunding bonds related to the advance refunding portion have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of $9,015,000 at June 30, 2017, are not included in the District’s outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

In September 2015, the District issued $36,335,000 in school improvement general obligation refunding bonds to refund $28,050,000 of the school improvement bonds dated September 1, 2005 and $11,090,000 of the school improvement bonds dated February 1, 2006. The debt issue is comprised of current interest serial bonds (par value $36,335,000). The interest rate on the current interest serial bonds is 3.50 - 5.00 percent. Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029. The refunding bonds are paid from the bond retirement fund. The net present value savings of the refunding was $4,168,200. The reacquisition price exceeded the net carrying amount of the old debt by $369,366. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2017, are a voted debt margin of $5,431,417 (including available funds of $3,620,597) and an unvoted debt margin of $809,238.

NOTE 13 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the District contracted with Ohio Casualty Insurance Company for various coverages, as follows:

Coverage/Deductible	Aggregate
Fleet Insurance - $500/Comprehensive	$1,000,000
500/Collision	
Buildings and Contents - $1,000	
School District Liability (no deductible)	2,000,000
Employee Benefits Liability - $1,000	3,000,000
School Leaders Errors and Omissions - $2,500	1,000,000
Umbrella Policy (no deductible)	5,000,000
Crime - $1,000	100,000
Miscellaneous - $500	
Computers - $500	

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

NOTE 13 - RISK MANAGEMENT - (Continued)

B. Worker's Compensation

The District participates in a Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). 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. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

C. Employee Group Life, Medical, Dental, and Vision Insurance

The District has elected to provide a comprehensive benefits package to employees through a fully-insured program for dental and vision. The District provides dental insurance through Core Source and vision insurance through VSP.

Beginning during fiscal year 2016, medical insurance is offered to employees through a self-insurance internal service fund. The claims liability of $243,599 reported in the internal service fund at June 30, 2017, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past fiscal year follows:

Fiscal Year	Beginning Balance	Claims Incurred	Claims Payments	Ending Balance
2017	$ 308,656	$ 4,273,113	$ (4,338,170)	$ 243,599
2016	-	1,864,299	(1,555,643)	308,656

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents 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 already have occurred.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (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.

The 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 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 pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

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.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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, 2017, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was $1,123,166 for fiscal year 2017. Of this amount, $75,347 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description –District licensed teachers and other faculty members participate in STRS Ohio, 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 based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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, 2017, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was $3,383,402 for fiscal year 2017. Of this amount, $569,288 is reported as pension and postemployment benefits payable.

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, 2016, 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. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.25012650%	0.21541230%	
Proportion of the net pension liability current measurement date	0.25375800%	0.21618344%	
Change in proportionate share	0.00363150%	0.00077114%	
Proportionate share of the net pension liability	$ 18,572,744	$ 72,363,114	$ 90,935,858
Pension expense	$ 2,063,203	$ 5,465,969	$ 7,529,172

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2017, 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	$ 250,503	$ 2,923,817	$ 3,174,320
Net difference between projected and actual earnings on pension plan investments	1,531,980	6,008,081	7,540,061
Changes of assumptions	1,239,832	-	1,239,832
Difference between District contributions and proportionate share of contributions/ change in proportionate share	323,960	430,969	754,929
District contributions subsequent to the measurement date	1,123,166	3,383,402	4,506,568
Total deferred outflows of resources	$ 4,469,441	$ 12,746,269	$ 17,215,710
Deferred inflows of resources			
Difference between District contributions and proportionate share of contributions/ change in proportionate share	$ 5,762	$ -	$ 5,762
Total deferred inflows of resources	$ 5,762	$ -	$ 5,762

$4,506,568 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. 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:			
2018	$ 892,047	$ 1,540,179	$ 2,432,226
2019	890,943	1,540,179	2,431,122
2020	1,117,142	3,845,646	4,962,788
2021	440,381	2,436,863	2,877,244
Total	$ 3,340,513	$ 9,362,867	$ 12,703,380

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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 average 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.

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.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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	$ 24,589,156	$ 18,572,744	$ 13,536,757

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	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 paid on fifth anniversary of retirement date.

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 not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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:

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return *
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	7.61 %

* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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 increases 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, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	$ 96,164,698	$ 72,363,114	$ 52,285,074

Changes Between Measurement Date and Report Date - In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to District's NPL is expected to be significant.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. 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. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, number of 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 basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was $23,500. 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 2017, the District's surcharge obligation was $133,933.

The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $133,933, $129,098, and $184,422, respectively. The fiscal year 2017 amount has been reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2016 and 2015.

B. State Teachers Retirement System

Plan Description – The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) 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 reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board 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 Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The District's did not make any contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) 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 the GAAP basis are that:

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

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

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) While not legally required, the District budgets advances-in and advances-out as operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,

(e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	General fund
Budget basis	$ 4,983,443
Net adjustment for revenue accruals	2,019,907
Net adjustment for expenditure accruals	(219,738)
Net adjustment for other sources/uses	(99)
Funds budgeted elsewhere	21,863
Adjustment for encumbrances	396,380
GAAP basis	$ 7,201,756

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies and the public school support fund.

NOTE 17 - 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not involved in material litigation as either plaintiff or defendant.

C. Foundation Funding

School district foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for fiscal year 2017, traditional school districts must comply with minimum hours of instruction instead of minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year end.

As a result of the fiscal year 2017 reviews, the District is due $28,987 from ODE. This amount has been included in the financial statements.

NOTE 18 - SET ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	Capital Improvements
Set-aside balance June 30, 2016	$ -
Current year set-aside requirement	903,081
Current year offsets	(2,900,254)
Total	$ (1,997,173)
Balance carried forward to fiscal year 2018	$ -
Set-aside balance June 30, 2017	$ -

NOTE 19 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

Fund	Year-End Encumbrances
General fund	$ 400,957
Permanent improvement fund	1,807,478
Other governmental funds	222,050
Total	$ 2,430,485

REQUIRED SUPPLEMENTARY INFORMATION

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS

	2017	2016	2015	2014
District's proportion of the net pension liability	0.25375800%	0.25012650%	0.24396900%	0.24396900%
District's proportionate share of the net pension liability	$ 18,572,744	$ 14,272,461	$ 12,347,132	$ 14,508,053
District's covered-employee payroll	$ 7,683,636	$ 7,530,114	$ 7,089,250	$ 7,244,964
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	241.72%	189.54%	174.17%	200.25%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS

	2017	**2016**	**2015**	**2014**
District's proportion of the net pension liability	0.21618344%	0.21541230%	0.21402964%	0.21402964%
District's proportionate share of the net pension liability	$ 72,363,114	$ 59,533,659	$ 52,059,416	$ 62,012,835
District's covered-employee payroll	$ 23,077,221	$ 22,257,821	$ 21,867,915	$ 22,127,546
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	313.57%	267.47%	238.06%	280.25%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

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MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	$ 1,123,166	$ 1,075,709	$ 992,469	$ 982,570
Contributions in relation to the contractually required contribution	(1,123,166)	(1,075,709)	(992,469)	(982,570)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 8,022,614	$ 7,683,636	$ 7,530,114	$ 7,089,250
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%

2013	2012	2011	2010	2009	2008
$ 1,002,703	$ 1,035,884	$ 947,303	$ 1,098,270	$ 870,730	$ 839,038
(1,002,703)	(1,035,884)	(947,303)	(1,098,270)	(870,730)	(839,038)
$ -	$ -	$ -	$ -	$ -	$ -
$ 7,244,964	$ 7,701,740	$ 7,536,221	$ 8,111,300	$ 8,848,882	$ 8,544,175
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	$ 3,383,402	$ 3,230,811	$ 3,116,095	$ 2,842,829
Contributions in relation to the contractually required contribution	(3,383,402)	(3,230,811)	(3,116,095)	(2,842,829)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 24,167,157	$ 23,077,221	$ 22,257,821	$ 21,867,915
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%

2013	2012	2011	2010	2009	2008
$ 2,876,581	$ 3,069,321	$ 3,024,223	$ 2,895,483	$ 3,031,604	$ 3,075,239
(2,876,581)	(3,069,321)	(3,024,223)	(2,895,483)	(3,031,604)	(3,075,239)
$ -	$ -	$ -	$ -	$ -	$ -
$ 22,127,546	$ 23,610,162	$ 23,263,254	$ 22,272,946	$ 23,320,031	$ 23,655,685
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disabld members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education		
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution)		
National School Lunch Program	10.555	$ 153,082
Cash Assistance:		
School Breakfast Program	10.553	110,266
National School Lunch Program	10.555	578,882
Total Child Nutrition Cluster		842,230
State Administrative Expenses for Child Nutrition	10.560	7,996
TOTAL U.S. DEPARTMENT OF AGRICULTURE		**850,226**
U.S. DEPARTMENT OF EDUCATION		
Passed Through the Ohio Department of Education		
Title I Grants to Local Educational Agencies	84.010	516,812
Special Education Cluster:		
Special Education - Grants to States	84.027	963,108
Special Education - Preschool Grants	84.173	7,006
Total Special Education Cluster		970,114
Twenty-First Century Community Learning Centers	84.287	100,066
Improving Teacher Quality State Grants	84.367	103,756
TOTAL U.S. DEPARTMENT OF EDUCATION		**1,690,748**
TOTAL EXPENDITURES OF FEDERAL AWARDS		**$ 2,540,974**

The accompanying notes to this schedule are an integral part of this schedule.

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Marysville Exempted Village School District (the District) under programs of the federal government for the year ended June 30, 2017. 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 District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE D – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Marysville Exempted Village School District
Union County
1000 Edgewood Drive
Marysville, Ohio 43040

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 Marysville Exempted Village School District, Union County, Ohio, (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 20, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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 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 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.

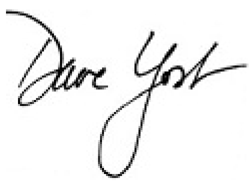
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies 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 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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 20, 2018

Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Marysville Exempted Village School District
Union County
1000 Edgewood Drive
Marysville, Ohio 43040

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Marysville Exempted Village School District's, Union County, Ohio, (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Marysville Exempted Village School District's major federal programs for the year ended June 30, 2017. The S*ummary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is opine on the District's compliance for each of the District's major federal programs 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 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 each of the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Marysville Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affects each of its major federal programs for the year ended June 30, 2017.

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Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199
www.ohioauditor.gov

Report on Internal Control Over Compliance

The 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 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 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's compliance requirement will not be prevented, or timely detected or corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a 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 was not designed to 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.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 20, 2018

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017

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 weaknesses in internal control 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 Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Child Nutrition Cluster 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?**	No

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

MARYSVILLE
Exempted Village School District

Board of Education
1000 Edgewood Dr.
Marysville, Ohio 43040

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MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001 2015-001	Material Weakness - Financial Reporting	Corrective Action Taken and Finding is Fully Corrected	

Dave Yost • Auditor of State

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

UNION 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
MARCH 29, 2018

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