



Dave Yost • Auditor of State



**MIDVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Midview Local School District, Lorain County, Ohio (the School), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School'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 School'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 School's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Midview Local School District, Lorain County, Ohio, as of June 30, 2014, 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 3B to the financial statements, the 2013 financial statements have been restated to correct a misstatement related to capital assets. Our opinion is not modified with respect to 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*, 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 School's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2015, on our consideration of the School'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 School's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 10, 2015

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**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited**

Our discussion and analysis of the Midview Local School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2014 are as follows:

- In total, net position increased \$534,445. Net position of governmental activities increased \$584,183 from restated 2013 net position, while the net position of business-type activities decreased \$49,738 from restated 2013 net position.
- General revenues accounted for \$28,775,652 while program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$5,276,109 of the total revenue of \$34,051,761.
- The District had \$32,432,004 in expenses related to governmental activities; only \$4,240,610 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and unrestricted grants and entitlements), net of transfers, and program revenues were adequate to provide for these programs resulting in an increase of net position from a restated balance of \$27,088,887 to \$27,673,070.
- The District had \$1,085,312 in expenses related to business-type activities; a total of \$1,035,499 was offset by program specific charges for services, grants, and contributions. The District also had investment income \$75 in the current year.
- The District's major governmental funds are the general fund and the permanent improvement fund. The general fund had \$29,526,079 in revenues and other financing sources and \$28,574,279 in expenditures and other financing uses. The general fund's fund balance increased \$951,800 from a balance of \$1,057,964 to \$2,009,764. The permanent improvement fund had \$3,080,472 in revenues and other financing sources and \$2,378,034 in expenditures and other financing uses. The fund balance increased \$702,438 from \$1,545,337 to \$2,247,775.

**Using these Basic Financial Statements**

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

**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited**

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

**Reporting the District as a Whole**

*The Statement of Net Position and Statement of Activities*

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

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

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

**Governmental Activities** - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

**Business-type Activities** - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's food service operations are reported as business-type activities.

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Management's Discussion & Analysis  
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**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

Our analysis of the District's major governmental funds begins on page 18. Some funds are required to be established by State Statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's three types of funds, governmental, proprietary, and fiduciary, use different accounting approaches as further described in the notes to the basic financial statements.

***Governmental Funds***

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

***Proprietary Funds***

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

***Fiduciary Funds***

The District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in a separate Statement of Net Position – Fiduciary Funds on page 28. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**The District as a Whole**

The Statement of Net Position provides the perspective of the District as a whole. The table on the following page provides a summary of the District's net position for 2014 and 2013.

**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited**

**Table 1  
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	Restated 2013	2014	Restated 2013	2014	Restated 2013
Current and other assets	\$ 23,146,177	\$ 21,308,657	\$ 376,253	\$ 398,536	\$ 23,522,430	\$ 21,707,193
Restricted assets	1,904,125	1,966,651	-	-	1,904,125	1,966,651
Capital assets, net	<u>45,287,951</u>	<u>46,444,418</u>	<u>321,706</u>	<u>355,666</u>	<u>45,609,657</u>	<u>46,800,084</u>
Total assets	<u>70,338,253</u>	<u>69,719,726</u>	<u>697,959</u>	<u>754,202</u>	<u>71,036,212</u>	<u>70,473,928</u>
Deferred outflows of resources	<u>982,414</u>	<u>1,040,203</u>	<u>-</u>	<u>-</u>	<u>982,414</u>	<u>1,040,203</u>
Current liabilities	3,345,502	3,785,691	74,776	93,227	3,420,278	3,878,918
Long-term liabilities	<u>26,248,473</u>	<u>27,057,578</u>	<u>63,596</u>	<u>51,650</u>	<u>26,312,069</u>	<u>27,109,228</u>
Total liabilities	<u>29,593,975</u>	<u>30,843,269</u>	<u>138,372</u>	<u>144,877</u>	<u>29,732,347</u>	<u>30,988,146</u>
Deferred inflows of resources	<u>14,053,622</u>	<u>12,827,773</u>	<u>-</u>	<u>-</u>	<u>14,053,622</u>	<u>12,827,773</u>
Net investment in capital assets	23,500,827	23,947,198	321,706	355,666	23,822,533	24,302,864
Restricted for:						
Capital projects	1,190,055	1,483,376	-	-	1,190,055	1,483,376
Debt service	5,400	5,400	-	-	5,400	5,400
Other purposes	1,378,832	1,542,018	-	-	1,378,832	1,542,018
Unrestricted	<u>1,597,956</u>	<u>110,895</u>	<u>237,881</u>	<u>253,659</u>	<u>1,835,837</u>	<u>364,554</u>
Total net position	\$ <u>27,673,070</u>	\$ <u>27,088,887</u>	\$ <u>559,587</u>	\$ <u>609,325</u>	\$ <u>28,232,657</u>	\$ <u>27,698,212</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the District, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$28,232,657 at the close of the most recent fiscal year.

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

Total assets and deferred outflows of resources increased by \$504,495 from 2013 to 2014, while the District's total liabilities and deferred inflows of resources decreased by \$29,950. The main sources for the increase in assets and deferred outflows related to an increase in taxes receivable offset by a decrease in capital assets, net. The increase in taxes receivable related to a new levy passed by the District. Capital assets, net decreased as depreciation exceeded capital purchases during the fiscal year.

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Management's Discussion & Analysis  
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The most significant change in liabilities and deferred inflows of resources was a decrease in long-term liabilities of \$797,159. This decrease in long-term liabilities was mainly due to the repayment of debt obligations. This decrease was offset by an increase in deferred inflows related to property taxes.

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

**Table 2  
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	Restated 2013	2014	Restated 2013	2014	Restated 2013
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,039,554	\$ 2,918,511	\$ 451,013	\$ 527,044	\$ 3,490,567	\$ 3,445,555
Operating grants and contributions	1,201,056	1,307,504	584,486	591,917	1,785,542	1,899,421
Capital grants and contributions	-	847,419	-	-	-	847,419
Total program revenues	<u>4,240,610</u>	<u>5,073,434</u>	<u>1,035,499</u>	<u>1,118,961</u>	<u>5,276,109</u>	<u>6,192,395</u>
General revenues:						
Property taxes	14,721,627	11,548,604	-	-	14,721,627	11,548,604
Grants and entitlements	13,780,134	13,480,396	-	-	13,780,134	13,480,396
Investment earnings	4,069	7,586	75	349	4,144	7,935
Other	<u>269,747</u>	<u>841,017</u>	<u>-</u>	<u>-</u>	<u>269,747</u>	<u>841,017</u>
Total general revenues	<u>28,775,577</u>	<u>25,877,603</u>	<u>75</u>	<u>349</u>	<u>28,775,652</u>	<u>25,877,952</u>
Total revenues	<u>33,016,187</u>	<u>30,951,037</u>	<u>1,035,574</u>	<u>1,119,310</u>	<u>34,051,761</u>	<u>32,070,347</u>
<b>Expenses:</b>						
Program expenses:						
Instruction:						
Regular	16,417,786	16,774,824	-	-	16,417,786	16,774,824
Special	3,259,686	3,069,649	-	-	3,259,686	3,069,649
Vocational	164,429	139,246	-	-	164,429	139,246
Other	409,059	56,575	-	-	409,059	56,575
Support services:						
Pupil	1,001,048	1,029,448	-	-	1,001,048	1,029,448
Instructional staff	1,260,073	747,342	-	-	1,260,073	747,342
Board of education	328,566	187,883	-	-	328,566	187,883
Administration	2,359,408	2,719,511	-	-	2,359,408	2,719,511
Fiscal	644,181	688,797	-	-	644,181	688,797
Business	17,755	119,170	-	-	17,755	119,170
Operation and maintenance - plant	3,377,588	2,406,321	-	-	3,377,588	2,406,321
Pupil transportation	1,392,999	1,526,328	-	-	1,392,999	1,526,328
Operation of non - instructional services:						
Community services	14,209	11,640	-	-	14,209	11,640
Extracurricular activities	870,092	657,463	-	-	870,092	657,463
Interest and fiscal charges	915,125	1,087,396	-	-	915,125	1,087,396
Food service	-	-	1,085,312	1,147,507	1,085,312	1,147,507
Total expenses	<u>32,432,004</u>	<u>31,221,593</u>	<u>1,085,312</u>	<u>1,147,507</u>	<u>33,517,316</u>	<u>32,369,100</u>
Increase (decrease) in net position before transfers	584,183	(270,556)	(49,738)	(28,197)	534,445	(298,753)
Transfers	-	<u>(168,835)</u>	-	<u>168,835</u>	-	-
Change in net position	584,183	(439,391)	(49,738)	140,638	534,445	(298,753)
Net position at beginning of year	<u>27,088,887</u>	<u>27,528,278</u>	<u>609,325</u>	<u>468,687</u>	<u>27,698,212</u>	<u>27,996,965</u>
Net position at end of year	\$ <u>27,673,070</u>	\$ <u>27,088,887</u>	\$ <u>559,587</u>	\$ <u>609,325</u>	\$ <u>28,232,657</u>	\$ <u>27,698,212</u>

**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited**

***Governmental Activities***

Net position of the District's governmental activities increased \$584,183. Total governmental expenses of \$32,432,004 were offset by program revenues of \$4,240,610 and general revenues of \$28,775,577. Program revenues supported 13.08% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements not restricted to specific purposes. These two revenue sources represent 86.33% of total governmental revenue. Property taxes support 45.39% of total expenses while grants and entitlements not restricted to specific purposes supported 42.49% of total expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2014 and 2013. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Table 3  
Total Cost of Program Services**

	Governmental Activities			
	<u>Total Cost of Services 2014</u>	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2014</u>	<u>Net Cost of Services 2013</u>
Program expenses:				
Instruction:				
Regular	\$ 16,417,786	\$ 16,774,824	\$ 13,418,923	\$ 13,868,253
Special	3,259,686	3,069,649	2,676,293	2,406,356
Vocational	164,429	139,246	160,073	132,848
Other	409,059	56,575	409,059	56,575
Support services:				
Pupil	1,001,048	1,029,448	1,001,048	1,029,448
Instructional staff	1,260,073	747,342	1,169,309	659,102
Board of education	328,566	187,883	328,566	187,883
Administration	2,359,408	2,719,511	2,359,408	2,719,511
Fiscal	644,181	688,797	644,181	688,797
Business	17,755	119,170	17,755	119,170
Operations and maintenance - plant	3,377,588	2,406,321	3,377,588	1,558,902
Pupil transportation	1,392,999	1,526,328	1,392,999	1,526,328
Operation of non - instructional services:				
Community services	14,209	11,640	14,209	11,640
Extracurricular activities	870,092	657,463	306,858	95,950
Interest and fiscal charges	915,125	1,087,396	915,125	1,087,396
Total expenses	<u>\$ 32,432,004</u>	<u>\$ 31,221,593</u>	<u>\$ 28,191,394</u>	<u>\$ 26,148,159</u>

The dependence upon general revenues during fiscal year 2014 for governmental activities is apparent, as 82.29% of 2014 instruction activities are supported by property taxes, grants and entitlements, investment earnings, and other general revenues. The District's taxpayers, as a whole, are the primary support for District's students.

**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited**

***Business-Type Activities***

Business-type activities are comprised of the food service operations. The food service operations had expenses of \$1,085,312 and revenues of \$1,035,574. This resulted in a decrease to net position for the fiscal year of \$49,738. Revenues and expenses were mostly consistent with the prior year. Revenue is down more in the current year as there was not a transfer in as there was in 2013. Management assesses the performance of the food service operations to ensure that it runs efficiently.

**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$6,378,910, which is more than last year's total of \$4,880,195. This increase in total fund balance is due to increases in the two major funds. The increase in fund balance can be explained by the increase in property taxes receivable of approximately \$2.1 million offset by an increase in deferred inflows of resources of approximately \$741,000. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	<u>Fund Balance June 30, 2014</u>	<u>Fund Balance June 30, 2013</u>	<u>Increase (Decrease)</u>
General	\$ 2,009,764	\$ 1,057,964	\$ 951,800
Permanent improvement	2,247,775	1,545,337	702,438
Other governmental	<u>2,121,371</u>	<u>2,276,894</u>	<u>(155,523)</u>
Total	<u>\$ 6,378,910</u>	<u>\$ 4,880,195</u>	<u>\$ 1,498,715</u>

***General Fund***

The District's general fund balance increased \$951,800, due to the increases in property taxes revenue. The table that follows assists in illustrating the revenues of the general fund.

	<u>2014 Amount</u>	<u>2013 Amount</u>	<u>Percentage Change</u>
Revenues:			
Property taxes	\$ 13,017,515	\$ 9,824,585	32.50%
Investment earnings	3,799	5,631	(32.53)
Intergovernmental	13,578,625	12,683,580	7.06
Tuition	2,280,873	2,152,990	5.94
Other revenue	<u>645,267</u>	<u>886,184</u>	(27.19)
Total	<u>\$ 29,526,079</u>	<u>\$ 25,552,970</u>	

Property taxes revenue in the general fund increased during the current year due to an increase in property taxes available to advance at year-end and the passage of a tax levy for which collection started in the second half of fiscal year 2014. Other revenue decreased from the prior year due to a reimbursement from the Bureau of Workers Compensation in the prior year that was not received in the current year.

**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited**

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

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Expenditures by Function:			
Instruction	\$ 18,047,018	\$ 18,096,771	(0.27)%
Support services	8,511,180	8,644,871	(1.55)
Operation of non-instructional services	7,044	4,813	46.35
Facilities acquisition and construction	3,500	56,662	(93.82)
Extracurricular activities	679,896	631,314	7.70
Debt service	<u>82,321</u>	<u>66,758</u>	23.31
Total	<u>\$ 27,330,959</u>	<u>\$ 27,501,189</u>	

Overall, general fund expenditures decreased \$170,230 from the prior year due to decreases in support service costs; however, these costs were mostly consistent with the prior year and the decrease is mainly due to normal year-to-year fluctuations in costs.

### **General Fund Budget Information**

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

For the general fund, final budget basis revenue, including other financing sources was \$1,613,000 greater than the original budget estimate of \$27,874,680. This increase was mainly from an increase in budgeted intergovernmental revenues. Actual general fund revenues, including other financing sources, were \$30,630,270, or \$872,590 more than budgeted. Final budgeted expenditures, including other financing uses, were \$1,505,002 greater than the original budget estimate of \$29,924,660. Actual general fund expenditures, including other financing uses, were \$31,029,109 or \$400,553 less than budgeted.

### **Capital Assets**

The District has \$45,609,657 invested in capital assets net of depreciation, with \$45,287,951 attributed to governmental activities. Acquisitions for governmental activities totaled \$1,318,073 and depreciation was \$2,469,921. The major acquisitions during the fiscal year related to the purchase of five new buses and the construction of a new road from the middle school to State Route 57. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 10).

In addition, during the year ended June 30, 2014, the District performed a capital assets inspection throughout the District. This resulted in a restatement of the District's June 30, 2013 capital assets. See Note 3 for additional details over the restatement.

**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited**

**Debt**

In fiscal years 2003 and 2004, the District entered into certificates of participation with the Lorain County Port Authority for three new schools. The certificates are annual leases subject to renewal for 28 years through December 30, 2030. During the year ended June 30, 2013, the District advance refunded \$23,340,000 in outstanding certificates of participation by issuing refunding certificates of participation in the amount of \$22,595,000. At June 30, 2014, the District still had \$22,150,000 in outstanding refunding certificates of participation. The District paid \$445,000 in principal on the 2012 refunding certificates of participation during the fiscal year. The District no longer report a liability for the original certificates of participation.

At June 30, 2014, the District had \$2,005,000 in outstanding general obligation bonds. The District paid \$240,000 in principal on the general obligation bonds outstanding during the fiscal year.

At June 30, 2014, the District had \$135,000 in outstanding school facilities construction and improvement notes. The District paid \$66,000 in principal on these notes during the fiscal year.

During the year ended June 30, 2014, the District issued a short-term current tax revenue note for \$1,500,000. This note matured and was fully paid off during the fiscal year.

Detailed information regarding long-term debt activity is included in the notes to the basic financial statements (Note 15, 16, and 17).

**Current Financial Related Activities**

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

Of these revenue sources, the State funding remained flat for fiscal year 2014. Furthermore, no increases are expected in fiscal years 2015 and 2016 due to the fact that the district is on the Transitional Aide Guarantee. In response to the limited revenue and increasing costs, the District placed a levy on the February 2013 ballot which the community approved. The Midview district is very appreciative of the community's support and is dedicated to stretching these funds for years into the future. The district received the first portion of the funds from this levy in February of 2014 (fiscal year 2014) and the second portion in September 2014 (fiscal year 2015).

In the expenditure areas, the district's operating expenses for fiscal year 2014 did not exceed the operating revenue of fiscal year 2014. This is a new trend due to the passage of the levy and ongoing budget reductions. The administration is committed to searching for additional ways to save money and increase efficiencies in the daily operations of the district. The district will continue to be good stewards of the resources provided by our taxpayers.

**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited**

The Midview community has a long history of taking pride in its schools. Academically, the District has received the following ratings by the Ohio Department of Education for the 2013-2014 school year:

Achievement- Performance	B
Achievement- Indicators	B
Progress- Overall Value-Added	A
Gap Closing- Measurable Objectives	C
Graduation Rates	A

The Board, administration, and staff are dedicated to working with the community in order to maintain the high standard of education in a safe, effective, and efficient manner. Ultimately the continued success of the Midview district is dependent on the support of the community.

**Contacting the District's Financial Management**

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

# Midview Local School District

## Statement of Net Position

June 30, 2014

	Primary Government		Total
	Governmental Activities	Business - Type Activities	
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 5,750,398	\$ 357,714	\$ 6,108,112
Cash with fiscal agents	3,268	-	3,268
Accounts receivable	346,802	-	346,802
Intergovernmental receivable	229,817	-	229,817
Prepaid items	21,686	-	21,686
Materials and supplies inventory	225,162	18,539	243,701
Property taxes receivable	16,569,044	-	16,569,044
<b>Restricted assets:</b>			
Cash and investments	1,904,125	-	1,904,125
Nondepreciable capital assets	2,721,826	-	2,721,826
Depreciable capital assets, net	<u>42,566,125</u>	<u>321,706</u>	<u>42,887,831</u>
<b>Total assets</b>	<u><b>70,338,253</b></u>	<u><b>697,959</b></u>	<u><b>71,036,212</b></u>
<b>Deferred outflows of resources:</b>			
Deferred charge on refunding	<u>982,414</u>	<u>-</u>	<u>982,414</u>
<b>Liabilities:</b>			
Accounts payable	274,065	-	274,065
Accrued wages and benefits	2,481,824	60,500	2,542,324
Accrued pension	367,902	14,276	382,178
Accrued interest payable	132,673	-	132,673
Matured compensated absences	89,038	-	89,038
<b>Long-term liabilities:</b>			
Due within one year	1,344,841	7,632	1,352,473
Due in more than one year	<u>24,903,632</u>	<u>55,964</u>	<u>24,959,596</u>
<b>Total liabilities</b>	<u><b>29,593,975</b></u>	<u><b>138,372</b></u>	<u><b>29,732,347</b></u>
<b>Deferred inflows of resources:</b>			
Property taxes	<u>14,053,622</u>	<u>-</u>	<u>14,053,622</u>
<b>Net position:</b>			
Net investment in capital assets	23,500,827	321,706	23,822,533
<b>Restricted for:</b>			
Capital projects	1,190,055	-	1,190,055
Debt service	5,400	-	5,400
Other purposes	1,378,832	-	1,378,832
Unrestricted	<u>1,597,956</u>	<u>237,881</u>	<u>1,835,837</u>
<b>Total net position</b>	<u><b>\$ 27,673,070</b></u>	<u><b>\$ 559,587</b></u>	<u><b>\$ 28,232,657</b></u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

# Midview Local School District

## Statement of Activities

**For the Fiscal Year Ended June 30, 2014**

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular education	\$ 16,417,786	\$ 2,461,344	\$ 537,519
Special education	3,259,686	10,620	572,773
Vocational education	164,429	4,356	-
Other	409,059	-	-
Support services:			
Pupils	1,001,048	-	-
Instructional staff	1,260,073	-	90,764
Board of education	328,566	-	-
Administration	2,359,408	-	-
Fiscal services	644,181	-	-
Business	17,755	-	-
Operations and maintenance - plant	3,377,588	-	-
Pupil transportation	1,392,999	-	-
Operation of non - instructional services:			
Community services	14,209	-	-
Extracurricular activities	870,092	563,234	-
Interest and fiscal charges	<u>915,125</u>	<u>-</u>	<u>-</u>
Total governmental activities	32,432,004	3,039,554	1,201,056
Business-type activities:			
Food service	<u>1,085,312</u>	<u>451,013</u>	<u>584,486</u>
Totals	<u>\$ 33,517,316</u>	<u>\$ 3,490,567</u>	<u>\$ 1,785,542</u>

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

Change in net position

Net position at beginning of year, restated

Net position at end of year

The Notes to the Basic Financial Statements are an Integral Part of this Statement

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business - Type Activities	Total
\$ (13,418,923)	\$ -	\$ (13,418,923)
(2,676,293)	-	(2,676,293)
(160,073)	-	(160,073)
(409,059)	-	(409,059)
(1,001,048)	-	(1,001,048)
(1,169,309)	-	(1,169,309)
(328,566)	-	(328,566)
(2,359,408)	-	(2,359,408)
(644,181)	-	(644,181)
(17,755)	-	(17,755)
(3,377,588)	-	(3,377,588)
(1,392,999)	-	(1,392,999)
(14,209)	-	(14,209)
(306,858)	-	(306,858)
<u>(915,125)</u>	<u>-</u>	<u>(915,125)</u>
(28,191,394)	-	(28,191,394)
-	(49,813)	(49,813)
<u>(28,191,394)</u>	<u>(49,813)</u>	<u>(28,241,207)</u>
13,068,696	-	13,068,696
1,408,273	-	1,408,273
244,658	-	244,658
13,780,134	-	13,780,134
4,069	75	4,144
<u>269,747</u>	<u>-</u>	<u>269,747</u>
<u>28,775,577</u>	<u>75</u>	<u>28,775,652</u>
584,183	(49,738)	534,445
<u>27,088,887</u>	<u>609,325</u>	<u>27,698,212</u>
\$ <u>27,673,070</u>	\$ <u>559,587</u>	\$ <u>28,232,657</u>

# Midview Local School District

## Balance Sheet – Governmental Funds

June 30, 2014

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,956,708	\$ 2,093,040	\$ 1,300,129	\$ 5,349,877
Cash with fiscal agents	-	-	3,268	3,268
Receivables:				
Property taxes receivable	15,129,387	1,439,657	-	16,569,044
Intergovernmental receivable	95,676	-	134,141	229,817
Interfund receivable	77,300	-	-	77,300
Accounts receivable	39,982	-	306,820	346,802
Materials and supplies inventory	225,162	-	-	225,162
Prepaid items	21,686	-	-	21,686
Restricted assets:				
Restricted cash and investments	<u>919,455</u>	<u>-</u>	<u>984,670</u>	<u>1,904,125</u>
Total assets	<u>\$ 18,465,356</u>	<u>\$ 3,532,697</u>	<u>\$ 2,729,028</u>	<u>\$ 24,727,081</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ 222,979	\$ 8,426	\$ 42,660	\$ 274,065
Accrued wages and benefits	2,339,348	-	142,476	2,481,824
Accrued pension	346,929	-	20,973	367,902
Interfund payable	-	-	77,300	77,300
Matured compensated absences	<u>89,038</u>	<u>-</u>	<u>-</u>	<u>89,038</u>
Total liabilities	<u>2,998,294</u>	<u>8,426</u>	<u>283,409</u>	<u>3,290,129</u>
Deferred inflows of resources:				
Property taxes	12,837,628	1,215,994	-	14,053,622
Unavailable revenue	<u>619,670</u>	<u>60,502</u>	<u>324,248</u>	<u>1,004,420</u>
Total deferred inflows of resources	<u>13,457,298</u>	<u>1,276,496</u>	<u>324,248</u>	<u>15,058,042</u>
Fund balances:				
Nonspendable	246,848	-	-	246,848
Restricted	1,064,541	2,247,775	2,231,603	5,543,919
Committed	250,514	-	3,700	254,214
Assigned	305,569	-	30,715	336,284
Unassigned (deficit)	<u>142,292</u>	<u>-</u>	<u>(144,647)</u>	<u>(2,355)</u>
Total fund balances	<u>2,009,764</u>	<u>2,247,775</u>	<u>2,121,371</u>	<u>6,378,910</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,465,356</u>	<u>\$ 3,532,697</u>	<u>\$ 2,729,028</u>	<u>\$ 24,727,081</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

# Midview Local School District

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

**June 30, 2014**

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Total Governmental Funds Balances \$ 6,378,910

*Amounts Reported for Governmental Activities in the Statement of Net Position are different because:*

Capital assets, net used in governmental activities are not financial resources and therefore are not reported in the funds. 45,287,951

Other long-term assets are not available to pay for current-period expenditures and therefore are unearned in the funds.

Property taxes	\$ 680,172	
Intergovernmental	134,140	
Charges for services	<u>190,108</u>	
Total		1,004,420

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental Funds, an interest expenditure is reported when due. (132,673)

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Position. 400,521

Long-term liabilities and deferred outflows of resources are not due and payable in the current period and are therefore not reported in the funds.

General obligation bonds	(24,155,000)	
Premium on bonds	(276,137)	
Loss on refunding	982,414	
Notes payable	(135,000)	
Capital leases	(208,401)	
Compensated absences	<u>(1,473,935)</u>	
Total		<u>(25,266,059)</u>

Net position of governmental activities \$ 27,673,070

The Notes to the Basic Financial Statements are an Integral Part of this Statement

# Midview Local School District

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

**For the Fiscal Year Ended June 30, 2014**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 13,017,515	\$ 1,408,273	\$ 244,658	\$ 14,670,446
Intergovernmental	13,578,625	247,906	1,467,741	15,294,272
Investment earnings	3,799	-	270	4,069
Extracurricular activities	384,173	-	132,818	516,991
Tuition	2,280,873	-	-	2,280,873
Classroom materials and fees	224,275	-	-	224,275
Grants	-	-	114,545	114,545
Miscellaneous	36,819	199,010	151,036	386,865
Total revenues	<u>29,526,079</u>	<u>1,855,189</u>	<u>2,111,068</u>	<u>33,492,336</u>
Expenditures:				
Instruction:				
Regular education	14,738,946	59,111	464,591	15,262,648
Special education	2,805,894	-	476,597	3,282,491
Vocational education	160,519	-	-	160,519
Other	341,659	-	-	341,659
Support services:				
Pupils	906,781	-	77,038	983,819
Instructional staff	844,339	137,119	23,839	1,005,297
Board of education	306,519	22,047	-	328,566
Administration	2,050,107	73,084	88,358	2,211,549
Fiscal services	620,249	20,829	-	641,078
Business	17,755	-	-	17,755
Operations and maintenance - plant	2,303,698	183,111	192,446	2,679,255
Pupil transportation	1,461,732	168,920	-	1,630,652
Operating on non-instructional services:				
Community services	7,044	-	338	7,382
Extracurricular activities:				
Academic and subject oriented	34,973	-	450	35,423
Sports oriented	466,230	-	174,589	640,819
Co-curricular	178,693	-	-	178,693
Capital outlay:				
Site improvement services	-	-	686,003	686,003
Architecture and engineering services	-	-	39,578	39,578
Building acquisition and construction	-	159,998	1,702	161,700
Other facilities acquisition and construction	3,500	9,740	-	13,240
Debt services:				
Principal	70,642	685,000	66,000	821,642
Interest and fiscal charges	11,679	859,075	6,532	877,286
Total expenditures	<u>27,330,959</u>	<u>2,378,034</u>	<u>2,298,061</u>	<u>32,007,054</u>

(continued)

The Notes to the Basic Financial Statements are an Integral Part of this Statement

# Midview Local School District

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

**For the Fiscal Year Ended June 30, 2014**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Total excess of revenues over (under) expenditures	<u>2,195,120</u>	<u>(522,845)</u>	<u>(186,993)</u>	<u>1,485,282</u>
Other financing sources (uses):				
Sale of capital assets	-	13,433	-	13,433
Transfers - in	-	1,211,850	31,470	1,243,320
Transfers - out	<u>(1,243,320)</u>	<u>-</u>	<u>-</u>	<u>(1,243,320)</u>
Total other financing sources (uses)	<u>(1,243,320)</u>	<u>1,225,283</u>	<u>31,470</u>	<u>13,433</u>
Net change in fund balance	951,800	702,438	(155,523)	1,498,715
Fund balance at beginning of year	<u>1,057,964</u>	<u>1,545,337</u>	<u>2,276,894</u>	<u>4,880,195</u>
Fund balance at end of year	\$ <u><u>2,009,764</u></u>	\$ <u><u>2,247,775</u></u>	\$ <u><u>2,121,371</u></u>	\$ <u><u>6,378,910</u></u>

# Midview Local School District

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

### For the Fiscal Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 1,498,715

*Amounts Reported for Governmental Activities in the Statement of Activities are different because:*

Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and capital outlays differed in the current period.

Capital outlay	\$ 1,318,073	
Depreciation	<u>(2,469,921)</u>	
Total		(1,151,848)

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. (4,619)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent property and other taxes	51,181	
Intergovernmental	(456,252)	
Miscellaneous	<u>(79,892)</u>	
Total		(484,963)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 821,642

Internal Service Funds are used by management to charge to costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the Internal Service Fund is reported with Governmental Activities. (28,125)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.

Compensated absences	(28,780)	
Amortization of premium	16,243	
Amortization of deferred loss on refunding	(57,789)	
Accrued interest on bonds	<u>3,707</u>	
Total		<u>(66,619)</u>

*Change in Net Position of Governmental Activities* \$ 584,183

The Notes to the Basic Financial Statements are an Integral Part of this Statement

# Midview Local School District

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

**For the Fiscal Year Ended June 30, 2014**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 12,261,962	\$ 12,261,962	\$ 12,258,552	\$ (3,410)
Intergovernmental	11,494,875	12,839,542	13,569,814	730,272
Investment earnings	3,216	3,593	3,797	204
Extracurricular activities	222,348	248,358	262,484	14,126
Tuition	1,931,004	2,156,892	2,279,569	122,677
Classroom materials and fees	24,420	27,277	28,828	1,551
Miscellaneous	112,855	126,056	133,226	7,170
Total revenues	<u>26,050,680</u>	<u>27,663,680</u>	<u>28,536,270</u>	<u>872,590</u>
Expenditures:				
Instruction:				
Regular education	14,641,530	15,391,610	14,791,969	599,641
Special education	3,154,947	3,316,573	3,187,363	129,210
Vocational education	159,331	167,494	160,968	6,526
Other	327,032	343,785	330,392	13,393
Supporting services:				
Pupils	1,041,778	1,095,148	1,052,482	42,666
Instructional staff	862,813	907,015	871,678	35,337
Board of education	327,596	344,378	330,962	13,416
Administration	2,111,801	2,219,988	2,133,500	86,488
Fiscal services	646,782	679,917	653,428	26,489
Business	11,602	12,196	11,721	475
Operation and maintenance - plant	2,511,114	2,639,757	2,536,915	102,842
Pupil transportation	1,560,945	1,640,911	1,576,983	63,928
Community services	3,822	4,018	3,862	156
Extracurricular activities:				
Academic and subject oriented	32,320	33,976	32,652	1,324
Sports oriented	433,541	455,752	437,996	17,756
Co-curricular	47,415	49,845	47,903	1,942
Capital outlay	15,035	15,806	15,191	615
Debt Service:				
Principal	1,484,743	1,560,806	1,500,000	60,806
Interest and fiscal charges	3,388	3,562	3,424	138
Total expenditures	<u>29,377,535</u>	<u>30,882,537</u>	<u>29,679,389</u>	<u>1,203,148</u>
Excess revenues over (under) expenditures	<u>(3,326,855)</u>	<u>(3,218,857)</u>	<u>(1,143,119)</u>	<u>2,075,738</u>

(continued)

The Notes to the Basic Financial Statements are an Integral Part of this Statement

# Midview Local School District

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

**For the Fiscal Year Ended June 30, 2014**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Issuance of notes	1,500,000	1,500,000	1,500,000	-
Advances - in	324,000	324,000	324,000	-
Transfers - out	(445,000)	(445,000)	(1,271,720)	(826,720)
Advances - out	(102,125)	(102,125)	(78,000)	24,125
Total other financing sources (uses)	<u>1,276,875</u>	<u>1,276,875</u>	<u>474,280</u>	<u>(802,595)</u>
Net change in fund balance	(2,049,980)	(1,941,982)	(668,839)	1,273,143
Fund balance at beginning of year	1,769,117	1,769,117	1,769,117	-
Prior year encumbrances appropriated	<u>779,678</u>	<u>779,678</u>	<u>779,678</u>	-
Fund balance at end of year	\$ <u>498,815</u>	\$ <u>606,813</u>	\$ <u>1,879,956</u>	\$ <u>1,273,143</u>

# Midview Local School District

## Statement of Fund Net Position – Proprietary Funds

June 30, 2014

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Food Service</u>	<u>Internal Service Fund</u>
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 357,714	\$ 400,521
Materials and supplies inventory	<u>18,539</u>	<u>-</u>
Total current assets	376,253	400,521
Non-current assets:		
Depreciable capital assets, net	<u>321,706</u>	<u>-</u>
Total assets	<u>697,959</u>	<u>400,521</u>
Liabilities:		
Current liabilities:		
Accrued wages and benefits	60,500	-
Accrued pension	14,276	-
Current portion of compensated absences	<u>7,632</u>	<u>-</u>
Total current liabilities	82,408	-
Long-term liabilities:		
Compensated absences	<u>55,964</u>	<u>-</u>
Total liabilities	<u>138,372</u>	<u>-</u>
Net position:		
Net investment in capital assets	321,706	-
Unrestricted	<u>237,881</u>	<u>400,521</u>
Total net position	<u>\$ 559,587</u>	<u>\$ 400,521</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

# Midview Local School District

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

**For the Fiscal Year Ended June 30, 2014**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Food Service</u>	<u>Internal Service Fund</u>
Operating revenues:		
Charges for services	\$ <u>451,013</u>	\$ <u>7,565</u>
Operating expenses:		
Salaries and wages	493,438	-
Fringe benefits	155,741	-
Contractual services	-	37,904
Materials and supplies	400,017	140
Other operating expenses	2,156	-
Depreciation expense	<u>33,960</u>	<u>-</u>
Total operating expenses	<u>1,085,312</u>	<u>38,044</u>
Operating loss	<u>(634,299)</u>	<u>(30,479)</u>
Non-operating revenues:		
Federal donated commodities	75,189	-
Investment earnings	75	-
Grant revenue	509,297	-
Other non-operating revenue	<u>-</u>	<u>2,354</u>
Total non-operating revenues	<u>584,561</u>	<u>2,354</u>
Net loss	(49,738)	(28,125)
Total net position at beginning of year, restated	<u>609,325</u>	<u>428,646</u>
Total net position at end of year	\$ <u><u>559,587</u></u>	\$ <u><u>400,521</u></u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

# Midview Local School District

## Statement of Cash Flows – Proprietary Funds

**For the Fiscal Year Ended June 30, 2014**

	Business-Type Activities	Governmental Activities
	Food Service	Internal Service Fund
<b>Increase (decrease) in cash and cash equivalents:</b>		
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 451,013	\$ 7,565
Cash payments for contractual services	-	(39,819)
Cash payments for materials and supplies	(484,256)	-
Cash payments to employees for services	(378,725)	-
Cash payments for employee benefits	(132,082)	-
Cash payments for other operating expenses	(2,156)	-
<i>Net cash used for operating activities</i>	<u>(546,206)</u>	<u>(32,254)</u>
<b>Cash flows from non-capital financing activities:</b>		
Operating grants received	509,297	-
Other non-operating revenue	-	2,354
<i>Net cash provided by non-capital financing activities</i>	<u>509,297</u>	<u>2,354</u>
<b>Cash flows from investing activities:</b>		
Interest on investments	<u>75</u>	-
Net decrease in cash and cash equivalents	(36,834)	(29,900)
Cash and cash equivalents at beginning of year	<u>394,548</u>	<u>430,421</u>
Cash and cash equivalents at end of year	\$ <u><u>357,714</u></u>	\$ <u><u>400,521</u></u>
<b>Reconciliation of operating loss to net cash from operating activities:</b>		
Operating loss	\$ (634,299)	\$ (30,479)
Adjustments:		
Depreciation	33,960	-
Federal donated commodities	75,189	-
Changes in assets/liabilities:		
Increase in inventory	(14,551)	-
Decrease in accounts payable	(1,780)	(1,775)
Increase in accrued wages and benefits	1,088	-
Increase in accrued compensated absences	11,946	-
Decrease in accrued pension	(17,759)	-
Total adjustments	<u>88,093</u>	<u>(1,775)</u>
<i>Net cash used for operating activities</i>	\$ <u><u>(546,206)</u></u>	\$ <u><u>(32,254)</u></u>

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

During the year, the food services enterprise fund received donated commodities of \$75,189.

The Notes to the Basic Financial Statements are an Integral Part of this Statement

# Midview Local School District

## Statement of Net Position – Fiduciary Funds

**June 30, 2014**

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	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 121,655
Taxes receivable	494,178
Accounts receivable	<u>3,021</u>
Total assets	\$ <u>618,854</u>
Liabilities and deferred inflows of resources:	
Liabilities:	
Accounts payable	\$ 378
Due to others	<u>201,195</u>
Total liabilities	<u>201,573</u>
Deferred inflows of resources:	
Property taxes	<u>417,281</u>
Total liabilities and deferred inflows of resources	\$ <u>618,854</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

# Midview Local School District

## Notes to Basic Financial Statements

### For the Fiscal Year Ended June 30, 2014

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#### **Note 1: Description of the School District and Reporting Entity**

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

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

The District currently operates 3 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 135 non-certified and 197 certified (including administrative) full-time and part-time employees to provide services to approximately 3,049 students in grades K through 12 and various community groups.

#### **Note 2: Summary of Significant Accounting Policies**

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

##### **A. Reporting Entity**

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

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

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

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### **A. Reporting Entity (continued)**

The District participates in four jointly governed organizations, which are discussed in Note 18. The District is also a participant in a public-entity risk-sharing pool, which is discussed in Note 18.

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

##### **B. Fund Accounting**

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

##### *Governmental Funds*

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

##### *General Fund*

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

##### *Permanent Improvement Fund*

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

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

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 2: Summary of Significant Accounting Policies (continued)

##### B. Fund Accounting (continued)

###### *Proprietary Funds*

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

###### *Enterprise Funds*

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

###### *Internal Service Funds*

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

###### *Fiduciary Funds*

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

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 2: Summary of Significant Accounting Policies (continued)

##### C. *Measurement Focus*

###### *Government-wide Financial Statements*

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

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

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

###### *Fund Financial Statements*

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

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

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 2: Summary of Significant Accounting Policies (continued)

##### C. *Measurement Focus (continued)*

###### *Fund Financial Statements (continued)*

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

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

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

##### D. *Basis of Accounting*

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

###### *Revenues - Exchange and Non-exchange Transactions*

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

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

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 2: Summary of Significant Accounting Policies (continued)

##### C. Measurement Focus (continued)

##### *Revenues - Exchange and Non-exchange Transactions (continued)*

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

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

##### *Unearned Revenue*

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. The District does not have any unearned revenue at June 30, 2014.

##### *Deferred Outflows/Inflows of Resources*

In addition to assets, the financial statements that report net position may include a section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2014, the District had deferred outflows of resources for a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements that report net position may include a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes delinquent property taxes and intergovernmental grants and investment income. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 2: Summary of Significant Accounting Policies (continued)

##### *D. Basis of Accounting (continued)*

###### *Expenses/Expenditures*

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

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

##### *E. Budgetary Process*

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2014 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 15, the Board-adopted budget is filed with the Lorain County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2014.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 2: Summary of Significant Accounting Policies (continued)

##### *E. Budgetary Process (continued)*

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term inter-fund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the legal level of budgetary control for a fund must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocate or increase the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2014.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control for the fund.

##### *F. Cash and Cash Equivalents*

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements. The District may also utilize an escrow agent to hold retainage on construction contracts. The balances in these accounts are presented on the financial statements as “restricted cash and investments” and represents deposits or investments in money market accounts. At June 30, 2014, there are no balances held with an escrow agent for retainage on construction contracts.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. For investments in open-end mutual funds, fair value is determined by the fund’s share price. Nonparticipating investment contracts such as non-negotiable certificates of deposit and repurchase agreements are reported at cost.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 2: Summary of Significant Accounting Policies (continued)

##### F. Cash and Cash Equivalents (continued)

The District complies with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. As a governmental entity other than an external investment pool in accordance with GASB 31, the District's investments are stated at fair value, except for interest-earning investment contracts, money market investments, and external investment pools (Note 6).

In applying GASB Statement No. 31, the District utilized the following methods and assumptions as of June 30, 2014:

The portfolio was limited to repurchase agreements, government securities, money market accounts, and State Treasury Asset Reserve of Ohio (STAR Ohio).

Most of the District's investments are reported at fair value, which is the quoted market price as of the valuation date. For investments in STAR Ohio, fair value is determined by the pool's share price. Exceptions to the fair value requirement include nonparticipating interest-earning investment contracts.

Nonparticipating investment contracts, such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost. Money market investments, including U.S. Treasury and agency obligations that had a remaining maturity of one year or less at the time of purchase by the District, are reported at amortized cost.

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

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

Midview Local School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2014. STAR Ohio is an investment pool managed by the State Treasurer's office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2014.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$3,799, which includes \$987 assigned from other District funds.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 2: Summary of Significant Accounting Policies (continued)

##### *F. Cash and Cash Equivalents (continued)*

Based upon the reporting requirements of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the District does not sponsor an external investment pool.

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

##### *G. Inventory*

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

##### *H. Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which it was consumed.

##### *I. Restricted Assets*

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the general fund include amounts required by state Statute to be set-aside for capital acquisition (Note 21). Restricted assets in the other governmental funds include amounts for the classroom facilities assistance program.

##### *J. Capital Assets*

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

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 2: Summary of Significant Accounting Policies (continued)

##### *J. Capital Assets (continued)*

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business - Type Activities Estimated Lives</u>
Land Improvements	20-30 years	N/A
Buildings and Improvements	10-50 years	N/A
Furniture and Equipment	5-15 years	5-15 years
Vehicles	8-10 years	N/A

##### *K. Interfund Balances*

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

##### *L. Compensated Absences*

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

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### ***L. Compensated Absences (continued)***

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

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

##### ***M. Accrued Liabilities and Long-term Obligations***

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

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

##### ***N. Net Position***

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. As of June 30, 2014, net position restricted was \$2,574,287 in the Statement of Net Position, none of which were by enabling legislation.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 2: Summary of Significant Accounting Policies (continued)

##### *O. Fund Balance*

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

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

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

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

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

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

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

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### ***P. Operating Revenues and Expenses***

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

##### ***Q. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During 2014, the District had neither extraordinary items nor special items.

##### ***R. Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after 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.

##### ***S. Estimates***

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

##### ***T. Comparative Data/Reclassifications***

Prior year data presented in Management's Discussion and Analysis have been reclassified in order to be comparative and provide an understanding of the changes in financial position and operations. Certain reclassifications have been made to the 2013 financial statements in order to conform to the 2014 presentation.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 3: Change in Accounting Principles and Restatement of Net Position**

##### **A. Change in Accounting Principles**

For fiscal year 2014, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 66, *Technical Corrections – 2012; and amendment of GASB Statements No. 10 and No. 62*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

GASB Statement No. 65 specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, and inflows of resources. The implementation of GASB Statement No. 65 resulted in a restatement of beginning fund balances to expense debt issuance costs in the year incurred rather than capitalizing and amortizing over the life of the debt. Additionally, the District recorded deferred outflows of resources and deferred inflows of resources in accordance with the Standard.

GASB Statement No. 66 resolves conflicting guidance that resulted from the issuance of two pronouncements, GASB Statement No. 54 and GASB Statement No. 62. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

GASB Statement No. 69 establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statements also provides guidance on how to determine the gain or loss on a disposal of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 70 establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

##### **B. Restatement of Prior Year’s Net Position**

During fiscal year 2014, the District implemented GASB 65 which resulted in the elimination of unamortized debt issuance costs as they are treated as an expense in the year incurred. In addition, the District restated capital assets as a result of performing a detail physical inventory inspection of the capital assets owned by the District. These restatements had the following effects on net position at June 30, 2014:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position at June 30, 2013	\$ 28,653,071	\$ 573,965	\$ 29,227,036
Unamortized debt issuance costs	(264,063)	-	(264,063)
Restatement of capital assets	<u>(1,300,121)</u>	<u>35,360</u>	<u>(1,264,761)</u>
Restated net position at June 30, 2014	<u>\$ 27,088,887</u>	<u>\$ 609,325</u>	<u>\$ 27,698,212</u>

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

#### Note 3: Change in Accounting Principles and Restatement of Net Position (continued)

##### B. Restatement of Prior Year's Net Position

The food service enterprise fund was restated from \$573,965 to \$609,325 to account for the total Business-Type Activities capital assets restatement.

#### Note 4: Fund Balances

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

<u>Fund Balances</u>	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Nonspendable:				
Inventory	\$ 225,162	\$ -	\$ -	\$ 225,162
Prepays	21,686	-	-	21,686
Total nonspendable	<u>246,848</u>	<u>-</u>	<u>-</u>	<u>246,848</u>
Restricted for:				
Debt service payments	-	-	5,400	5,400
Community activities	-	-	112,673	112,673
Athletics	-	-	71,614	71,614
Capital improvements	919,455	2,247,775	1,875,795	5,043,025
Other purposes	145,086	-	166,121	311,207
Total restricted	<u>1,064,541</u>	<u>2,247,775</u>	<u>2,231,603</u>	<u>5,543,919</u>
Committed to:				
Capital improvements	-	-	3,700	3,700
Other purposes	250,514	-	-	250,514
Total committed	<u>250,514</u>	<u>-</u>	<u>3,700</u>	<u>254,214</u>
Assigned to:				
Capital improvements	-	-	30,715	30,715
Other purposes	305,569	-	-	305,569
Total assigned	<u>305,569</u>	<u>-</u>	<u>30,715</u>	<u>336,284</u>
Unassigned (deficit)	<u>142,292</u>	<u>-</u>	<u>(144,647)</u>	<u>(2,355)</u>
Total fund balance	\$ <u>2,009,764</u>	\$ <u>2,247,775</u>	\$ <u>2,121,371</u>	\$ <u>6,378,910</u>

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 5: Budgetary Basis of Accounting**

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

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

- (a) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
- (b) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP); and
- (c) Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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

	<u>Net Change In Fund Balance</u>
GAAP Basis	\$ 951,800
Net Adjustment for Revenue Accruals	852,509
Advances - in	324,000
Net Adjustment for Expenditure Accruals	(2,022,273)
Advances - out	(78,000)
Adjustment for Encumbrances	(676,431)
To reclassify the net change in fund balance for funds combined with the general fund for GASB 54	<u>(20,444)</u>
Budget Basis	\$ <u>(668,839)</u>

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

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 6: Deposits and Investments**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

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

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

1. United States Treasury notes, bills, bonds, or other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 6: Deposits and Investments (continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

#### Deposits

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

At year-end, the carrying amount of the District's deposits was \$2,313,487 and the bank balance was \$2,824,619. Of the bank balance, \$250,000 was covered by Federal depository insurance and \$2,574,619 was collateralized with securities held by the pledging institution's trust department, not in the District's name.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 6: Deposits and Investments (continued)

##### Investments

Investments are reported as fair value. As of June 30, 2014, the District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
STAR Ohio	\$ 1,093,660	Less than 6 months
Federal National Mortgage Association	4,730,000	Greater than 5 years
Fifth Third money market	<u>13</u>	Less than 6 months
Total investments	<u>\$ 5,823,673</u>	

**Interest Rate Risk** arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The District's investment policy addresses interest rate risk requiring that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The District investment policy also limits security purchases to those that mature within five years unless specifically matched to a specific cash flow. The Federal National Mortgage Association investment is held through a sweep repurchase agreement and was not purchased directly by the District.

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

**Credit Risk** is addressed by the District's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that the portfolio be diversified both by types of investment and issuer. All investments of the District are registered and carry a rating AAAM by Standard & Poor's.

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

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
STAR Ohio	18.78%
Federal National Mortgage Association	81.22
Firth Third Money Market	< 0.01

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 7: Receivables**

Receivables at June 30, 2014 consisted of taxes, accounts and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables reported on the Statement of Net Position follows:

Governmental activities:	
Title VI-B IDEA	\$ 83,234
Title I	33,842
School Employees Retirement System	82,855
Medicaid reimbursement	12,822
Miscellaneous state and federal grants	<u>17,064</u>
Total governmental activities	\$ <u>229,817</u>

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

#### **Note 8: Property Taxes**

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, 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 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, are levied after April 1, 2013 and are collected in 2014 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.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

#### Note 8: Property Taxes (continued)

Tangible personal property tax revenue received from telephone companies during calendar 2014 were levied after October 1, 2013, on the value as of December 31, 2013. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures, is no longer levied and collected.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Midview Local School District. The County Auditor periodically advances to the District its portion of the taxes. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second-Half Collections		2014 First-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 417,699,980	96.01%	\$ 419,722,590	95.75%
Public Utility Personal	<u>17,356,150</u>	<u>3.99%</u>	<u>18,625,220</u>	<u>4.25%</u>
	\$ <u>435,056,130</u>	<u>100.00%</u>	\$ <u>438,347,810</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ <u>46.83</u>		\$ <u>57.49</u>	

Accrued property taxes receivable includes real property, public utility property, and tangible personal taxes which became measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current year fiscal year operations. The receivable is, therefore, offset by a credit to deferred inflow of resources for that portion not levied to finance current fiscal year operations. The late settlement and the amount available to the District as an advance at June 30, 2014 are recognized as revenue.

At June 30, 2014, \$1,672,089 was available as an advance to the general fund, \$163,161 for the permanent improvement fund, and \$55,980 for the Grafton Public Library fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 9: Interfund Transfers and Balances

##### A. Interfund Balances

Interfund loans receivable/payable consisted of the following at June 30, 2014, as reported on the fund statement.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other governmental funds	\$ <u>77,300</u>

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

##### B. Interfund Transfers

Interfund transfers for the year ended June 30, 2014, consisted of the following, as reported on the fund statements.

	<u>Amount</u>
Transfers from general fund to:	
Permanent improvement fund	\$ 1,211,850
Other governmental funds	<u>31,470</u>
	\$ <u>1,243,320</u>

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

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

#### Note 10: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Restated Balance June 30, 2013	Additions	Disposals	Balance June 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,236,608	\$ -	\$ -	\$ 2,236,608
Construction in progress	-	485,218	-	485,218
Total capital assets, not being depreciated	<u>2,236,608</u>	<u>485,218</u>	<u>-</u>	<u>2,721,826</u>
Capital assets being depreciated:				
Land improvements	5,493,825	345,073	-	5,838,898
Buildings and improvements	52,815,314	34,980	-	52,850,294
Furniture and equipment	5,386,042	40,852	(32,507)	5,394,387
Vehicles	3,002,718	411,950	-	3,414,668
Total capital assets being depreciated	<u>66,697,899</u>	<u>832,855</u>	<u>(32,507)</u>	<u>67,498,247</u>
Less accumulated depreciation:				
Land improvements	(2,785,287)	(288,072)	-	(3,073,359)
Buildings and improvements	(15,781,978)	(1,338,865)	-	(17,120,843)
Furniture and equipment	(1,897,169)	(657,705)	27,888	(2,526,986)
Vehicles	(2,025,655)	(185,279)	-	(2,210,934)
Total accumulated depreciation	<u>(22,490,089)</u>	<u>(2,469,921)</u>	<u>27,888</u>	<u>(24,932,122)</u>
Total capital assets being depreciated, net	<u>44,207,810</u>	<u>(1,637,066)</u>	<u>(4,619)</u>	<u>42,566,125</u>
Governmental activities capital assets, net	\$ <u>46,444,418</u>	\$ <u>(1,151,848)</u>	\$ <u>(4,619)</u>	\$ <u>45,287,951</u>
Business-type activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 679,122	\$ -	\$ -	\$ 679,122
Vehicles	24,972	-	-	24,972
Total capital assets being depreciated	<u>704,094</u>	<u>-</u>	<u>-</u>	<u>704,094</u>
Less accumulated depreciation:				
Furniture and equipment	(325,953)	(33,960)	-	(359,913)
Vehicles	(22,475)	-	-	(22,475)
Total accumulated depreciation	<u>(348,428)</u>	<u>(33,960)</u>	<u>-</u>	<u>(382,388)</u>
Business-type activities capital assets, net	\$ <u>355,666</u>	\$ <u>(33,960)</u>	\$ <u>-</u>	\$ <u>321,706</u>

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 10: Capital Assets (continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular education	\$ 1,097,560
Special education	1,018
Vocational education	3,751
Other	67,400

Support services:

Instructional staff	259,530
Administration	8,572
Operations and maintenance - plant	835,543
Pupil transportation	174,563
Community Services	6,827
Extracurricular activities	<u>15,157</u>

Total \$ 2,469,921

#### **Note 11: Pension Plans**

##### **A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. 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 State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ended June 30 2014, the allocation to pension and death benefits was 13.1 percent. The remaining 0.9 percent of the 14 percent employer contribution rate was allocated to the Health Care and Medicare B Funds.

The District's total contributions to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$435,730, \$447,586 and \$466,653, respectively; 87.8 percent has been contributed for fiscal year 2014 and 100 percent has been contributed for 2013 and 2012.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 11: Pension Plans (continued)

##### *B. State Teachers Retirement System*

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771 or by calling toll free 1-888-227-7877 or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members may transfer to a different STRS Ohio retirement plan during their fifth year of membership. Eligible members who do not make a choice during the reselection period will permanently remain in their current plan.

The DB Plan benefits are established under Chapter 3307 of the Ohio Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

The DC Plan benefits are established under Sections 3307.80 and 3307.89 of the Ohio Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 11: Pension Plans (continued)

##### *B. State Teachers Retirement System (continued)*

account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

In the Combined Plan, member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying one percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits were increased by 3 percent of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC, or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2014 plan members were required to contribute 11 percent. For fiscal year ended June 30, 2013 and 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent for all three years.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 11: Pension Plans (continued)**

##### ***B. State Teachers Retirement System (continued)***

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$1,662,281, \$1,693,247, and \$1,659,905, respectively; 91.3 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$41,606 made by the District and \$32,690 made by the plan members.

##### ***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2014, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

#### **Note 12: Post-Employment Benefits**

##### ***A. School Employees Retirement System***

The District participates in two cost-sharing, multiple-employer defined benefit OPEB plans administered by SERS for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50 if they participated in one of SERS' health care plans.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation is 0.76 percent. The District's contributions for the years ended June 30, 2014, 2013, and 2012 were \$29,068, \$29,038, and \$29,135, respectively; 87.8 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 12: Post-Employment Benefits (continued)**

##### **A. School Employees Retirement System (continued)**

The ORC provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is 0.14 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than two 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 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012 were \$70,672, \$72,735, and \$77,204, respectively; 87.8 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The SERS Retirement Board establishes 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.

The financial reports for SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

##### **B. State Teachers Retirement System**

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio Law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 12: Post-Employment Benefits (continued)**

##### ***B. State Teachers Retirement System (continued)***

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, one percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2014, 2013, and 2012. The 14 percent employer contribution rate is the maximum rate established under Ohio law. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$127,868, \$130,250, and \$127,685, respectively; 91.3 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

#### **Note 13: Other Employee Benefits**

##### ***A. Compensated Absences***

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

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum. Upon retirement, payment is made for 25 percent of the total sick leave accumulation, up to a maximum accumulation of 300 days for certified employees. For administrators, payment is made for 25 percent of the total sick leave accumulation, up to a maximum accumulation of 340 days. For classified employees, the payment is made for 25 percent of the first 100 days accumulated; 35 percent for days 101-250; and 50 percent for days 251-351. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

##### ***B. Life Insurance***

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

##### ***C. Early Retirement Incentive***

The District offers employees participation in a Retirement Incentive Program. Participation is open to certificated employees who opt to retire at the end of any school year and have been approved by STRS Ohio

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 13: Other Employee Benefits (continued)**

##### **C. Early Retirement Incentive**

to receive retirement benefits other than disability retirement. Eligible employees must notify the Board of their intention to retire in writing, no later than March 15 of the year they intend to retire. Eligible employees who fulfill the above requirements will receive a lump sum payment of \$15,000. Certain classified employees are also eligible to receive a retirement incentive.

The 2013-2014 installment of the Retirement Incentive Program will be paid starting in January 2015. The payments of \$60,000 will be made from the general fund. The full amount is considered a long-term liability and will be reported on the government-wide financial statements only.

#### **Note 14: Risk Management**

##### **A. Property and Liability**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2014, the District has contracted with Schools of Ohio Risk Sharing Authority (Agent: CF Risk & Insurance LLC) for property and general liability insurance. Professional liability is provided by Schools of Ohio Risk Sharing Authority with a \$17,000,000 aggregate limit.

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

Performance bonds of \$20,000 are maintained for the treasurer by the Hylant Group.

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

##### **B. Worker's Compensation**

For fiscal year 2014, the District participated in the Better Business Bureau of Central Ohio Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. The firm Sheakley Uniservice Inc. provides administrative, cost control and actuarial services to the GRP.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

#### Note 14: Risk Management (continued)

##### C. Medical

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

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

#### Note 15: Long-Term Liabilities

Changes in long-term debt activity for the year ended June 30, 2014 was as follows:

	Interest Rate	Issue Date	Balance 6/30/13	Additions	Reductions	Balance 6/30/14	Amounts Due in One Year
Governmental activities:							
Certificates of participation	3.0% - 4.0%	11/02/12	\$ 22,595,000	\$ -	\$ 445,000	\$ 22,150,000	\$ 975,000
Premium on certificates of participation	n/a	11/02/12	292,380	-	16,243	276,137	-
GO Judgment bonds	4.97%	06/26/07	2,075,000	-	70,000	2,005,000	70,000
GO Equipment bonds	4.78%	06/26/07	170,000	-	170,000	-	-
School facilities construction and improvement notes	3.25%	07/02/12	201,000	-	66,000	135,000	67,000
Capital leases payable	n/a	n/a	279,043	-	70,642	208,401	55,967
Compensated absences	n/a	n/a	<u>1,445,155</u>	<u>275,438</u>	<u>246,658</u>	<u>1,473,935</u>	<u>176,874</u>
Total governmental activities			\$ <u>27,057,578</u>	\$ <u>275,438</u>	\$ <u>1,084,543</u>	\$ <u>26,248,473</u>	\$ <u>1,344,841</u>
Business-type activities:							
Compensated absences	n/a	n/a	\$ <u>51,650</u>	\$ <u>17,633</u>	\$ <u>5,687</u>	\$ <u>63,596</u>	\$ <u>7,632</u>

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

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 15: Long-Term Liabilities (continued)**

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

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

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

On November 2, 2012, the District issued \$22,595,000 in certificates of participation (“series 2012 certificates”) for the purpose of advance refunding certificates of participation outstanding in order to take advantage of lower interest rates. The interest rates range from 3.0 percent to 4.0 percent.

The series 2012 certificates were sold at a premium of \$308,623. Proceeds of \$22,434,891 and cash reserves of \$2,003,101 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the certificates of participation. As a result, \$23,340,000 of these certificates is considered defeased and the liability for the refunded portion of these certificates has been removed from the District’s financial statements. As of June 30, 2014 the remaining amount of defeased debt still outstanding is \$7,485,924 with the remaining amount redeemed.

*General Obligation Bonds* – In June 2007, the District issued \$2,390,000 of general obligation bonds for the purpose of paying final judgment costs, including defense costs and expenses. The general obligation bonds mature on December 31, 2031. The District also issued \$350,000 of general obligation equipment bonds for the purpose of acquiring school equipment, including buses, textbooks and technology upgrades. The general obligation equipment bonds were scheduled to mature on December 1, 2016, however, the District prepaid the full balance of the bonds in 2014. The annual principal and interest requirements of the general obligation judgment bonds are payable from resources from the permanent improvement fund.

*School Facilities Construction and Improvement Notes* – In July 2012, the District issued \$267,000 of taxable general obligation notes for the purposes of acquiring, constructing, improving, furnishing and equipping school facilities, including constructing and installing a new athletic field at Adelsberg Stadium. The annual principal and interest requirement of these notes is payable from the other grants fund.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

#### Note 15: Long-Term Liabilities (continued)

Principal and interest requirements to retire the long-term debt outstanding at June 30, 2014 are as follows:

	Governmental Activities			
	Certificates of Participation		GO Judgment Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 975,000	\$ 724,518	\$ 70,000	\$ 97,909
2016	1,015,000	684,718	75,000	94,306
2017	1,055,000	643,318	80,000	90,454
2018	1,100,000	605,718	85,000	86,354
2019	1,135,000	572,193	85,000	82,129
2020-2024	6,270,000	2,223,715	500,000	340,444
2025-2029	7,330,000	1,154,204	640,000	199,548
2030-2032	<u>3,270,000</u>	<u>113,313</u>	<u>470,000</u>	<u>35,784</u>
Total	\$ <u>22,150,000</u>	\$ <u>6,721,697</u>	\$ <u>2,005,000</u>	\$ <u>1,026,928</u>

	Governmental Activities			
	School Facilities Construction and Improvement Notes		Totals	
	Principal	Interest	Principal	Interest
2015	\$ 67,000	\$ 4,390	\$ 1,112,000	\$ 826,817
2016	68,000	2,210	1,158,000	781,234
2017	-	-	1,135,000	733,772
2018	-	-	1,185,000	692,072
2019	-	-	1,220,000	654,322
2020-2024	-	-	6,770,000	2,564,159
2025-2029	-	-	7,970,000	1,353,752
2030-2032	<u>-</u>	<u>-</u>	<u>3,740,000</u>	<u>149,097</u>
Total	\$ <u>135,000</u>	\$ <u>6,600</u>	\$ <u>24,290,000</u>	\$ <u>7,755,225</u>

#### Note 16: Notes Payable

Note payable activity for the year ended June 30, 2014 consisted of the following:

	Balance <u>6/30/13</u>	Issued	Retired	Balance <u>6/30/14</u>
Short-term notes:				
Current Tax Revenue Note, Series 2013- 2014 (Federally Taxable), 0.99%	\$ <u>-</u>	\$ <u>1,500,000</u>	\$ <u>1,500,000</u>	\$ <u>-</u>

The current tax revenue note was dated December 27, 2013 and was payable on any date on or after February 25, 2014 with final payment due April 25, 2014. Proceeds from the note was for the purpose of paying current expenses in anticipation of the collection of current property tax revenues in fiscal year 2014.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### Note 17: Lease Obligations

The District has entered into capital leases for copier equipment. These leases meet the criteria of a capital lease in accordance with the "Leases" topic of FASB ASC. Principal payments for all capital leases during fiscal year 2014 totaled \$57,955. The payments were made from the general fund. The lease payments will be paid with current, available resources that have accumulated in the fund. These amounts represent the present value of the minimum lease payments at the inception of the lease:

	<u>Governmental Activities</u>
Assets:	
Furniture and equipment	\$ 336,998
Less: accumulated depreciation	<u>(101,100)</u>
Total	<u>\$ 235,898</u>

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2014:

	<u>Capital Leases</u>
2015	\$ 60,689
2016	72,827
2017	72,827
2018	<u>12,138</u>
Total minimum lease payments	218,481
Less: amounts representing interest	<u>(10,080)</u>
Present value minimum capital lease payments	<u>\$ 208,401</u>

The following is a schedule of the future minimum lease payments required under the operating leases at year-end:

	<u>Operating Leases</u>
2015	\$ 1,668
2016	<u>1,251</u>
Total minimum lease payments	<u>\$ 2,919</u>

Rental expense related to operating leases for equipment totaled \$1,668 for the year ended June 30, 2014.

## Midview Local School District

### Notes to Basic Financial Statements (continued)

#### For the Fiscal Year Ended June 30, 2014

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#### **Note 18: Jointly Governed Organizations and Public Entity Risk Pool**

##### *A. Jointly Governed Organizations*

###### *Lake Erie Regional Council*

The Lake Erie Regional Council (“LERC”) is a jointly governed organization among ten school districts. LERC was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, natural gas consumption, driver education, food service, and insurance. Each member provides operating resources to LERC on a per pupil or actual usage charge (except for insurance). The LERC assembly consists of a superintendent or designated representative from each participating district and the fiscal agent. LERC is governed by a board of directors chosen from the general membership. The degree of control exercised by any participating district is limited to its representation on the board. Financial information is available from the Treasurer of the Educational Service Center of Lorain County, located at 1885 Lake Avenue, Elyria, Ohio 44035. During fiscal year 2014, the District paid \$2,537,123 (including insurance premiums) to LERC.

###### *Lorain County Joint Vocational School District*

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

###### *North Coast Council Ohio*

The North Coast Council Ohio (“NCCO”) is a jointly governed organization comprised of the Educational Service Center of Cuyahoga County, Educational Service Center of Lorain County and 32 school districts. NCCO was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions for member districts. Each of the governments of these districts supports NCCO based upon a per pupil charge, dependent upon the software package utilized. The NCCO assembly consists of a superintendent or designated representative from each participating district, and a representative from the fiscal agent. NCCO is governed by a board of directors chosen from the general membership of the NCCO assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Fiscal information for NCCO is available from the Treasurer of the ESC of Cuyahoga County (fiscal agent), located at 6393 Oaktree Blvd., Independence, Ohio 44131. During the year ended June 30, 2014, the District paid \$642,671 to NCCO for basic service charges.

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 18: Jointly Governed Organizations and Public Entity Risk Pool (continued)**

##### **A. Jointly Governed Organizations (continued)**

###### *Ohio Schools' Council Association*

The Ohio Schools' Council Association (the "Council") is a jointly governed organization among 199 school districts, educational service centers, joint vocational districts and Developmental Disabilities boards. The jointly governed organization was created for the purpose of saving money through volume purchases. Each member supports the Council by paying an annual participation fee. Each member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the "Council Board"). The Council Board is the policy making authority of the Council. The Council Board meets monthly September to June. The Council Board appoints the Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Council Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2014, the District paid \$108,710 to the Council. Financial information can be obtained by contacting William J. Zelei, the Executive Director of the Ohio Schools' Council at 6393 Oak Tree Blvd, Suite 377, Independence, Ohio 44131.

The District participates in the Council's prepaid natural gas program. This program allows school districts to purchase natural gas at reduced rates. Compass Energy had been selected as the natural gas supplier and program manager for the period April 1, 2013 through March 31, 2016. There are currently 151 participants in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

##### **B. Public Entity Risk Pool**

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

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 19: Contingencies**

##### **A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

##### **B. Litigation**

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

#### **Note 20: Fund Deficits**

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Funds</u>		<u>Deficit Fund Balance</u>
Nonmajor special revenue funds:		
Title VI-B special education IDEA	\$	69,128
Title I		63,520
Classroom reduction fund		11,999

The fund deficits in all funds are the result of the recognition of liabilities in accordance with general accepted accounting principles. Management is analyzing the operations of these funds to determine appropriate steps to eliminate the deficits.

#### **Note 21: Set-Aside Calculations**

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

# Midview Local School District

## Notes to Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2014

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#### **Note 21: Set-Aside Calculations (continued)**

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

	Capital Improvements Reserve
Set-Aside Reserve Balance as of June 30, 2013	\$ 546,657
Current Year Set-Aside Requirements	540,522
Qualifying Disbursements	<u>(167,724)</u>
Set-Aside Reserve Balance as of June 30, 2014	\$ <u>919,455</u>

The total reserve balance for the set asides at the end of the fiscal year was \$919,455.

#### **Note 22: Other Significant Commitments**

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

	<u>Encumbrances</u>
General fund	\$ 492,025
Permanent improvement fund	273,702
Other governmental funds	<u>220,669</u>
Total other significant commitments	\$ <u>986,396</u>

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MIDVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. Department of Agriculture</b>						
<i>Passed Through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
National School Lunch Program		10.555	\$391,988	\$75,189	\$391,988	\$75,189
National School Breakfast Program		10.553	106,875		106,875	
Total Child Nutrition Cluster			<u>498,863</u>	<u>75,189</u>	<u>498,863</u>	<u>75,189</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>498,863</u></b>	<b><u>75,189</u></b>	<b><u>498,863</u></b>	<b><u>75,189</u></b>
<b>U.S. Department of Education</b>						
<i>Passed Through the Ohio Department of Education:</i>						
Special Education-Grants to States	2013	84.027	62,150		82,069	
	2014	84.027	489,539		476,267	
Total Special Education-Grants to States			<u>551,689</u>		<u>558,336</u>	
Title I Grants to Local Educational Agencies	2013	84.010	55,022		75,258	
	2014	84.010	359,064		355,713	
Total Title I Grants to Local Educational Agencies			<u>414,086</u>		<u>430,971</u>	
Improving Teacher Quality State Grants	2013	84.367	7,370		17,237	
	2014	84.367	66,330		65,517	
Total Improving Teacher Quality State Grants			<u>73,700</u>		<u>82,754</u>	
<b>Total U.S. Department of Education</b>			<b><u>1,039,475</u></b>		<b><u>1,072,061</u></b>	
<b>Total Federal Assistance</b>			<b><u>\$1,538,338</u></b>	<b><u>\$75,189</u></b>	<b><u>\$1,570,924</u></b>	<b><u>\$75,189</u></b>

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this statement.

**MIDVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Midview Local School District's (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - 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 C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Midview Local School District, Lorain County, Ohio (the School) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated March 10, 2015. We noted the School's 2013 financial statements have been restated to correct a misstatement related to capital assets.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the School'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 School'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 School'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 School'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 School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 10, 2015



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited Midview Local School District's (the School's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Midview Local School District's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School's major federal programs.

### ***Management's Responsibility***

The School's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the School's compliance for each of the School'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 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 School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, Midview Local School District 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, 2014.

**Report on Internal Control Over Compliance**

The School'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 School'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 OMB Circular A-133, 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 School'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 compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 10, 2015

**MIDVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2014**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	No
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Unmodified
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Grants to States; CFDA# 84.027  Title I Grants to Local Educational Agencies; CFDA# 84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	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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# Dave Yost • Auditor of State

**MIDVIEW LOCAL SCHOOL DISTRICT**

**LORAIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 24, 2015**