



OHIO AUDITOR OF STATE
KEITH FABER



**MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Basis) and Actual General Fund.....	22
Statement of Fund Net Position – Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds.....	25
Statement of Fiduciary Net Position – Fiduciary Funds	26
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds.....	27
Notes to the Basic Financial Statements	28

**MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio.....	74
Schedule of the School District's Proportionate Share of the Net OPEB Liability State Teachers Retirement System of Ohio.....	75
Schedule of the School District's Proportionate Share of the Net Pension Liability School Employees Retirement System of Ohio	76
Schedule of the School District's Proportionate Share of the Net OPEB Liability School Employees Retirement System of Ohio	77
Schedule of School District Contributions State Teachers Retirement System of Ohio.....	78
Schedule of School District Contributions School Employees Retirement System of Ohio	80
Notes to the Required Supplementary Information	82
Federal Awards Receipts and Expenditures Schedule.....	85
Notes to the Federal Awards Receipts and Expenditures Schedule	86
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	87
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.....	89
Schedule of Findings	91
Prepared by Management:	
Summary Schedule of Prior Audit Findings	93

OHIO AUDITOR OF STATE KEITH FABER



INDEPENDENT AUDITOR'S REPORT

Medina City School District
Medina County
739 Weymouth Road
Medina, Ohio 44256

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Medina City School District, Medina County, Ohio (the District), as of and for the year ended June 30, 2018, 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2019, 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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large initial "K".

Keith Faber
Auditor of State

Columbus, Ohio

March 6, 2019

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The discussion and analysis of Medina City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- Governmental revenues totaled \$101,105,569, an increase from the prior fiscal year. The increase is primarily attributable to property tax as a result of the increase in the amount available as advance from the County from the prior fiscal year.
- Governmental expenses totaled \$46,558,306, which was a decrease from the prior fiscal year due to the adjusted pension expense (see page 9). Instructional expenses made up 45.46 percent of this total while support services accounted for 39.72 percent. Other expenses rounded out the remaining 14.82 percent.
- The School District's capital assets decreased by \$2,938,734 from the prior fiscal year. This decrease was the result of annual depreciation exceeding the purchase of new assets, which mainly consisted of new turf in the stadium and upgrades related to energy conservation.
- Outstanding certificates of participation and general obligation bonded debt decreased from \$73,796,170 in fiscal year 2017 to \$68,538,609 in fiscal year 2018 due to paying down debt and having no new issuances in fiscal year 2018.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes pertaining to those statements. These statements are organized so the reader can understand Medina City School District as a financial whole, or a complete operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Medina City School District, the general and bond retirement funds by far are the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" The statement of net position and the statement of activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources except fiduciary funds using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

These two statements report the School District's net position and changes in that net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School 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 School District's performance, demographic and socioeconomic factors and the willingness of the community to support the School District.

In the statement of net position and the statement of activities, the School District is divided into two major activities:

- *Governmental Activities* – Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and general administration.
- *Business-Type Activities* – These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The School District's business-type activities are the transportation and System to Achieve Results for Students (STARS) enterprise funds.

Reporting the School District's Most Significant Funds

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and bond retirement fund.

Governmental Funds Most of the School District's activities are reported as governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are 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 School 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.

Proprietary Funds The School District maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The School District uses enterprise funds to account for monies received from outside districts for repair work done to their vehicles, monies received for elementary school student supplies, and monies received for food service purposes. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The School District as a Whole

You may recall that the statement of net position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for fiscal years 2018 and 2017:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	\$135,790,111	\$130,243,521	\$66,513	\$52,543	\$135,856,624	\$130,296,064
Capital Assets, Net	90,435,319	93,374,053	0	0	90,435,319	93,374,053
Total Assets	226,225,430	223,617,574	66,513	52,543	226,291,943	223,670,117
Deferred Outflows of Resources						
Deferred Charges on Refunding	4,115,952	4,406,510	0	0	4,115,952	4,406,510
Pension	35,582,012	28,566,502	0	0	35,582,012	28,566,502
OPEB	1,603,783	184,983	0	0	1,603,783	184,983
Total Deferred Outflows of Resources	41,301,747	33,157,995	0	0	41,301,747	33,157,995
Liabilities						
Current and Other Liabilities	8,131,015	7,945,320	1,857	2,125	8,132,872	7,947,445
Long-Term Liabilities:						
Due Within One Year	6,041,387	5,754,024	0	0	6,041,387	5,754,024
Due in More than One Year:						
Net Pension Liability	102,584,553	136,865,123	0	0	102,584,553	136,865,123
Net OPEB Liability	22,691,719	27,550,340	0	0	22,691,719	27,550,340
Other Amounts	74,341,715	78,204,703	0	0	74,341,715	78,204,703
Total Liabilities	213,790,389	256,319,510	1,857	2,125	213,792,246	256,321,635
Deferred Inflows of Resources						
Property Taxes	42,150,595	49,463,655	0	0	42,150,595	49,463,655
Pension	3,484,082	0	0	0	3,484,082	0
OPEB	2,562,444	0	0	0	2,562,444	0
Total Deferred Inflows of Resources	48,197,121	49,463,655	0	0	48,197,121	49,463,655
Net Position						
Net Investment in Capital Assets	25,664,358	23,213,820	0	0	25,664,358	23,213,820
Restricted:						
Capital Projects	4,777,964	5,404,887	0	0	4,777,964	5,404,887
Debt Service	5,713,373	5,472,602	0	0	5,713,373	5,472,602
Other Purposes	674,821	603,949	0	0	674,821	603,949
Unrestricted (Deficit)	(31,290,849)	(83,702,854)	64,656	50,418	(31,226,193)	(83,652,436)
Total Net Position	\$5,539,667	(\$49,007,596)	\$64,656	\$50,418	\$5,604,323	(\$48,957,178)

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

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

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

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

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

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

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained previously, changes in pension benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating governmental activities net position at June 30, 2017, from (\$21,642,239) to (\$49,007,596).

Total governmental assets increased during fiscal year 2018. The majority of this increase can be attributed to the increase in current and other assets, which was partly offset by a decrease in capital assets. The increase in current and other assets was primarily due to an increase in cash and cash equivalents, which is due to an increase in property taxes.

Total governmental liabilities decreased during fiscal year 2018. This decrease was due to long-term liabilities, which was mainly due to a decrease in the net pension liability. This decrease is a result of changes in assumptions and benefits terms. STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). SERS decreased their COLA assumption.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue increased from the prior fiscal year mostly due to the increase in property tax revenue as a result of the increase in the amount available as advance from the County related to property taxes from the prior year. The remaining amount of revenue received was in the form of program revenues.

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

Table 2 shows total revenues, expenses and changes in net position for fiscal years 2018 and 2017:

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	\$3,611,124	\$3,788,253	\$32,289	\$25,955	\$3,643,413	\$3,814,208
Operating Grants and Contributions	5,978,356	6,293,798	0	0	5,978,356	6,293,798
Capital Grants and Contributions	2,204	4,183	0	0	2,204	4,183
Total Program Revenues	9,591,684	10,086,234	32,289	25,955	9,623,973	10,112,189
General Revenues:						
Property Taxes	61,360,121	56,900,303	0	0	61,360,121	56,900,303
Grants and Entitlements, not Restricted	25,039,066	25,971,789	0	0	25,039,066	25,971,789
Grants Restricted for Permanent Improvements	3,904,864	3,200,022	0	0	3,904,864	3,200,022
Unrestricted Contributions	20,000	20,500	0	0	20,000	20,500
Investment Earnings	776,935	424,904	0	0	776,935	424,904
Miscellaneous	412,899	418,489	11,914	10,024	424,813	428,513
Total General Revenues	91,513,885	86,936,007	11,914	10,024	91,525,799	86,946,031
Total Revenues	\$101,105,569	\$97,022,241	\$44,203	\$35,979	\$101,149,772	\$97,058,220

(continued)

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Table 2
Change in Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program Expenses						
Instruction:						
Regular	\$14,907,833	\$42,689,431	\$0	\$0	\$14,907,833	\$42,689,431
Special	6,027,432	13,921,050	0	0	6,027,432	13,921,050
Vocational	238,461	376,923	0	0	238,461	376,923
Student Intervention Services	(7,893)	7,248	0	0	(7,893)	7,248
Support Services:						
Pupils	2,293,647	5,302,532	0	0	2,293,647	5,302,532
Instructional Staff	1,191,742	1,581,890	0	0	1,191,742	1,581,890
Board of Education	119,082	140,555	0	0	119,082	140,555
Administration	2,022,305	6,606,480	0	0	2,022,305	6,606,480
Fiscal	1,472,523	1,478,557	0	0	1,472,523	1,478,557
Business	376,952	335,387	0	0	376,952	335,387
Operation and Maintenance of Plant	7,570,382	8,185,557	0	0	7,570,382	8,185,557
Pupil Transportation	2,947,383	4,129,089	0	0	2,947,383	4,129,089
Central	500,576	471,238	0	0	500,576	471,238
Operation of Non-Instructional Services	561,470	709,661	0	0	561,470	709,661
Food Service Operations	2,159,363	2,564,672	0	0	2,159,363	2,564,672
Extracurricular Activities	1,528,440	2,306,556	0	0	1,528,440	2,306,556
Interest and Fiscal Charges	2,648,608	2,999,107	0	0	2,648,608	2,999,107
Business-Type Activities	0	0	29,965	43,033	29,965	43,033
Total Program Expenses	<u>46,558,306</u>	<u>93,805,933</u>	<u>29,965</u>	<u>43,033</u>	<u>46,588,271</u>	<u>93,848,966</u>
Change in Net Position	54,547,263	3,216,308	14,238	(7,054)	54,561,501	3,209,254
Net Position Beginning of Year	<u>(49,007,596)</u>	N/A	<u>50,418</u>	<u>57,472</u>	<u>(48,957,178)</u>	
Net Position End of Year	<u>\$5,539,667</u>	<u>(\$49,007,596)</u>	<u>\$64,656</u>	<u>\$50,418</u>	<u>\$5,604,323</u>	<u>(\$48,957,178)</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$184,983 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of the OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$3,477,628. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$46,558,306
Negative OPEB expense under GASB 75	3,477,628
2018 contractually required contribution	<u>237,349</u>
Adjusted 2018 program expenses	50,273,283
Total 2017 program expenses under GASB 45	<u>93,805,933</u>
Decrease in program expenses not related to OPEB	<u><u>(\$43,532,650)</u></u>

Governmental Activities

The largest component of the decrease in program expenses results from changes in assumptions and benefits terms related to pensions. STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). SERS decreased their COLA assumption (see Note 23). As a result of these changes, pension expense decreased from \$12,165,132 in fiscal year 2017 to a negative pension expense of \$30,668,763 for fiscal year 2018. The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows:

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

	2018 Program Expenses Related to Negative Pension Expense
Instruction:	
Regular	(\$19,245,844)
Special	(5,173,751)
Vocational	(61,966)
Student Intervention Services	(19,491)
Support Services:	
Pupil	(1,999,135)
Instructional Staff	(417,831)
Board of Education	(813)
Administration	(2,763,721)
Fiscal	(22,616)
Business	(10,708)
Operation and Maintenance of Plant	(118,345)
Pupil Transportation	(64,861)
Central	(113,889)
Operation of Non-Instructional Services	(72,395)
Food Service Operations	(33,757)
Extracurricular Activities	(549,640)
Total Expenses	(\$30,668,763)

The School District carefully tracks its revenues and expenses in order to avoid creating a deficit. Although the School District relies heavily upon local property taxes to support its operations, the School District relies upon and actively solicits and receives additional grant and entitlement funding to help offset some operating costs.

As one can see, the majority of the School District's expenses are used towards instructional purposes. Additional expenses include support services, such as pupils, instructional staff, general administration, maintenance, and pupil transportation; community services; food services; numerous extracurricular activities; and interest and fiscal charges.

The statement of activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Table 3
 Governmental Activities

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Instruction:				
Regular	\$14,907,833	(\$14,308,970)	\$42,689,431	(\$41,953,185)
Special	6,027,432	(2,479,622)	13,921,050	(10,342,572)
Vocational	238,461	(202,078)	376,923	(350,304)
Student Intervention Services	(7,893)	8,067	7,248	(7,248)
Support Services:				
Pupils	2,293,647	(1,806,934)	5,302,532	(4,758,137)
Instructional Staff	1,191,742	(1,010,957)	1,581,890	(1,440,917)
Board of Education	119,082	(118,112)	140,555	(139,285)
Administration	2,022,305	(1,851,684)	6,606,480	(6,467,433)
Fiscal	1,472,523	(1,460,721)	1,478,557	(1,466,269)
Business	376,952	(373,475)	335,387	(331,665)
Operation and Maintenance of Plant	7,570,382	(7,416,311)	8,185,557	(8,025,685)
Pupil Transportation	2,947,383	(2,701,205)	4,129,089	(3,924,132)
Central	500,576	(474,544)	471,238	(446,884)
Operating of Non-Instructional Services	561,470	75,204	709,661	186,542
Food Service Operations	2,159,363	11,746	2,564,672	(330,498)
Extracurricular Activities	1,528,440	(208,418)	2,306,556	(922,920)
Interest and Fiscal Charges	2,648,608	(2,648,608)	2,999,107	(2,999,107)
Total Expenses	<u>\$46,558,306</u>	<u>(\$36,966,622)</u>	<u>\$93,805,933</u>	<u>(\$83,719,699)</u>

As one can see, the reliance upon local tax revenues for governmental activities is crucial.

Business-Type Activities

Business-type activities include the transportation and STARS enterprise funds. Fiscal year 2011 and 2016 were the first years for these funds, respectively. The purpose of the transportation fund is to account for monies received from outside school districts for repair work done to their vehicles and the purpose of the STARS fund is to account for monies received for elementary school students who are paying for STARS testing supplies.

School District's Funds

Information regarding the School District's major funds can be found beginning on page 18. These funds are accounted for using the modified accrual basis of accounting. Property taxes increased from the prior fiscal year due to increased amount available as advance from the County.

The fiscal year-end fund balance for the general fund saw an increase from the prior fiscal year's ending balance. This increase was due to an increase in property taxes related to an increase in the amount available from the County.

The bond retirement fund saw a slight increase in fund balance from the prior year. This was due to an increase in intergovernmental revenue due to a remittance from the County related to reappraisal fees.

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

General Fund Budgeting Highlights

The School 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 fund to be budgeted is the main operating fund of the School District, the general fund.

During the course of fiscal year 2018, the School District amended its general fund budget. The School District uses a site-based style of budgeting and has in place systems that are designed to tightly control expenditures but provide flexibility for site-based decision and management.

For the general fund, the final budget basis revenue estimates remained the same as the original budget basis revenue estimates due to conservative budgeting throughout the fiscal year. Actual revenues were higher than final budgeted revenues due to higher than expected intergovernmental revenue. The final budgeted expenditures were lower than the original budgeted expenditures. Actual expenditures were lower than final budgeted expenditures due to lower than expected student intervention services expenditures.

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land and construction in progress, are reported net of depreciation. During the fiscal year, capital assets decreased due to annual depreciation outpacing the purchase of new assets, which mainly consisted of new turf in the stadium and upgrades related to energy conservation. For more information on capital assets refer to Note 10 of the basic financial statements.

Debt

During the fiscal year, outstanding debt decreased due to paying down certificates of participation and general obligation bonds.

The 2008 certificates of participation were issued for constructing, renovating, expanding, improving, and furnishing the various buildings within the School District. This debt was partially refunded by the 2015 refunding certificates of participation in fiscal year 2015.

The 2009 refunding bonds were issued to advance refund a portion of the 1998 refunding bonds. This debt will be fully repaid in fiscal year 2019.

The 2012 refunding bonds were issued to pay down the 2007 energy conservation note and the transportation facilities note. This debt will be fully repaid in fiscal year 2023.

The 2013 refunding bonds were issued to refund a portion of the 2005 refunding bonds. This debt will be fully repaid in fiscal year 2028.

The 2016 refunding bonds were issued to refund the 2005 refunding bonds. This debt will be fully repaid in fiscal year 2028.

The School District's overall legal debt margin was \$72,121,127 with an unvoted debt margin of \$1,303,352. The School District maintains an Aa2 bond rating. For more information on debt, refer to Note 12 of the basic financial statements.

In addition to the long-term debt, the School District's long-term obligations include capital leases, compensated absences, net pension liability, and net OPEB liability. Additional information for these items can be found in Notes 11, 12, 23, and 24, respectively.

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

School District Outlook

The Board of Education and administration closely monitor the School District's revenues and expenditures in accordance with its financial forecast and the new Strategic Plan. Implementation of the full Strategic Plan will take place over the next four years including additional programming for students of the School District.

The financial future of the School District is not without its challenges. These challenges are internal and external in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes to fund its operations. External challenges continue to evolve as the State of Ohio reacts to the slow growth of the economy when funding for school districts. The slow growth continues to have a negative impact on funding and the funding formula.

Reductions have been implemented in the past to maintain a positive unencumbered balance for future fiscal years. The passage of the 5.9 mill five-year emergency levy in 2013 allowed the School District to continue current operations and add needed educational programming and transportation. The recent passage of the 5.20 mill Substitute Levy in May of 2018 will allow the School District to implement the new Strategic Plan while not increasing cost to taxpayers.

Although the School District relies heavily on its property taxpayers to support its operations, the community support for the School District is quite strong. The School District has communicated to the community its reliance upon their tax support for the majority of its operations and will continue to work diligently to plan expenditures, staying carefully within the School District's five-year forecast. The community also realizes that the income generated by local levies remains relatively constant; therefore, forcing the School District to come back to the voters from time to time to ask for additional support.

In May of 2007, Medina County voters passed a countywide 30-year, 0.5 percent sales tax to pay for school permanent improvements. The tax is allocated among the public schools within the County based upon their number of students. The allocation for Medina City School District for calendar year 2018 was \$3.1 million. Medina County is the only county in Ohio that has levied a sales tax for school districts.

Beginning in fiscal year 2012, the administration of Governor John Kasich proposed a new funding method for school districts in the State; however, fiscal year 2012 and 2013 funding was based on a transitional approach, referred to as the Bridge formula. The Bridge formula divided the fiscal year 2011 OEBM funding by a calculated ADM to determine the per pupil funding. The per pupil funding is then multiplied by the fiscal year ADM. The adequacy amount is offset by the school district share, which is equal to 21 mills of property taxes for fiscal year 2012.

More recently, the State implemented the Governor's new funding formula that targets funding based on economic factors called the Opportunity Grant formula. This formula also establishes spending requirements in such areas as "economic disadvantaged funding" and "special education funding". The School District has seen an increase in State funding due to the growth of the School District as compared to growth of the State. However, this growth will not be continuing as seen with recent projections from our State organizations. These projections show decreasing revenue in fiscal year 2019 going forward based upon the current funding formula.

The recent growth in State funding will help the School District's financial situation, but will not ever make up the loss of revenues from the elimination of tangible personal property tax and State funding of the prior fiscal years.

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

In fiscal year 2018, lower than anticipated increases to the current formula has shown the funding formula is still flawed as more school districts have been placed on a guarantee. This funding removes the School District from the funding formula.

Regardless of funding levels, the School District's management will continue to carefully and prudently plan to provide effective and efficient programs and services to meet the needs of our students over the next several fiscal years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact David Chambers, Treasurer, at Medina City School District, 739 Weymouth Road, Medina, Ohio 44256, or email at chambersd@medinabees.org.

Medina City School District

Statement of Net Position

June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$76,597,775	\$63,271	\$76,661,046
Cash and Cash Equivalents With Fiscal Agents	1,749,782	0	1,749,782
Accrued Interest Receivable	121,641	0	121,641
Intergovernmental Receivable	3,202,756	3,242	3,205,998
Inventory Held for Resale	75,076	0	75,076
Materials and Supplies Inventory	45,655	0	45,655
Property Taxes Receivable	53,997,426	0	53,997,426
Nondepreciable Capital Assets	3,472,045	0	3,472,045
Depreciable Capital Assets, Net	86,963,274	0	86,963,274
<i>Total Assets</i>	<u>226,225,430</u>	<u>66,513</u>	<u>226,291,943</u>
Deferred Outflows of Resources			
Deferred Charges on Refunding	4,115,952	0	4,115,952
Pension	35,582,012	0	35,582,012
OPEB	1,603,783	0	1,603,783
<i>Total Deferred Outflows of Resources</i>	<u>41,301,747</u>	<u>0</u>	<u>41,301,747</u>
Liabilities			
Accounts Payable	161,576	1,857	163,433
Accrued Wages and Benefits	6,135,815	0	6,135,815
Matured Compensated Absences Payable	130,430	0	130,430
Intergovernmental Payable	1,104,501	0	1,104,501
Accrued Interest Payable	248,858	0	248,858
Claims Payable	349,835	0	349,835
Long-Term Liabilities:			
Due Within One Year	6,041,387	0	6,041,387
Due In More Than One Year:			
Net Pension Liability (See Note 23)	102,584,553	0	102,584,553
Net OPEB Liability (See Note 24)	22,691,719	0	22,691,719
Other Amounts Due in More Than One Year	74,341,715	0	74,341,715
<i>Total Liabilities</i>	<u>213,790,389</u>	<u>1,857</u>	<u>213,792,246</u>
Deferred Inflows of Resources			
Property Taxes	42,150,595	0	42,150,595
Pension	3,484,082	0	3,484,082
OPEB	2,562,444	0	2,562,444
<i>Total Deferred Inflows of Resources</i>	<u>48,197,121</u>	<u>0</u>	<u>48,197,121</u>
Net Position			
Net Investment in Capital Assets	25,664,358	0	25,664,358
Restricted for:			
Capital Projects	4,777,964	0	4,777,964
Debt Service	5,713,373	0	5,713,373
Other Purposes	674,821	0	674,821
Unrestricted (Deficit)	(31,290,849)	64,656	(31,226,193)
<i>Total Net Position</i>	<u>\$5,539,667</u>	<u>\$64,656</u>	<u>\$5,604,323</u>

See accompanying notes to the basic financial statements

Medina City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$14,907,833	\$494,433	\$104,430	\$0
Special	6,027,432	89,981	3,457,829	0
Vocational	238,461	2,166	34,217	0
Student Intervention Services	(7,893)	174	0	0
Support Services:				
Pupils	2,293,647	35,554	451,159	0
Instructional Staff	1,191,742	11,435	169,350	0
Board of Education	119,082	970	0	0
Administration	2,022,305	79,717	90,904	0
Fiscal	1,472,523	11,802	0	0
Business	376,952	3,477	0	0
Operation and Maintenance of Plant	7,570,382	118,059	33,808	2,204
Pupil Transportation	2,947,383	22,943	223,235	0
Central	500,576	5,216	20,816	0
Operation of Non-Instructional Services	561,470	800	635,874	0
Food Service Operations	2,159,363	1,436,785	734,324	0
Extracurricular Activities	1,528,440	1,297,612	22,410	0
Interest and Fiscal Charges	2,648,608	0	0	0
<i>Total Governmental Activities</i>	<u>46,558,306</u>	<u>3,611,124</u>	<u>5,978,356</u>	<u>2,204</u>
Business-Type Activities				
Transportation Enterprise	5,105	6,624	0	0
STARS Enterprise	24,860	25,665	0	0
<i>Total Business-Type Activities</i>	<u>29,965</u>	<u>32,289</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$46,588,271</u>	<u>\$3,643,413</u>	<u>\$5,978,356</u>	<u>\$2,204</u>

General Revenues

Property Taxes Levied for:
General Purposes
Debt Service
Grants and Entitlements not Restricted
to Specific Programs
Grants Restricted for Permanent Improvements
Unrestricted Contributions
Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year - Restated (See Note 3)

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$14,308,970)	\$0	(\$14,308,970)
(2,479,622)	0	(2,479,622)
(202,078)	0	(202,078)
8,067	0	8,067
(1,806,934)	0	(1,806,934)
(1,010,957)	0	(1,010,957)
(118,112)	0	(118,112)
(1,851,684)	0	(1,851,684)
(1,460,721)	0	(1,460,721)
(373,475)	0	(373,475)
(7,416,311)	0	(7,416,311)
(2,701,205)	0	(2,701,205)
(474,544)	0	(474,544)
75,204	0	75,204
11,746	0	11,746
(208,418)	0	(208,418)
(2,648,608)	0	(2,648,608)
<u>(36,966,622)</u>	<u>0</u>	<u>(36,966,622)</u>
0	1,519	1,519
0	805	805
<u>0</u>	<u>2,324</u>	<u>2,324</u>
<u>(36,966,622)</u>	<u>2,324</u>	<u>(36,964,298)</u>
56,173,027	0	56,173,027
5,187,094	0	5,187,094
25,039,066	0	25,039,066
3,904,864	0	3,904,864
20,000	0	20,000
776,935	0	776,935
412,899	11,914	424,813
<u>91,513,885</u>	<u>11,914</u>	<u>91,525,799</u>
54,547,263	14,238	54,561,501
<u>(49,007,596)</u>	<u>50,418</u>	<u>(48,957,178)</u>
<u>\$5,539,667</u>	<u>\$64,656</u>	<u>\$5,604,323</u>

Medina City School District

Balance Sheet

Governmental Funds

June 30, 2018

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$59,122,504	\$5,010,028	\$4,792,432	\$68,924,964
Cash and Cash Equivalents With Fiscal Agent	1,744,562	0	5,220	1,749,782
Accrued Interest Receivable	121,641	0	0	121,641
Property Taxes Receivable	49,774,615	4,222,811	0	53,997,426
Interfund Receivable	395,539	0	0	395,539
Intergovernmental Receivable	166,799	0	2,983,463	3,150,262
Inventory Held for Resale	0	0	75,076	75,076
Materials and Supplies Inventory	36,764	0	8,891	45,655
<i>Total Assets</i>	<u>\$111,362,424</u>	<u>\$9,232,839</u>	<u>\$7,865,082</u>	<u>\$128,460,345</u>
Liabilities				
Accounts Payable	\$153,638	\$0	\$7,575	\$161,213
Accrued Wages and Benefits	5,725,959	0	339,751	6,065,710
Matured Compensated Absences Payable	121,657	0	8,773	130,430
Intergovernmental Payable	1,024,668	0	70,473	1,095,141
Interfund Payable	0	0	395,539	395,539
<i>Total Liabilities</i>	<u>7,025,922</u>	<u>0</u>	<u>822,111</u>	<u>7,848,033</u>
Deferred Inflows of Resources				
Property Taxes	38,879,987	3,270,608	0	42,150,595
Unavailable Revenue	238,832	21,233	2,261,055	2,521,120
<i>Total Deferred Inflows of Resources</i>	<u>39,118,819</u>	<u>3,291,841</u>	<u>2,261,055</u>	<u>44,671,715</u>
Fund Balances				
Nonspendable	36,764	0	8,891	45,655
Restricted	0	5,940,998	5,356,450	11,297,448
Assigned	7,948,454	0	0	7,948,454
Unassigned (Deficit)	57,232,465	0	(583,425)	56,649,040
<i>Total Fund Balances</i>	<u>65,217,683</u>	<u>5,940,998</u>	<u>4,781,916</u>	<u>75,940,597</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$111,362,424</u>	<u>\$9,232,839</u>	<u>\$7,865,082</u>	<u>\$128,460,345</u>

See accompanying notes to the basic financial statements

Medina City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2018*

Total Governmental Fund Balances \$75,940,597

*Amounts reported for governmental activities in 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. 90,435,319

Other long-term assets are not available to pay for current-
 period expenditures and therefore are reported as
 unavailable revenue in the funds:

Delinquent Property Taxes	259,811	
Intergovernmental	656,763	
County Levied Sales Tax	1,604,292	
Tuition and Fees	254	
Total	2,521,120	2,521,120

Deferred outflows of resources represent deferred charges on
 refundings, which are not reported in the funds. 4,115,952

In the statement of activities, interest is accrued on outstanding bonds,
 whereas in governmental funds, an interest expenditure is reported
 when due. (248,858)

Long-term liabilities are not due and payable in the current
 period and therefore are not reported in the funds:

Certificates of Participation	(25,067,487)	
General Obligation Bonds	(43,471,122)	
Capital Leases	(2,610,124)	
Compensated Absences	(9,234,369)	
Total	(80,383,102)	(80,383,102)

Internal service funds are used by management to charge the costs
 of self insurance and other operations to individual funds.
 The assets and liabilities of the internal service funds are included
 in the statement of net position:

Net Position	7,190,158	
Compensated Absences	105,484	
Total	7,295,642	7,295,642

The net pension and net OPEB liabilities are not due and payable in the
 current period; therefore, the liabilities and related deferred
 inflows/outflows are not reported in governmental funds:

Deferred Outflows - Pension	35,582,012	
Deferred Outflows - OPEB	1,603,783	
Net Pension Liability	(102,584,553)	
Net OPEB Liability	(22,691,719)	
Deferred Inflows - Pension	(3,484,082)	
Deferred Inflows - OPEB	(2,562,444)	
Total	(94,137,003)	(94,137,003)

Net Position of Governmental Activities \$5,539,667

See accompanying notes to the basic financial statements

Medina City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$56,508,051	\$5,227,042	\$0	\$61,735,093
Intergovernmental	26,598,358	730,482	6,731,760	34,060,600
Interest	776,912	0	23	776,935
Tuition and Fees	805,259	0	0	805,259
Charges for Services	28,465	0	1,502,933	1,531,398
Extracurricular Activities	681,743	0	524,283	1,206,026
Contributions and Donations	80,571	0	21,717	102,288
Rentals	81,619	0	0	81,619
Miscellaneous	252,762	1,671	158,466	412,899
<i>Total Revenues</i>	<u>85,813,740</u>	<u>5,959,195</u>	<u>8,939,182</u>	<u>100,712,117</u>
Expenditures				
Current:				
Instruction:				
Regular	39,087,756	0	95,193	39,182,949
Special	11,342,494	0	1,389,004	12,731,498
Vocational	270,520	0	0	270,520
Student Intervention Services	22,023	0	0	22,023
Support Services:				
Pupils	4,422,897	0	438,763	4,861,660
Instructional Staff	1,328,060	0	157,272	1,485,332
Board of Education	122,322	0	0	122,322
Administration	5,669,216	0	57,096	5,726,312
Fiscal	1,484,134	83,857	0	1,567,991
Business	439,209	0	0	439,209
Operation and Maintenance of Plant	6,566,373	0	1,384,829	7,951,202
Pupil Transportation	2,899,124	0	113,562	3,012,686
Central	622,804	0	19,236	642,040
Operation of Non-Instructional Services	47,914	0	2,816,001	2,863,915
Extracurricular Activities	1,232,494	0	682,788	1,915,282
Capital Outlay	248,291	0	0	248,291
Debt Service:				
Principal Retirement	446,219	5,025,000	0	5,471,219
Interest and Fiscal Charges	31,058	2,655,163	0	2,686,221
<i>Total Expenditures</i>	<u>76,282,908</u>	<u>7,764,020</u>	<u>7,153,744</u>	<u>91,200,672</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>9,530,832</u>	<u>(1,804,825)</u>	<u>1,785,438</u>	<u>9,511,445</u>
Other Financing Sources (Uses)				
Capital Lease Issued	1,856,000	0	0	1,856,000
Transfers In	528	1,976,750	143,124	2,120,402
Transfers Out	(481,111)	0	(1,639,291)	(2,120,402)
<i>Total Other Financing Sources (Uses)</i>	<u>1,375,417</u>	<u>1,976,750</u>	<u>(1,496,167)</u>	<u>1,856,000</u>
<i>Net Change in Fund Balances</i>	10,906,249	171,925	289,271	11,367,445
<i>Fund Balances Beginning of Year</i>	<u>54,311,434</u>	<u>5,769,073</u>	<u>4,492,645</u>	<u>64,573,152</u>
<i>Fund Balances End of Year</i>	<u>\$65,217,683</u>	<u>\$5,940,998</u>	<u>\$4,781,916</u>	<u>\$75,940,597</u>

See accompanying notes to the basic financial statements

Medina City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018*

Net Change in Fund Balances - Total Governmental Funds \$11,367,445

*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital Outlay	869,583	
Current Year Depreciation	(3,483,930)	
Total		(2,614,347)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (324,387)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	(374,972)	
Intergovernmental	40,196	
County Levied Sales Tax	741,406	
Tuition and Fees	(13,178)	
Total		393,452

Repayment of bond, certificates of participation, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 5,471,219

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued Interest	95,610	
Annual Accretion	(209,397)	
Amortization of Bond and Certificates of Participation Premiums	441,958	
Amortization of Deferred Charge on Refunding	(290,558)	
Total		37,613

Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (272,155)

Internal service funds used by management are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental expenses:

Change in Net Position	829,683	
Change in Compensated Absences	(12,235)	
Total		817,448

Other financing sources, such as a capital lease issued, in the governmental funds increase long-term liabilities in the statement of net position. (1,856,000)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	7,143,235	
OPEB	237,349	
Total		7,380,584

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities are reported as pension/OPEB expense in the statement of activities:

Pension	30,668,763	
OPEB	3,477,628	
Total		34,146,391

Change in Net Position of Governmental Activities \$54,547,263

See accompanying notes to the basic financial statements

Medina City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$51,212,481	\$51,212,481	\$51,212,481	\$0
Intergovernmental	25,758,439	25,758,439	26,575,278	816,839
Interest	923,958	923,958	1,044,274	120,316
Tuition and Fees	655,365	655,365	675,845	20,480
Charges for Services	27,616	27,616	28,465	849
Extracurricular Activities	476,695	476,695	491,684	14,989
Contributions and Donations	19,404	19,404	20,000	596
Rentals	35,855	35,855	40,617	4,762
Miscellaneous	182,281	182,281	215,265	32,984
<i>Total Revenues</i>	<u>79,292,094</u>	<u>79,292,094</u>	<u>80,303,909</u>	<u>1,011,815</u>
Expenditures				
Current:				
Instruction:				
Regular	44,358,260	38,298,685	38,298,685	0
Special	9,541,539	11,231,546	11,231,546	0
Vocational	240,108	265,252	265,252	0
Student Intervention Services	57,926	69,741	40,785	28,956
Support Services:				
Pupils	3,517,056	4,410,486	4,410,486	0
Instructional Staff	1,091,363	1,253,172	1,253,172	0
Board of Education	152,231	137,322	137,322	0
Administration	4,796,077	5,568,942	5,568,942	0
Fiscal	1,414,664	1,498,166	1,498,166	0
Business	396,918	551,345	551,345	0
Operation and Maintenance of Plant	5,654,837	6,771,732	6,771,732	0
Pupil Transportation	3,911,047	3,368,748	3,368,748	0
Central	454,631	628,348	628,348	0
Operation of Non-Instructional Services	13,905	14,461	14,461	0
Extracurricular Activities	756,329	1,229,056	1,229,056	0
Capital Outlay	0	28,128	28,128	0
Debt Service:				
Principal Retirement	446,219	446,219	446,219	0
Interest and Fiscal Charges	31,058	31,058	31,058	0
<i>Total Expenditures</i>	<u>76,834,168</u>	<u>75,802,407</u>	<u>75,773,451</u>	<u>28,956</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,457,926</u>	<u>3,489,687</u>	<u>4,530,458</u>	<u>1,040,771</u>
Other Financing Sources (Uses)				
Advances In	396,515	396,515	396,515	0
Advances Out	(450,000)	(395,572)	(395,539)	33
Transfers Out	(475,988)	(481,301)	(481,301)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(529,473)</u>	<u>(480,358)</u>	<u>(480,325)</u>	<u>33</u>
<i>Net Change in Fund Balance</i>	1,928,453	3,009,329	4,050,133	1,040,804
<i>Fund Balance Beginning of Year</i>	52,884,315	52,884,315	52,884,315	0
Prior Year Encumbrances Appropriated	967,515	967,515	967,515	0
<i>Fund Balance End of Year</i>	<u>\$55,780,283</u>	<u>\$56,861,159</u>	<u>\$57,901,963</u>	<u>\$1,040,804</u>

See accompanying notes to the basic financial statements

Medina City School District
Statement of Fund Net Position
Proprietary Funds
June 30, 2018

	Business Type Activities - Non-Major Enterprise Funds	Governmental Activities - Internal Service Funds
Assets		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$63,271	\$7,672,811
Intergovernmental Receivable	3,242	52,494
<i>Total Assets</i>	<u>66,513</u>	<u>7,725,305</u>
Liabilities		
<i>Current Liabilities:</i>		
Accounts Payable	1,857	363
Accrued Wages and Benefits	0	70,105
Intergovernmental Payable	0	9,360
Compensated Absences Payable	0	2,773
Claims Payable	0	349,835
<i>Total Current Liabilities</i>	<u>1,857</u>	<u>432,436</u>
<i>Long-Term Liability:</i>		
Compensated Absences Payable (net of current portion)	<u>0</u>	<u>102,711</u>
<i>Total Liabilities</i>	<u>1,857</u>	<u>535,147</u>
Net Position		
Unrestricted	<u>\$64,656</u>	<u>\$7,190,158</u>

See accompanying notes to the basic financial statements

Medina City School District
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018*

	Business Type Activities - Non-Major Enterprise Funds	Governmental Activities - Internal Service Funds
Operating Revenues		
Tuition and Fees	\$0	\$1,054,277
Charges for Services	32,289	9,378,120
Miscellaneous	11,914	186,407
<i>Total Operating Revenues</i>	<u>44,203</u>	<u>10,618,804</u>
Operating Expenses		
Salaries	0	669,558
Fringe Benefits	0	102,987
Purchased Services	0	1,417,954
Materials and Supplies	29,965	2,793
Claims	0	7,533,963
Other	0	61,866
<i>Total Operating Expenses</i>	<u>29,965</u>	<u>9,789,121</u>
<i>Change in Net Position</i>	14,238	829,683
<i>Net Position Beginning of Year</i>	<u>50,418</u>	<u>6,360,475</u>
<i>Net Position End of Year</i>	<u><u>\$64,656</u></u>	<u><u>\$7,190,158</u></u>

See accompanying notes to the basic financial statements

Medina City School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Business Type Activities - Non-Major Enterprise Funds	Governmental Activities - Internal Service Funds
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
Cash Flows from Operating Activities		
Cash Received from Customers	\$32,289	\$1,042,654
Cash Received from Interfund Services Provided	0	9,378,120
Cash Received from Other Sources	8,672	186,407
Cash Payments for Employee Services and Benefits	0	(776,444)
Cash Payments for Goods and Services	(30,233)	(1,425,633)
Cash Payments for Claims	0	(7,673,430)
Cash Payments for Other Uses	0	(61,855)
<i>Net Increase in Cash and Cash Equivalents</i>	10,728	669,819
<i>Cash and Cash Equivalents Beginning of Year</i>	52,543	7,002,992
<i>Cash and Cash Equivalents End of Year</i>	\$63,271	\$7,672,811
<i>Reconciliation of Operating Income to Cash Flows Provided by Operating Activities</i>		
<i>Operating Income</i>	\$14,238	\$829,683
Adjustments		
Increase in Assets:		
Intergovernmental Receivable	(3,242)	(11,623)
Increase (Decrease) in Liabilities:		
Accounts Payable	(268)	(4,875)
Accrued Wages	0	13,851
Intergovernmental Payable	0	(5,515)
Compensated Absences Payable	0	(12,235)
Claims Payable	0	(139,467)
<i>Total Adjustments</i>	(3,510)	(159,864)
<i>Net Cash Provided by Operating Activities</i>	\$10,728	\$669,819

See accompanying notes to the basic financial statements

Medina City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust Funds	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$37,963	\$429,869
Investments in Segregated Accounts	682,859	0
<i>Total Assets</i>	720,822	\$429,869
Liabilities		
Undistributed Monies	0	\$38,323
Due to Students	0	391,546
<i>Total Liabilities</i>	0	\$429,869
Net Position		
Held in Trust for Scholarships:		
Nonexpendable	661,122	
Expendable	59,700	
<i>Total Net Position</i>	\$720,822	

See accompanying notes to the basic financial statements

Medina City School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust Funds
Additions	
Interest	\$33,405
Contributions and Donations	16,500
Gain on Sale of Investments	35,847
Miscellaneous	4,250
<i>Total Additions</i>	90,002
Deductions	
Scholarships Awarded	59,700
<i>Change in Net Position</i>	30,302
<i>Net Position Beginning of Year</i>	690,520
<i>Net Position End of Year</i>	\$720,822

See accompanying notes to the basic financial statements

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 1 – Description of the School District and Reporting Entity

Medina City School District (the School District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected five member Board form of government whose members are elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District is located in Medina County and encompasses most of the City of Medina and portions of surrounding townships. The School District currently operates seven elementary schools, two middle schools and one comprehensive high school, which are staffed by 35 administrators, 8 psychologists, 5 prevention coordinators, 1 administrative secretary, 420.97 certificated full-time equivalent teaching personnel and 268.47 full-time-equivalent classified employees, who provide services to 7,039 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Medina City School District, this includes the agencies and departments that provide the following services: general operations, food service, preschool, and student related activities of the School District.

Non-public Schools Within the School District boundaries, The Nurtury, St. Francis Xavier, Kids Country, and the Medina Christian Academy are operated as non-public schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the non-public schools by the Treasurer of the School District, as directed by the non-public schools. These transactions are reported in a special revenue fund and as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District does not have any component units.

The School District participates in two jointly governed organizations, which are the Medina County Career Center and the Ohio Schools Council. These organizations are addressed in Note 16 to the basic financial statements.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial principles. The more significant of the School District's accounting policies are described as follows.

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type.

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. The fiduciary funds are reported by type.

Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into three categories: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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 School District's major governmental funds:

General Fund The general fund is the general operating fund of the School District and is used to account for and report all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the School District 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 and report the accumulation of property tax revenues restricted for the payment of general obligation bonds and certificates of participation issued for high school and elementary school additions and the construction of a new recreation center.

The other governmental funds of the School District account for and report grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Proprietary Fund Type Proprietary funds reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service.

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise funds are used to account for monies received from outside school districts for repair work done to their vehicles and for monies received for elementary school students who are paying for STARS testing supplies.

Internal Service Funds The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's three internal service funds are a self insurance fund that accounts for health and prescription claims, a workers' compensation self insurance fund that accounts for workers' compensation claims, and a rotary fund that accounts for operations that provide goods and services to other governmental units on a cost-reimbursement basis.

Fiduciary Funds Types Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has two private purpose trust funds which are both used to account for college scholarships. The School District's agency funds are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. The agency funds reflect resources that belong to the student bodies of the various schools and the sales and other revenue generated by a community performing arts group.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

The private purpose trust funds are reported using the economic resources measurement focus.

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 and the statements presented for proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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 School District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the 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 year-end: property taxes available as an advance, grants, tuition and fees, rentals, and miscellaneous.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes 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 School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension, and OPEB plans. 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. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 23 and 24.

In addition to liabilities, the statements of financial position 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 until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 23 and 24).

Expenditures/Expenses On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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.

Pensions/Other Postemployment Benefits (OPEB)

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

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled except for certain investments for the private purpose trust funds. Individual fund integrity is maintained through the School District records. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

The School District has a carryover cash balance with the Medina County Educational Service Center and utilizes a financial institution to service an energy conservation upgrade. These amounts are presented on the statement of fund net position as “cash and cash equivalents with fiscal agents.”

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The School District has segregated bank accounts for monies held in private purpose trust funds. These interest bearing investment accounts are reported as “investments in segregated accounts” on the statement of fiduciary net position.

During fiscal year 2018, investments were limited to STAR Ohio, federal home loan mortgage corporation bonds, federal home loan bank bonds, federal national mortgage association bonds, mutual funds, US treasury bills, and negotiable certificates of deposits.

Investments, except for commercial paper and STAR Ohio, are reported at fair value which is based on quoted market prices, with the exception of certificates of deposit, which are reported at cost. The School District’s commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

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 School District measures their 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 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during the fiscal year 2018 amounted to \$776,912, which included \$119,093 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are reported as cash equivalents.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

Capital Assets

All capital assets of the School District are classified as general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. 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.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of capital assets by back trending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of seven thousand dollars. The School 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.

All reported capital assets, except land, 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:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	40 Years
Buildings and Improvements	40 Years
Furniture and Equipment	5 Years
Vehicles	10 Years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have resigned or retired will be paid. The non-current portion of the liability is not reported.

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.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and certificates of participation are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

Fund Balances

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

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

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School 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 School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. State Statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance to cover a gap between estimated revenues and appropriations in the fiscal year 2019 budget. The Board of Education also assigned fund balance for public school support.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Net Position

Net position represents the difference between all other elements in a statement of financial position. 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. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes included resources which will be used for district managed student activities, auxiliary services, data communication, school net professional development, special instruction grant, race to the top, limited English proficiency, special education, preschool, reducing class size, and support services grant.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for all proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

Estimates

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

Internal Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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.

Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

that the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. The Treasurer has been given authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District's Treasurer. The amounts reported in the budgetary statement as the original and final budgeted amounts reflect the amounts in the amended certificate in effect when the original and final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for the funds that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed during the year, including all supplemental appropriations. Prior to fiscal year-end, the School District passed an amended appropriation measure which closely matched appropriations to expenditures plus encumbrances in the majority of categories.

Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized for the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are receipted in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Deferred Charges on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Note 3 – Changes in Accounting Principles and Restatement of Net Position

For fiscal year 2018, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For fiscal year 2018, the School District also implemented the Governmental Accounting Standards Board's (GASB) Implementation Guide No. 2017-1. These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

	Governmental Activities
Net Position June 30, 2017	(\$21,642,239)
Adjustments:	
Net OPEB Liability	(27,550,340)
Deferred Outflow - Payments Subsequent to Measurement Date	184,983
Restated Net Position July 1, 2017	(\$49,007,596)

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Note 4 – Budgetary Basis of Accounting

While the School District is 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, disbursement and encumbrances. The statement of revenues, expenditures and changes in fund balance – budget (non-GAAP basis) and actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).
3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
4. Advances In and Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Budgetary revenues and expenditures of the uniform school supply and public school support funds are reclassified to the general fund for GAAP reporting.
6. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The following tables summarize the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund:

Net Change in Fund Balance	
	General
GAAP Basis	\$10,906,249
Net Adjustment for Revenue Accruals	(7,124,638)
Beginning Fair Value Adjustment for Investments	(171,801)
Ending Fair Value Adjustment for Investments	487,299
Net Adjustment for Expenditure Accruals	665,216
Advances In	396,515
Advances Out	(395,539)
Perspective Differences:	
Uniform School Supply	40,305
Public School Support	(17,321)
Adjustment for Encumbrances	(736,152)
Budget Basis	\$4,050,133

Note 5 – Accountability

Accountability

The following funds had deficit fund balances at June 30, 2018:

Fund	Negative Fund Balances
<i>Special Revenue Funds:</i>	
Food Service	\$237,524
Other Grants	16,100
Title VI-B	206,510
Title I	83,348
Preschool Grant	6,887
Reducing Class Size	23,182
Miscellaneous Federal Grants	983

The special revenue funds’ deficits balances for food service, other grants, title VI-B, and title I resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in the funds and provides transfers when cash is required, not when accruals occur.

The special revenue funds’ deficit balances for preschool grant, reducing class size, and miscellaneous federal grants resulted from an interfund payable in each of the funds. The general fund provides money to operate the program until grants and other monies are received and the advance can be repaid.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 6 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School 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 has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security 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, and Government National Mortgage 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 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 the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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 School 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.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2018, \$1,299,815 of the School District's total bank balance of \$3,465,591 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the School District's financial institutions participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2018, the School District had the following investments:

Measurement/Investment	Investment Maturities (in Years)				
	Measurement Amount	Less than 1	1-2	2-3	3-5
Net Asset Value Per Share:					
STAR Ohio	\$27,305,364	\$27,305,364	\$0	\$0	\$0
Fair Value - Level 1 Inputs:					
Mutual Funds	675,384	675,384	0	0	0
Fair Value - Level 2 Inputs:					
Federal Home Loan Mortgage Corporation Bonds	4,854,908	3,468,705	0	0	1,386,203
Federal Home Loan Bank Bonds	3,035,536	0	2,142,255	395,536	497,745
Federal National Mortgage Association Bonds	12,220,751	3,552,178	2,386,565	4,795,579	1,486,429
US Treasury Bills	4,783,343	4,783,343	0	0	0
Negotiable Certificates of Deposit	21,534,438	7,166,178	7,578,857	4,621,268	2,168,135
Total Portfolio	\$74,409,724	\$46,951,152	\$12,107,677	\$9,812,383	\$5,538,512

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the School District's recurring fair value measurements as of June 30, 2018. The Money Market Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District and that investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements shall not exceed thirty days.

Credit Risk STAR Ohio carries a credit rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Federal Home Loan Mortgage Corporation Bonds, Federal Home Loan Bank Bonds, and Federal National Mortgage Association Bonds carry a rating of AA+ by Standard & Poor's. The US Treasury Bills carry a rating of A-1+ by Standard & Poor's. The remaining investments are not rated by Standard & Poor's. The School District has no investment policy that addresses credit risk.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School 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 repurchase agreement is exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty. The School 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 School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2018:

Measurement/Investment	Measurement Amount	Percent of Total Investments
Net Asset Value Per Share:		
STAR Ohio	\$27,305,364	36.70%
Fair Value - Level 1 Inputs:		
Mutual Funds	675,384	0.91
Fair Value - Level 2 Inputs:		
Federal Home Loan Mortgage Corporation Bonds	4,854,908	6.52
Federal Home Loan Bank Bonds	3,035,536	4.08
Federal National Mortgage Association Bonds	12,220,751	16.42
US Treasury Bills	4,783,343	6.43
Negotiable Certificates of Deposit	21,534,438	28.94
Total Portfolio	<u>\$74,409,724</u>	<u>100.00%</u>

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 7 – Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District’s fiscal year runs from July through June. First half tax collections are received by the School 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 and public utility property located in the School District. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Medina County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes, which are measurable as of June 30, 2018, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the 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 to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2018, was \$10,656,050 in the general fund and \$930,970 in the bond retirement debt service fund. The amount available as an advance at June 30, 2017, was \$5,360,480 in the general fund and \$546,000 in the bond retirement debt service fund. The difference was in the timing and collection by the County Auditor.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

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

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$1,253,409,720	97.14%	\$1,270,928,610	97.51%
Public Utility Personal Property	36,916,010	2.86%	32,423,360	2.49%
Total	\$1,290,325,730	100.00%	\$1,303,351,970	100.00%
Tax rate per \$1,000 of Assessed Valuation	\$93.33		\$91.63	

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The tax rate decreased due to an increase in property tax values in the School District during fiscal year 2018. The increase in property tax values caused the tax rate to decrease so that the emergency levy would meet its collection amount.

Note 8 – Tax Abatements

For fiscal year 2018, the School District’s property taxes were reduced under community reinvestment area (CRA) agreements entered into by the following overlapping governments:

Overlapping Government	Amount of Fiscal Year 2018 Taxes Abated
City of Medina	\$212,828
Sharon Township	43,225
Montville Township	50,833
Total	\$306,886

Note 9 – Receivables

Receivables at June 30, 2018, consisted of interest, taxes, interfund, and intergovernmental grants and disbursements. The School District receives a portion of a 0.5 percent sales tax levied by the County. The sales tax is allocated to the public schools based on a student count and is recorded as intergovernmental revenue. 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. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivable	Amounts
<i>Governmental Funds:</i>	
County Levied Sales Tax	\$2,326,700
IDEA-B Grant	313,587
Title I-A Grant	202,539
City of Medina	123,372
Title I-D Grant	75,457
Title II-A Grant	40,552
Foundation Settlement	40,338
IDEA Early Childhood Grant	19,778
Secondary Transition Grant	3,129
ESC of Medina County	3,089
Title IV-A Grant	1,721
Total Governmental	3,150,262
<i>Internal Service Fund:</i>	
Outside School Districts	52,494
<i>Enterprise Fund:</i>	
ESC of Medina County	3,242
Total	\$3,205,998

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 10 – Capital Assets

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

	Balance 7/1/17	Additions	Deletions	Balance 6/30/18
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$3,251,882	\$0	\$0	\$3,251,882
Construction in Progress	0	220,163	0	220,163
<i>Total Capital Assets, not being depreciated</i>	<u>3,251,882</u>	<u>220,163</u>	<u>0</u>	<u>3,472,045</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	2,864,326	0	(647,000)	2,217,326
Buildings and Improvements	137,946,366	513,688	(11,666)	138,448,388
Furniture and Equipment	2,597,056	55,697	(359,083)	2,293,670
Vehicles	4,971,213	80,035	0	5,051,248
<i>Total Capital Assets, being depreciated</i>	<u>148,378,961</u>	<u>649,420</u>	<u>(1,017,749)</u>	<u>148,010,632</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(1,620,818)	(52,054)	334,279	(1,338,593)
Buildings and Improvements	(53,237,615)	(2,774,950)	0	(56,012,565)
Furniture and Equipment	(1,907,246)	(140,262)	359,083	(1,688,425)
Vehicles	(1,491,111)	(516,664)	0	(2,007,775)
<i>Total Accumulated Depreciation</i>	<u>(58,256,790)</u>	<u>(3,483,930) *</u>	<u>693,362</u>	<u>(61,047,358)</u>
Total Capital Assets, being depreciated, net	<u>90,122,171</u>	<u>(2,834,510)</u>	<u>(324,387)</u>	<u>86,963,274</u>
Governmental Activities Capital Assets, Net	<u>\$93,374,053</u>	<u>(\$2,614,347)</u>	<u>(\$324,387)</u>	<u>\$90,435,319</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,486,730
Special	257,446
Vocational	51,437
Support Services:	
Pupils	108,193
Instructional Staff	290,068
Administration	205,263
Business	13,986
Operation and Maintenance of Plant	619,256
Pupil Transportation	265,798
Central	4,563
Operation of Non-Instructional Services	4,413
Food Service Operations	139,226
Extracurricular Activities	37,551
Total Depreciation Expense	<u>\$3,483,930</u>

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 11 – Capital Leases

In fiscal year 2018, the School District entered into a capital lease obligation for an energy conservation project within all of the School District’s buildings currently being updated, which has unspent proceeds in the amount of \$1,635,837. This lease meets the criteria for a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Leases*. At the time the School District entered into this lease the equipment had not yet been completely installed throughout all of the buildings. The School District made one interest only payment as of June 30, 2018. This lease has been capitalized as a capital asset in the amount of \$220,163 for construction in progress as of June 30, 2018. The entire principal amount owed on the lease is \$1,856,000. As part of the agreement, Huntington National Bank, a division of Huntington Public Capital Corporation, as lessor, provided \$220,163 for the construction of the upgrade installations. Amounts are paid to contractors by the fiscal agent at the direction of the School District as the project progresses. As of June 30, 2018, \$1,644,722 is held by the fiscal agent, with interest being earned, and will be paid for the energy conservation project.

In fiscal year 2013, the School District entered into a capital lease for copiers that replaced the two existing leases that were held by the School District. In fiscal year 2017, the School District entered into a capital lease for school buses. The assets acquired through the capital leases were capitalized at the present value of the minimum lease payments at the time the leases were entered into.

The assets acquired through the capital lease are as follows:

	Governmental Activities
Asset:	
Construction in Progress	\$220,163
Equipment	345,539
Vehicles	1,558,741
Less: Accumulated depreciation	(628,492)
Total	\$1,495,951

The lease provides for minimum, annual lease payments as follows:

	Governmental Activities
2019	\$653,759
2020	652,726
2021	260,764
2022	259,422
2023	257,940
2024-2026	769,332
Less: Amount Representing Interest	(243,819)
Present Value of Minimum Lease Payment	\$2,610,124

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 12 – Long-Term Obligations

The original issue date, interest rate, original issue amount and date of maturity of each of the School District’s long-term obligations is as follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Date of Maturity</u>
<i>Certificates of Participation:</i>			
2008 Certificates of Participation	3.25% - 5.25%	\$25,000,000	December 1, 2037
2015 Refunding Certificates of Participation	4.125 - 5.25	24,445,000	December 1, 2037
<i>General Obligation Bonds:</i>			
2009 Refunding	3 - 5	8,485,000	December 1, 2018
2012 Refunding	2.75	3,220,000	October 1, 2022
2013 Refunding	3 - 5	40,699,552	December 1, 2027
2016 Refunding	4	4,220,000	December 1, 2028

The changes in the School District’s long-term obligations during the year consist of the following:

	<u>Principal Outstanding 7/1/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 6/30/18</u>	<u>Amount Due in One Year</u>
<i>Certificates of Participation:</i>					
2008 Certificates of Participation:					
Serial Certificates	\$655,000	\$0	(\$655,000)	\$0	\$0
Premium	13,184	0	(13,184)	0	0
2015 Refunding Certificates of Participation:					
Serial Certificates	13,675,000	0	(115,000)	13,560,000	800,000
Term Certificates	10,635,000	0	0	10,635,000	0
Premium	917,378	0	(44,891)	872,487	0
Total Certificates of Participation	25,895,562	0	(828,075)	25,067,487	800,000
<i>General Obligation Bonds:</i>					
2009 Refunding Bonds:					
Serial Bonds	2,640,000	0	(1,290,000)	1,350,000	1,350,000
Premium	52,304	0	(34,869)	17,435	0
2012 Refunding Bonds:					
Term Bonds	1,890,000	0	(290,000)	1,600,000	305,000
2013 Refunding Bonds:					
Serial Bonds	19,530,000	0	(2,675,000)	16,855,000	2,760,000
Term Bonds	15,080,000	0	0	15,080,000	0
Capital Appreciation Bonds	134,552	0	0	134,552	0
Accretion on Capital Appreciation Bonds	416,586	209,397	0	625,983	0
Premium	3,635,563	0	(349,014)	3,286,549	0
2016 Refunding Bonds:					
Serial Bonds	4,220,000	0	0	4,220,000	0
Premium	301,603	0	0	301,603	0
Total General Obligation Bonds	\$47,900,608	\$209,397	(\$4,638,883)	\$43,471,122	\$4,415,000

(continued)

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

	Principal Outstanding 7/1/17	Additions	Reductions	Principal Outstanding 6/30/18	Amount Due in One Year
<i>Other Long-Term Obligations (continued):</i>					
Net Pension Liability:					
STRS	\$112,642,849	\$0	(\$30,108,956)	\$82,533,893	\$0
SERS	24,222,274	0	(4,171,614)	20,050,660	0
Total Net Pension Liability	<u>136,865,123</u>	<u>0</u>	<u>(34,280,570)</u>	<u>102,584,553</u>	<u>0</u>
Net OPEB Liability:					
STRS	17,997,091	0	(4,441,466)	13,555,625	0
SERS	9,553,249	0	(417,155)	9,136,094	0
Total Net OPEB Liability	<u>27,550,340</u>	<u>0</u>	<u>(4,858,621)</u>	<u>22,691,719</u>	<u>0</u>
Capital Leases	<u>1,200,343</u>	<u>1,856,000</u>	<u>(446,219)</u>	<u>2,610,124</u>	<u>585,241</u>
Compensated Absences	<u>8,962,214</u>	<u>554,960</u>	<u>(282,805)</u>	<u>9,234,369</u>	<u>241,146</u>
<i>Total Other Long-Term Obligations</i>	<u>174,578,020</u>	<u>2,410,960</u>	<u>(39,868,215)</u>	<u>137,120,765</u>	<u>826,387</u>
<i>Total Governmental Activities Long-Term Liabilities</i>	<u>\$248,374,190</u>	<u>\$2,620,357</u>	<u>(\$45,335,173)</u>	<u>\$205,659,374</u>	<u>\$6,041,387</u>

In 2008, the School District issued \$25,000,000 in Certificates of Participation (COPs) for the purpose of constructing, renovating, expanding, improving, and furnishing various buildings throughout the School District. The COPs issuance included a premium of \$382,339. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code.

The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Medina City Schools Foundation and then subleased back to the School District. The initial term of the lease expires on June 30, 2008, and renewals are subject to appropriations by the Board. Upon the appropriation of sufficient funds to pay base rent during each renewal period and certification of sufficiency of those appropriations, the lease will be renewed by the Board for successive renewal periods, each of one year or less, through December 1, 2037. The base rent includes an interest component ranging from 3.25 percent to 5.25 percent. The School District has the option to purchase the Project on any Lease Payment Date by paying \$100 plus the amount necessary to defease the Indenture.

In 2015, the School District issued \$24,445,000 in refunding Certificates of Participation (COPs). The COPs were issued for the purpose of refunding a portion of the 2008 COPs to take advantage of lower interest rates. The COPs were issued for a 23 year period with final maturity at December 1, 2037. The proceeds of the new COPs were placed in an irrevocable trust to provide for all future debt service payments on the old COPs. Accordingly, the trust account assets and liabilities for the defeased COPs are not included in the School District’s financial statements. On June 30, 2018, \$22,405,000 of the defeased bonds are still outstanding.

Optional Redemption The certificates maturing after December 1, 2024 are subject to prior redemption at the option of the Trustee, under the direction of the Board, either in whole or in part, in such order as the Trustee shall determine, under the direction of the Board, on any date on or after December 1, 2024, at 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Mandatory Sinking Fund Redemption The 2015 refunding COPs maturing on December 1, 2032, 2034, and 2037, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

Year	Issue		
	\$2,775,000	\$2,975,000	\$4,885,000
2031	\$1,365,000	\$0	\$0
2033	0	1,460,000	0
2035	0	0	1,570,000
2036	0	0	1,625,000
Total	\$1,365,000	\$1,460,000	\$3,195,000
<i>Stated Maturity</i>	<i>12/1/2032</i>	<i>12/1/2034</i>	<i>12/1/2037</i>

The remaining principal amount of the term bonds (\$1,410,000, \$1,515,000 and \$1,690,000) will mature at the stated maturity.

In 2009, the School District issued \$8,485,000 in general obligation bonds to refund a portion of the 1998 refunding bonds. The bonds were issued for a ten year period with a final maturity at December 1, 2018. The bonds will be retired from the debt service fund. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2018, \$1,400,000 of the defeased bonds are still outstanding.

In 2012, the School District issued \$3,220,000 in general obligation bonds for the purpose of retiring the 2007 long-term energy conservation note and the short-term transportation facility note issues, in order to take advantage of lower interest rates. The 2012 refunding bonds are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on October 1 of the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2018	\$305,000
2019	310,000
2020	315,000
2021	330,000

The remaining principal amount of the bonds (\$340,000) will mature at stated maturity on October 1, 2022.

The bonds are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any date on or after May 1, 2020, at redemption prices equal to the following percentages of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption:

Redemption Period	Redemption Price
May 1, 2020 through April 30, 2021	100.5%
May 1, 2021 and thereafter	100.0

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

In 2013, the School District issued \$40,699,552 in general obligation bonds for the purpose of refunding a portion of the 2005 refunding bond issue in order to take advantage of lower interest rates. The bonds were issued for a fifteen year period with a final maturity at December 1, 2027. The bonds will be retired from the debt service fund. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2018, \$33,455,000 of the defeased bonds are still outstanding.

The 2013 refunding bonds are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2024	\$3,600,000
2025	3,705,000
2026	3,825,000

The remaining principal amount of the bonds (\$3,950,000) will mature at stated maturity on December 1, 2027.

The bonds are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any date on or after December 1, 2023, at a redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The general obligation bonds issued included serial, term and capital appreciation (deep discount) bonds in the amounts of \$25,485,000, 15,080,000 and \$134,552, respectively. During fiscal year 2018, \$2,675,000 of the serial bonds had been retired by the School District. The full amount of the term and capital appreciation bonds remained outstanding at June 30, 2018. The term bonds will be repaid through annual debt service payments during fiscal years 2025 through 2028. The capital appreciation bonds were originally sold at a discount of \$1,520,448, which is being accreted annually until the point of maturity of the capital appreciation bonds, which will be repaid during fiscal year 2021. The final maturity amount of outstanding capital appreciation bonds at June 30, 2018 is \$1,655,000. The accretion recorded for 2018 was \$209,397, for a total outstanding bond liability of \$760,535.

In 2016, the School District issued \$4,220,000 in general obligation bonds for the purpose of refunding a portion of the 2005 refunding bond issue in order to take advantage of lower interest rates. The bonds were issued for a twelve year period with a final maturity at December 1, 2028. The bonds will be retired from the debt service fund. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2018, \$4,330,000 of the defeased bonds are still outstanding.

All general obligation bonds will be paid from property taxes. There is no repayment schedule for the net pension/OPEB liabilities; however, employer pension/OPEB contributions are made from the general fund, the food service, other grants, auxiliary service, miscellaneous State grants, title VI-B, title I, and preschool grant special revenue funds, and the rotary internal service fund. For additional information related to the net pension liability and the net OPEB liability, see Notes 23 and 24. The capital leases will be paid from the general fund. The compensated absences liability will be paid from the general fund, the food service, other grants, auxiliary service, miscellaneous State grants, title VI-B, title I, and preschool grant special revenue funds, and the rotary internal service fund.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The School District's overall debt margin was \$72,121,127 with an unvoted debt margin of \$1,303,352 at June 30, 2018. Principal and interest requirements to retire outstanding long-term obligations at June 30, 2018, are as follows:

Fiscal Year	Certificates of Participation			
	Serial		Term	
	Principal	Interest	Principal	Interest
2019	\$800,000	\$937,687	\$0	\$0
2020	830,000	905,088	0	0
2021	865,000	871,187	0	0
2022	895,000	831,513	0	0
2023	945,000	785,513	0	0
2024-2028	5,430,000	3,210,762	0	0
2029-2033	3,795,000	1,385,014	2,775,000	672,537
2034-2038	0	0	7,860,000	750,743
Total	\$13,560,000	\$8,926,764	\$10,635,000	\$1,423,280

Fiscal Year	General Obligation Bonds					
	Serial		Term		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$4,110,000	\$1,566,287	\$305,000	\$39,806	\$0	\$0
2020	2,900,000	1,360,786	310,000	31,350	0	0
2021	1,390,000	1,215,787	315,000	22,757	134,552	1,520,448
2022	3,105,000	1,146,287	330,000	13,887	0	0
2023	3,270,000	991,036	340,000	4,675	0	0
2024-2028	3,430,000	1,502,736	15,080,000	1,266,256	0	0
2029	4,220,000	84,400	0	0	0	0
Total	\$22,425,000	\$7,867,319	\$16,680,000	\$1,378,731	\$134,552	\$1,520,448

Note 13 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Twelve month classified employees and administrators earn ten to thirty days of vacation per year, depending upon length of service. Only five days of vacation can be carried over to the next year. Accumulated unused vacation time is paid to twelve month classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 315 days for teachers and 315 days for classified staff and administrators. Upon retirement, certified staff with at least five years of experience with the School District, receive payment for up to a maximum of eighty days computed according to negotiated agreements. Classified staff with the School District, receive payment for up to a maximum of eighty-five days computed according to negotiated agreements.

Administrators earn sick leave at the rate of one and one-fourth days per month. Upon termination, administrative employees are eligible to receive payment for one hundred percent of sick leave days accumulated for the first forty days and fifty percent of sick leave days accumulated for the next one

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

hundred and twenty days up to a maximum of one hundred days. An employee receiving such payment must meet the retirement provisions set by STRS Ohio or SERS with a minimum of 5 years of service in the School District or upon disability retirement or death with no minimum years of service to the School District.

Employees may earn up to a maximum of four days of personal leave per year. Personal leave may not be accumulated. Unused personal leave becomes sick leave at the conclusion of the contract year.

Health Insurance Benefits

The School Board and the teachers and classified staff share the cost of insurance coverage. Administrators and teachers contribute twenty percent to the total cost to the School Board for family and single coverage as well as paying a co-insurance and deductibles for health, dental, and prescriptions. Classified staff contribute a lower percentage to the cost of the monthly premiums, as well as deductibles and co-insurance, for their insurance coverage as per the following table:

Effective Date	Employees	Single Contributions	Family Contributions
July 1, 2016	Teachers	\$125.01	\$312.52
July 1, 2016	Support Staff Level 1	87.51	218.76
July 1, 2016	Support Staff Level 2	103.13	257.83
July 1, 2016	Administrators	125.01	312.52

Life Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through commercial life insurance companies.

Note 14 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2018, the School District contracted with several companies for various types of insurance as follows:

Company	Type of Coverage	Coverage Amount
Netherlands Insurance Company	Property	\$247,148,977
	Inland Marine	4,310,382
	Flood and Earthquake	2,000,000
	Crime	400,000
	General Liability	3,000,000
	Employee Benefits Liability	4,000,000
	Employer's Liability	3,000,000
	School Leaders Professional Liabilit	2,100,000
	Sexual Misconduct and Molestation	2,300,000
	Law Enforcement	2,000,000
	Violent Event Response	2,040,000
	Data Compromise	100,000
	Fleet	2,000,000
Liberty Mutual Insurance	Boiler and Machinery	100,000,000
Indiana Insurance Company	Umbrella Policy	10,000,000

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Settled claims have not exceeded this commercial coverage in any of the last four years and there have been no significant reductions in insurance coverage from last year.

Insurance Benefits

The School District offers comprehensive major medical and prescription drug benefits for all eligible employees and their dependents through a self insurance internal service fund. The School District is self insured with Medical Mutual and Gallagher Benefit Services serving as an insurance consultant. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$150,000 per employee, per year. The claims liability of \$307,702 reported in the internal service fund at June 30, 2018, is based on an estimate provided by the third party administrators and the requirements of Governmental Accounting Standards Board Statement No. 30, which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustments expense and does not include other allocated or unallocated claim adjustment expenses. Management’s expectation is the claims liabilities will be paid within one year.

Changes in the fund’s claim liability amount in fiscal years 2017 and 2018 were:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2017	\$398,696	\$6,842,997	\$6,780,605	\$461,088
2018	461,088	7,391,864	7,545,250	307,702

Workers’ Compensation

On February 1, 2013, the School District was approved for self-insured status by the Bureau of Workers’ Compensation and began to administer its own workers’ compensation program (the program). The School District has established a workers’ compensation internal service fund to account for assets set aside for claim settlements and related liabilities associated with the program. Liabilities of the fund are reported when an employee injury has occurred, it is probable that a claim will be filed under the program, and the amount of the claim can be reasonably estimated. The School District utilizes the services of Sheakley Unicom, the third party administrator, to review, process, and pay employee claims. The School District also maintains excess insurance coverage which would pay the portion of claims that exceed \$500,000 per occurrence for all employees.

The workers’ compensation claims liability at June 30, 2018 was \$42,133. The claims liability reported in the workers’ compensation internal service fund at June 30, 2018, is based on the requirements of GASB statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund’s claims liability amount for fiscal years 2017 and 2018 were as follows:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2017	\$750	\$90,853	\$63,389	\$28,214
2018	28,214	142,099	128,180	42,133

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 15 – Contingencies

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require 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 general fund or other applicable funds; however, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2018, if applicable, cannot be determined at this time.

School Foundation

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

Litigation

The Medina City School District is a party to legal proceedings. The School Board is of opinion that the ultimate disposition of the current proceedings will not have a material effect, if any, on the financial condition of the School District.

Note 16 – Jointly Governed Organizations

Medina County Career Center

The Medina County Career Center (Center) is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each participating School District's elected board, which possesses its own budgeting and taxing authority. The Center's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. Accordingly, the Center is not part of the School District and its operations are not included as part of the reporting entity. The Center offers vocational education for several school districts including Medina City School District. During fiscal year 2018, \$1,091 was paid for services by the Medina City School District to the Center. Financial information can be obtained by contacting the Treasurer, Aaron Butts, at the Medina County Career Center, 1101 West Liberty Street, Medina, Ohio 44256.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 241 members. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Council's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

designating management. Each participant's degree of control is limited to its representation on the Board. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2018, the School District paid \$6,619 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the Council's natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation New Energy (formerly Compass Energy) has been selected as the supplier and program manager for the period from April 1, 2016 through March 31, 2019. There are currently 157 participants in the program, including the Medina City School District. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

Note 17 – Recreation Center Joint Operating Agreement

On July 9, 2002 the School District entered into a joint operating agreement and lease agreement with the City of Medina for the Medina Recreation Center (the Recreation Center).

Under the terms of these agreements, the Recreation Center will be owned by the School District and the City will be granted a leasehold interest in the Recreation Center for a term commencing on the date the facilities are opened for public use and expiring on June 30, 2052, with an option to renew for an indefinite number of additional five year terms.

In addition to the initial rent payment, the City is also required to pay annual rent of \$1 each year, and 47.5 percent of the Recreation Center's operating expenses which will be initially paid by the School District and invoiced to the City on a monthly basis. The City and the School District will also each be required to contribute \$100,000 a year, for the term of the lease, to separate capital improvement funds which may be spent for upkeep of the facilities through mutual agreement of both parties upon the recommendation of an Advisory Committee; however, no contributions to the capital improvement funds are required by either party for the first two years of operations and contributions of only 30 percent, 60 percent, and 90 percent are required for the third, fourth and fifth years, respectively.

The Recreation Center's Advisory Committee will consist of eight members, two of which will be appointed by the School District and two by the City and four by election by appointed officials. The Advisory Committee members may serve for an unlimited number of three year terms, and will be responsible for advising the City and School District regarding scheduling, operating expenses and day-to-day operations of the Recreation Center, as well as use of the Capital Improvement Funds.

The Recreation Center is accounted for as an undivided interest for the School District. The School District and the City each report 50 percent of the completed building and each reports their respective shares of the operating costs.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 18 – Set-Asides

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

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

	<u>Capital Improvement</u>
Set-aside Balances as of June 30, 2017	\$0
Current Year Set-aside Requirement	1,211,962
Offsets	(138,000)
Qualifying Disbursements	<u>(1,285,548)</u>
Totals	<u>(\$211,586)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>
Set-aside Balance as of June 30, 2018	<u>\$0</u>

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

Note 19 – Donor Restricted Endowments

The School District’s scholarship endowment fund includes donor restricted endowments. The net position-non-expendable amounts of \$661,122 represent the principal portion of the endowments. The net position-expendable amount of \$21,737 represents the interest earnings on donor-restricted investments and is available for expenditure by the governing board, for purposes consistent with the endowment’s intent. State law permits the governing board to appropriate, for purposes consistent with the endowment’s intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 20 – Interfund Transactions

Interfund Balances

As of June 30, 2018, the general fund had a \$395,539 interfund receivable and the following funds had the corresponding interfund payables:

Interfund Payable	Interfund Receivable General
<i>Special Revenue Funds:</i>	
Food Service	\$170,900
Miscellaneous State Grants	3,129
Title VI-B	90,946
Title I	83,315
Preschool Grant	12,553
Reducing Class Size	32,975
Miscellaneous Federal Grants	1,721
Total	\$395,539

The interfund receivable and payables are due to the general fund covering deficit cash balances in these funds and moving unrestricted balances to support programs accounted for in other funds.

Interfund Transfers

The School District had the following transfers during fiscal year 2018:

Transfers To	Transfers From		Total
	General	Other Governmental Funds	
<i>Governmental Funds:</i>			
General	\$0	\$528	\$528
Bond Retirement	337,987	1,638,763	1,976,750
Other Governmental Funds	143,124	0	143,124
Total	\$481,111	\$1,639,291	\$2,120,402

Transfers from the general fund of \$337,987 and \$143,124 to the bond retirement and other governmental funds were to pay a portion of outstanding debt and to pay for permanent improvements projects and extracurricular activities, respectively. The transfer from other governmental funds to the bond retirement fund was to pay a portion of outstanding debt. The transfer from other governmental funds to general fund was to help operate public school student activities.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 21 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$736,152
Other Governmental Funds	399,010
Transportation Enterprise Fund	1,931
Internal Service Funds	7,542
	\$1,144,635
Total	\$1,144,635

Note 22 – Fund Balances

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

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Materials and Supplies Inventory	\$36,764	\$0	\$8,891	\$45,655
<u>Restricted for:</u>				
Capital Projects	0	0	4,809,509	4,809,509
Debt Service	0	5,940,998	0	5,940,998
Other Purposes	0	0	546,941	546,941
Total Restricted	0	5,940,998	5,356,450	11,297,448
<u>Assigned to:</u>				
Purchases on Order:				
Instruction	89,317	0	0	89,317
Support Services	495,155	0	0	495,155
Operation of Non-Instructional Services	1,000	0	0	1,000
2019 Appropriations	6,534,829	0	0	6,534,829
Public School Support	828,153	0	0	828,153
Total Assigned	7,948,454	0	0	7,948,454
Unassigned (Deficit)	57,232,465	0	(583,425)	56,649,040
Total Fund Balances	\$65,217,683	\$5,940,998	\$4,781,916	\$75,940,597

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 23 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liabilities. Resulting adjustments to the net pension/OPEB liabilities would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liabilities* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contributions outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 24 for the required OPEB disclosures.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Plan Description – State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 East Broad Street, Columbus, Ohio 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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan 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.

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

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

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

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

The School District’s contractually required contribution to STRS was \$5,586,968 for fiscal year 2018. Of this amount \$715,232 is reported as an intergovernmental payable.

Plan Description – School Employees Retirement System (SERS)

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years 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 School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent was allocated to the Health Care Fund.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The School District's contractually required contribution to SERS was \$1,556,267 for fiscal year 2018. Of this amount \$138,648 is reported as an intergovernmental 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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School 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:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.33651839%	0.33094710%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.34743485%</u>	<u>0.33558830%</u>	
Change in Proportionate Share	<u>0.01091646%</u>	<u>0.00464120%</u>	
Proportionate Share of the Net Pension Liability	\$82,533,893	\$20,050,660	\$102,584,553
Pension Expense	(\$30,260,892)	(\$407,871)	(\$30,668,763)

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

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$3,187,071	\$862,911	\$4,049,982
Changes of Assumptions	18,051,069	1,036,835	19,087,904
Changes in Proportionate Share and Difference between			
School District Contributions and Proportionate Share of Contributions	4,797,177	503,714	5,300,891
School District Contributions Subsequent to the Measurement Date	<u>5,586,968</u>	<u>1,556,267</u>	<u>7,143,235</u>
Total Deferred Outflows of Resources	<u>\$31,622,285</u>	<u>\$3,959,727</u>	<u>\$35,582,012</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$665,191	\$0	\$665,191
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>2,723,715</u>	<u>95,176</u>	<u>2,818,891</u>
Total Deferred Inflows of Resources	<u>\$3,388,906</u>	<u>\$95,176</u>	<u>\$3,484,082</u>

\$7,143,235 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2019	\$5,321,659	\$1,117,967	\$6,439,626
2020	9,026,847	1,331,669	10,358,516
2021	6,249,095	326,072	6,575,167
2022	2,048,810	(467,424)	1,581,386
Total	\$22,646,411	\$2,308,284	\$24,954,695

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016 are presented as follows:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016, actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022 – Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. 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 that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are 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, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School 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 (6.45 percent) or one percentage point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's Proportionate Share of the Net Pension Liability	\$118,309,527	\$82,533,893	\$52,398,284

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.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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, 2017, are presented as follows:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

The long-term return expectation for the Pension Plan Investments has been determined by 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	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	<u>100.00 %</u>	

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

Sensitivity of the School 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 School District’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the School 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 (6.50 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%)
School District's Proportionate Share of the Net Pension Liability	\$27,825,105	\$20,050,660	\$13,537,976

Note 24 – Defined Benefit OPEB Plans

See Note 23 for a description of the net OPEB liability.

Plan Description – State Teachers Retirement System (STRS)

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

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

Plan Description – School Employees Retirement System (SERS)

Health Care Plan Description – The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides health care benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$179,709.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$237,349 for fiscal year 2018. Of this amount \$184,844 is reported as an intergovernmental payable.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Proportion of the Net OPEB Liability Prior Measurement Date	0.33651839%	0.33515820%	
Proportion of the Net OPEB Liability Current Measurement Date	<u>0.34743485%</u>	<u>0.34042430%</u>	
Change in Proportionate Share	<u>0.01091646%</u>	<u>0.00526610%</u>	
Proportionate Share of the Net OPEB Liability	\$13,555,625	\$9,136,094	\$22,691,719
OPEB Expense	(\$4,053,043)	\$575,415	(\$3,477,628)

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

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$782,514	\$0	\$782,514
Changes in Proportionate Share and Difference between School District Contributions and Proportionate Share of Contributions	500,413	83,507	583,920
School District Contributions Subsequent to the Measurement Date	<u>0</u>	<u>237,349</u>	<u>237,349</u>
Total Deferred Outflows of Resources	<u>\$1,282,927</u>	<u>\$320,856</u>	<u>\$1,603,783</u>
Deferred Inflows of Resources			
Changes of Assumptions	\$1,091,950	\$866,968	\$1,958,918
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	<u>579,400</u>	<u>24,126</u>	<u>603,526</u>
Total Deferred Inflows of Resources	<u>\$1,671,350</u>	<u>\$891,094</u>	<u>\$2,562,444</u>

\$237,349 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	(\$113,020)	(\$289,894)	(\$402,914)
2020	(113,020)	(289,894)	(402,914)
2021	(113,020)	(221,767)	(334,787)
2022	(113,024)	(6,032)	(119,056)
2023	31,829	0	31,829
Thereafter	<u>31,832</u>	<u>0</u>	<u>31,832</u>
Total	<u>(\$388,423)</u>	<u>(\$807,587)</u>	<u>(\$1,196,010)</u>

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented as follows:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

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

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 23.

Discount Rate The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036, and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

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

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's Proportionate Share of the Net OPEB Liability	\$18,198,210	\$13,555,625	\$9,886,467

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$9,417,868	\$13,555,625	\$19,001,400

Actuarial Assumptions – SERS

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

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

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

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

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 23.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2017, was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017, was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's Proportionate Share of the Net OPEB Liability	\$11,032,997	\$9,136,094	\$7,633,262
	1% Decrease (6.5% decreasing to 4.0%)	Current Trend Rate (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
School District's Proportionate Share of the Net OPEB Liability	\$7,413,255	\$9,136,094	\$11,416,300

Required Supplementary Information

Medina City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Five Fiscal Years (1) **

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.34743485%	0.33651839%	0.32962857%	0.31858130%	0.31858130%
School District's Proportionate Share of the Net Pension Liability	\$82,533,893	\$112,642,849	\$91,099,696	\$77,489,998	\$92,305,578
School District's Covered Payroll	\$37,296,379	\$35,299,079	\$34,801,186	\$32,545,515	\$35,417,154
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	221.29%	319.11%	261.77%	238.10%	260.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the Required Supplementary Information

Medina City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
State Teachers Retirement System of Ohio
*Last Two Fiscal Years (1) **

	2018	2017
School District's Proportion of the Net OPEB Liability	0.34743485%	0.33651839%
School District's Proportionate Share of the Net OPEB Liability	\$13,555,625	\$17,997,091
School District's Covered Payroll	\$37,296,379	\$35,299,079
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	36.35%	50.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the Required Supplementary Information

Medina City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Five Fiscal Years (1) **

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.33558830%	0.33094710%	0.32364560%	0.31001500%	0.31001500%
School District's Proportionate Share of the Net Pension Liability	\$20,050,660	\$24,222,274	\$18,467,531	\$15,689,682	\$18,435,597
School District's Covered Payroll	\$10,049,029	\$10,241,000	\$9,926,164	\$9,019,954	\$8,613,473
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	199.53%	236.52%	186.05%	173.94%	214.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the Required Supplementary Information

Medina City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Two Fiscal Years (1) **

	2018	2017
School District's Proportion of the Net OPEB Liability	0.34042430%	0.33515820%
School District's Proportionate Share of the Net OPEB Liability	\$9,136,094	\$9,553,249
School District's Covered Payroll	\$10,049,029	\$10,241,000
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	90.92%	93.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the Required Supplementary Information

Medina City School District
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2018	2017	2016	2015
Net Pension Liability:				
Contractually Required Contribution	\$5,586,968	\$5,221,493	\$4,941,871	\$4,872,166
Contributions in Relation to the Contractually Required Contribution	<u>(5,586,968)</u>	<u>(5,221,493)</u>	<u>(4,941,871)</u>	<u>(4,872,166)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$39,906,914	\$37,296,379	\$35,299,079	\$34,801,186
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability:				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the Required Supplementary Information

2014	2013	2012	2011	2010	2009
\$4,230,917	\$4,604,230	\$4,614,434	\$4,592,028	\$4,967,991	\$4,721,205
<u>(4,230,917)</u>	<u>(4,604,230)</u>	<u>(4,614,434)</u>	<u>(4,592,028)</u>	<u>(4,967,991)</u>	<u>(4,721,205)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$32,545,515	\$35,417,154	\$35,495,646	\$35,323,292	\$38,215,315	\$36,316,962
<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$325,455	\$354,172	\$354,956	\$353,233	\$382,153	\$363,170
<u>(325,455)</u>	<u>(354,172)</u>	<u>(354,956)</u>	<u>(353,233)</u>	<u>(382,153)</u>	<u>(363,170)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Medina City School District
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2018	2017	2016	2015
Net Pension Liability:				
Contractually Required Contribution	\$1,556,267	\$1,406,864	\$1,433,740	\$1,308,268
Contributions in Relation to the Contractually Required Contribution	<u>(1,556,267)</u>	<u>(1,406,864)</u>	<u>(1,433,740)</u>	<u>(1,308,268)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$11,527,904	\$10,049,029	\$10,241,000	\$9,926,164
Pension Contributions as a Percentage of Covered Payroll	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>
Net OPEB Liability:				
Contractually Required Contribution (2)	\$237,349	\$184,983	\$168,646	\$250,703
Contributions in Relation to the Contractually Required Contribution	<u>(237,349)</u>	<u>(184,983)</u>	<u>(168,646)</u>	<u>(250,703)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>2.06%</u>	<u>1.84%</u>	<u>1.65%</u>	<u>2.53%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.56%</u>	<u>15.84%</u>	<u>15.65%</u>	<u>15.71%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the Required Supplementary Information

2014	2013	2012	2011	2010	2009
\$1,250,166	\$1,192,105	\$1,180,570	\$1,115,769	\$1,347,293	\$954,436
<u>(1,250,166)</u>	<u>(1,192,105)</u>	<u>(1,180,570)</u>	<u>(1,115,769)</u>	<u>(1,347,293)</u>	<u>(954,436)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,019,954	\$8,613,473	\$8,777,472	\$8,876,444	\$9,950,462	\$9,699,549
<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>	<u>12.57%</u>	<u>13.54%</u>	<u>9.84%</u>
\$165,548	\$147,940	\$184,165	\$280,606	\$195,078	\$552,807
<u>(165,548)</u>	<u>(147,940)</u>	<u>(184,165)</u>	<u>(280,606)</u>	<u>(195,078)</u>	<u>(552,807)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.84%</u>	<u>1.72%</u>	<u>2.10%</u>	<u>3.16%</u>	<u>1.96%</u>	<u>5.70%</u>
<u>15.70%</u>	<u>15.56%</u>	<u>15.55%</u>	<u>15.73%</u>	<u>15.50%</u>	<u>15.54%</u>

Medina City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

Net Pension Liability

Changes in Assumptions – SERS

For fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented as follows:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016 and Prior</u>
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

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

Changes in Assumptions – STRS

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

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For fiscal year 2018 post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally

Medina City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

Net OPEB Liability

Changes in Assumptions – SERS

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

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

Changes in Assumptions – STRS

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

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

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**MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed through the Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education - Grants to States	84.027	\$ 213,979	\$ 147,367
		1,162,191	1,240,087
Total Special Education Grants to States		<u>1,376,170</u>	<u>1,387,454</u>
Special Education - Preschool Grants	84.173	3,621	2,711
		34,355	35,946
Total Special Education Preschool Grants		<u>37,976</u>	<u>38,657</u>
Total Special Education Cluster		<u>1,414,146</u>	<u>1,426,111</u>
Title I Grants to Local Educational Agencies	84.010	112,623	76,802
		352,100	373,177
		87,812	48,545
		35,799	43,073
Total - Title I Grants to Local Educational Agencies		<u>588,334</u>	<u>541,597</u>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		2,935
		98,340	121,522
Total Supporting Effective Instruction State Grants		<u>98,340</u>	<u>124,457</u>
Student Support and Academic Enrichment Program	84.424	10,976	11,960
<i>Passed Through Cuyahoga County ESC</i>			
English Language Acquisition State Grants	84.365	<u>10,743</u>	<u>10,743</u>
Total U.S. Department of Education		<u>2,122,539</u>	<u>2,114,868</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Nutrition Cluster:			
School Breakfast Program	10.553	96,370	96,370
National School Lunch Program	10.555	576,005	576,005
Non-cash Contributions		<u>134,783</u>	<u>134,783</u>
Total National School Lunch Program		<u>710,788</u>	<u>710,788</u>
Total Nutrition Cluster		<u>807,158</u>	<u>807,158</u>
Total U.S. Department of Agriculture		<u>807,158</u>	<u>807,158</u>
Totals		<u><u>\$2,929,697</u></u>	<u><u>\$2,922,026</u></u>

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

**MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Federal Awards Receipts and Expenditure Schedule (the Schedule) includes the federal award activity of the Medina City School District, Medina County (the District) under programs of the federal government for the year ended June 30, 2018. 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

Receipts and 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.

OHIO AUDITOR OF STATE KEITH FABER



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

Medina City School District
Medina County
739 Weymouth Road
Medina, Ohio 44256

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 Medina City School District, Medina County, Ohio (the District) as of and for the year ended June 30, 2018, 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 6, 2019 wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*..

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

March 6, 2019

OHIO AUDITOR OF STATE KEITH FABER



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

Medina City School District
Medina County
739 Weymouth Road
Medina, Ohio 44256

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Medina City School District's (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 the Medina City School District's major federal programs for the year ended June 30, 2018. The *Summary of Auditor's 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, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to 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 Medina City School District, Medina County, Ohio, complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2018.

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 compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Keith Faber
Auditor of State

Columbus, Ohio

March 6, 2019

**MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major 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):	<ul style="list-style-type: none"> • Title I Grants to Local Educational Agencies, CFDA 84.010; • Special Education Cluster, CFDA 84.027 and 84.173.
(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

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Medina
City Schools

Recognizing Potential ~ Maximizing Achievement

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
June 30, 2018

Superintendent
Aaron J. Sable

Assistant Superintendent
Kristine M. Quallich, Ph.D.

Treasurer
David M. Chambers

Board of Education

Douglas C. Eastwood

Rebecca M. Parkhurst

Valerie Pavlik

Ronald D. Ross

Robert C. Skidmore, Esq.

Finding Number	Finding Summary	Status	Additional Information
2017-001	7 C.F.R. § 245.6(c)(4) Noncompliance finding for Child Nutrition Cluster eligibility determinations	Corrective Action Taken and Finding is Fully Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



MEDINA CITY SCHOOL DISTRICT

MEDINA 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 28, 2019**