# MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT
## CLERMONT COUNTY

## SINGLE AUDIT

## FOR THE YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT**
**CLERMONT COUNTY**

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OHIO AUDITOR OF STATE
KEITH FABER

**INDEPENDENT AUDITOR'S REPORT**

Milford Exempted Village School District
Clermont County
1099 State Route 131
Milford, Ohio 45150

To the Board of Education:

***Report on the Financial Statements***

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

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Milford Exempted Village School District, Clermont County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof 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 9 and 20 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 03, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 5, 2019

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

**Financial Highlights**

Key financial highlights for 2018 are as follows:

- Net position of governmental activities increased $34,818,868 which represents a 94% increase from 2017.

- General revenues accounted for $72,315,181 in revenue or 85% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $12,850,754 or 15% of total revenues of $85,165,935.

- Business-type operations reflected an operating income of $536,222.

- The District had $50,347,067 in expenses related to governmental activities; $12,850,754 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $72,315,181 were also used to provide for these programs.

**Overview of the Financial Statements**

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

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

**Government-Wide Financial Statements**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2018?" The Government-wide Financial Statements answers this question. These statements include *all assets and deferred outflows,* and *liabilities and deferred inflows* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. Food service provided for other local districts and schools is reported as business activities.

**Fund Financial Statements**

The analysis of the District's major funds are presented in the Fund Financial Statements. Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The General Fund and Food Service Provided for Other Districts Fund are the major funds of the District.

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

***Proprietary Funds*** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

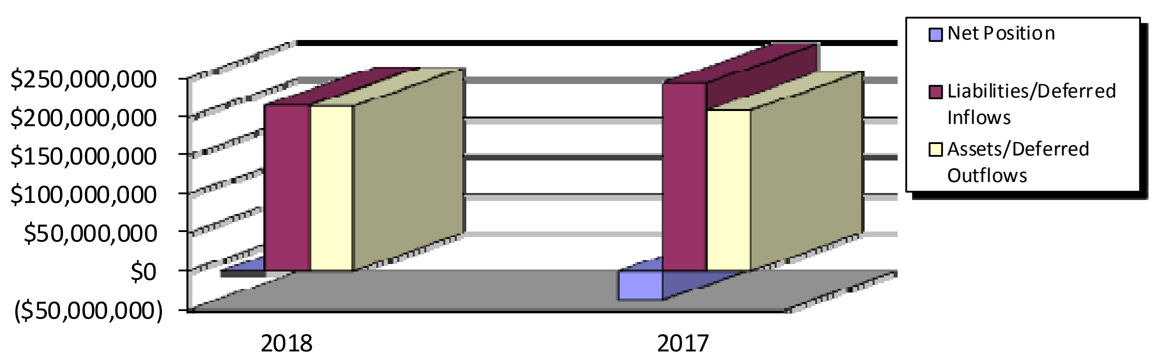
***Fiduciary Funds*** Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

## The District as a Whole

As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2018 compared to 2017:

**Table 1**
**Net Position**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 - Restated | 2018 | 2017- Restated | 2018 | 2017 - Restated |
| Assets: | | | | | | |
| Current and Other Assets | $90,871,483 | $86,939,092 | $2,294,650 | $1,744,116 | $93,166,133 | $88,683,208 |
| Capital Assets | 91,549,769 | 94,594,444 | 0 | 0 | 91,549,769 | 94,594,444 |
| Total Assets | 182,421,252 | 181,533,536 | 2,294,650 | 1,744,116 | 184,715,902 | 183,277,652 |
| Deferred Outflows of Resources: | | | | | | |
| Deferred Charge on Refunding | 2,192,079 | 2,373,944 | 0 | 0 | 2,192,079 | 2,373,944 |
| OPEB | 935,920 | 168,595 | 10,185 | 7,161 | 946,105 | 175,756 |
| Pension | 26,196,026 | 23,060,549 | 140,255 | 282,096 | 26,336,281 | 23,342,645 |
| Total Deferred Outflows of Resources | 29,324,025 | 25,603,088 | 150,440 | 289,257 | 29,474,465 | 25,892,345 |
| Liabilities: | | | | | | |
| Other Liabilities | 6,868,799 | 7,160,877 | 93,975 | 95,393 | 6,962,774 | 7,256,270 |
| Long-Term Liabilities | 166,932,376 | 202,021,582 | 1,173,430 | 2,231,981 | 168,105,806 | 204,253,563 |
| Total Liabilities | 173,801,175 | 209,182,459 | 1,267,405 | 2,327,374 | 175,068,580 | 211,509,833 |
| Deferred Inflows of Resources: | | | | | | |
| Property Taxes | 31,112,916 | 31,219,154 | 0 | 0 | 31,112,916 | 31,219,154 |
| Grants and Other Taxes | 2,511,439 | 2,500,000 | 0 | 0 | 2,511,439 | 2,500,000 |
| Deferred Gain on Refunding | 1,014,818 | 1,127,576 | 0 | 0 | 1,014,818 | 1,127,576 |
| OPEB | 2,311,980 | 0 | 44,228 | 0 | 2,356,208 | 0 |
| Pension | 3,216,915 | 150,269 | 27,193 | 7,969 | 3,244,108 | 158,238 |
| Total Deferred Inflows of Resources | 40,168,068 | 34,996,999 | 71,421 | 7,969 | 40,239,489 | 35,004,968 |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 30,704,403 | 31,337,901 | 0 | 0 | 30,704,403 | 31,337,901 |
| Restricted | 8,033,895 | 7,479,344 | 0 | 0 | 8,033,895 | 7,479,344 |
| Unrestricted | (40,962,264) | (75,860,079) | 1,106,264 | (301,970) | (39,856,000) | (76,162,049) |
| Total Net Position | ($2,223,966) | ($37,042,834) | $1,106,264 | ($301,970) | ($1,117,702) | ($37,344,804) |



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

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

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

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

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

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

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

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

As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from ($13,641,048) to ($37,344,804).

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018, the District's assets and deferred outflows were less than liabilities and deferred inflows by $2,223,966.

At year-end, capital assets represented 50% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2018, were $30,704,403. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, $8,033,895 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current and other assets increased from the prior year mainly due to an increase in pooled cash and investments. Capital assets decreased in 2018 as compared to 2017 mainly due to depreciation expense exceeding current year additions. Total 2018 liabilities decreased due to a decrease in the net pension liability.

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Table 2 shows the changes in net position for fiscal years 2018 and 2017.

**Table 2**
**Changes in Net Position**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charge for Services | $5,883,122 | $5,631,106 | $1,459,269 | $1,504,789 | $7,342,391 | $7,135,895 |
| Operating Grants, Contributions | 6,967,632 | 7,161,512 | 872,012 | 980,501 | 7,839,644 | 8,142,013 |
| General Revenues: | | | | | | |
| Property Taxes | 41,730,151 | 41,824,970 | 0 | 0 | 41,730,151 | 41,824,970 |
| Grant and Entitlements | 26,720,647 | 26,014,593 | 0 | 0 | 26,720,647 | 26,014,593 |
| Investment Earnings | 93,430 | 96,895 | 0 | 0 | 93,430 | 96,895 |
| Other | 3,770,953 | 3,794,190 | 0 | 0 | 3,770,953 | 3,794,190 |
| Total Revenues | 85,165,935 | 84,523,266 | 2,331,281 | 2,485,290 | 87,497,216 | 87,008,556 |
| Program Expenses: | | | | | | |
| Instruction | 29,480,026 | 49,712,444 | 0 | 0 | 29,480,026 | 49,712,444 |
| Support Services: | | | | | | |
| Pupil and Instructional Staff | 2,255,719 | 4,734,857 | 0 | 0 | 2,255,719 | 4,734,857 |
| School Administrative, General Administration, Fiscal and Business | 1,882,470 | 6,216,109 | 0 | 0 | 1,882,470 | 6,216,109 |
| Operations and Maintenance | 4,035,563 | 5,631,310 | 0 | 0 | 4,035,563 | 5,631,310 |
| Pupil Transportation | 5,920,882 | 5,572,550 | 0 | 0 | 5,920,882 | 5,572,550 |
| Central | 999,619 | 1,455,985 | 0 | 0 | 999,619 | 1,455,985 |
| Operation of Non-Instructional Services | 2,504,126 | 4,249,039 | 0 | 0 | 2,504,126 | 4,249,039 |
| Extracurricular Activities | 722,970 | 1,603,143 | 0 | 0 | 722,970 | 1,603,143 |
| Interest and Fiscal Charges | 2,545,692 | 1,826,266 | 0 | 0 | 2,545,692 | 1,826,266 |
| Food Services | 0 | 0 | 923,047 | 1,734,512 | 923,047 | 1,734,512 |
| Total Program Expenses | 50,347,067 | 81,001,703 | 923,047 | 1,734,512 | 51,270,114 | 82,736,215 |
| Change in Net Position | 34,818,868 | 3,521,563 | 1,408,234 | 750,778 | 36,227,102 | 4,272,341 |
| Net Position - Beginning of Year, Restated | (37,042,834) | N/A | (301,970) | N/A | (37,344,804) | N/A |
| Net Position - End of Year | ($2,223,966) | ($37,042,834) | $1,106,264 | ($301,970) | ($1,117,702) | ($37,344,804) |

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $175,756 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $2,152,916. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

| | |
|---|---|
| Total 2018 operating expenses under GASB 75 | $51,270,114 |
| Negative OPEB expense under GASB 75 | 2,152,916 |
| 2018 contractually required contribution | 249,952 |
| Adjusted 2018 operating expenses | 53,672,982 |
| Total 2017 operating expenses under GASB 45 | 81,001,703 |
| Change in operating expenses not related to OPEB | ($27,328,721) |

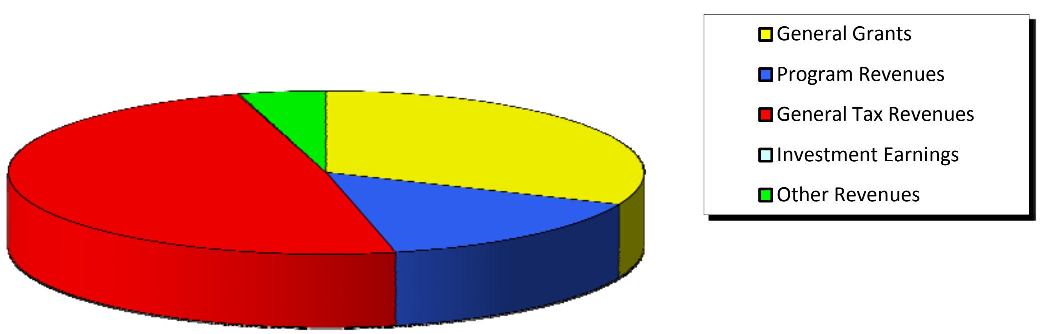
The District's revenues are mainly from two sources. Property taxes levied for general, special revenue, and debt service, purposes and grants and entitlements comprised 80% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at $100,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three years later the home were reappraised and increased to $200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay $35.00.

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 49% of revenue for governmental activities for the District in fiscal year 2018.

**Governmental Activities**
**Revenue Sources**

| Revenue Sources | 2018 | Percentage |
|---|---|---|
| General Grants | $26,720,647 | 31.4% |
| Program Revenues | 12,850,754 | 15.1% |
| General Tax Revenues | 41,730,151 | 49.0% |
| Investment Earnings | 93,430 | 0.1% |
| Other Revenues | 3,770,953 | 4.4% |
| Total Revenue Sources | $85,165,935 | 100.0% |




Instruction comprises 59% of governmental program expenses. Support services expenses were 30% of governmental program expenses. All other expenses including interest and fiscal charges were 11% . Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Total revenues increased mainly due to an increase in charges for services and sales and grants and entitlements revenue. Total expenses decreased primarily due to net pension liability and other post employment benefits liability.

## Governmental Activities

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

**Table 3**
**Governmental Activities**

| | Total Cost of Services | | Net Cost of Services | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Instruction | $29,480,026 | $49,712,444 | ($21,116,848) | ($41,496,586) |
| Support Services: | | | | |
| Pupil and Instructional Staff | 2,255,719 | 4,734,857 | (1,387,100) | (3,940,912) |
| School Administrative, General Administration, Fiscal and Business | 1,882,470 | 6,216,109 | (1,805,042) | (6,139,977) |
| Operations and Maintenance | 4,035,563 | 5,631,310 | (3,782,254) | (5,254,311) |
| Pupil Transportation | 5,920,882 | 5,572,550 | (5,669,573) | (5,320,501) |
| Central | 999,619 | 1,455,985 | (985,219) | (1,441,585) |
| Operation of Non-Instructional Services | 2,504,126 | 4,249,039 | 72,965 | (1,633,825) |
| Extracurricular Activities | 722,970 | 1,603,143 | (277,550) | (1,155,122) |
| Interest and Fiscal Charges | 2,545,692 | 1,826,266 | (2,545,692) | (1,826,266) |
| Total Expenses | $50,347,067 | $81,001,703 | ($37,496,313) | ($68,209,085) |

## The District's Funds

The District has one major governmental fund: the General Fund. Assets of the General Fund comprised $79,660,812 (86%) of the total $92,188,614 governmental funds assets.

***General Fund***: Fund balance at June 30, 2018 was $43,023,414, an increase in fund balance of $4,678,165 from 2017. The increase in fund balance was mainly due to an increase in intergovernmental and tuition and fees revenue.

## General Fund Budgeting Highlights

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

The District amended its general fund budget throughout the fiscal year. The District revised the Budget to deal with minor changes in expenditures.

For the General Fund, original estimated revenue was $67,981,704. The final estimated revenue was $71,106,942.

The District's ending unobligated cash balance was $37,727,820.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2018, the District had $91,549,769 invested in land, construction in progress, buildings and improvements, and equipment. Table 4 shows fiscal 2018 balances compared to fiscal 2017:

**Table 4**
**Capital Assets at Year End**
**(Net of Depreciation)**

| | Governmental Activities | |
|---|---|---|
| | 2018 | 2017 |
| Land | $4,929,449 | $4,929,449 |
| Construction in Progress | 300,000 | 28,441,490 |
| Buildings and Improvements | 85,080,613 | 60,036,639 |
| Equipment | 1,239,707 | 1,186,866 |
| Total Net Capital Assets | $91,549,769 | $94,594,444 |

The decrease in capital assets is due to depreciation and disposals exceeding additions in 2017.

See Note 6 to the basic financial statements for further details on the District's capital assets.

***Debt***

At June 30, 2018, the District had $63,518,206 in bonds payable, $1,715,000 due within one year. Table 5 summarizes outstanding debt at year end.

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**Table 5**
**Outstanding Debt at Year End**

| | Governmental Activities | |
|---|---|---|
| | 2018 | 2017 |
| Bonds Payable: | | |
| Refunded General Obligation Bonds - 2007 | $10,325,000 | $10,325,000 |
| Long Term Notes | 1,432,000 | 1,508,000 |
| 2008 School Improvement Bonds: Current Interest | 0 | 315,000 |
| 2008 School Improvement Bonds: Capital Appreciation - Principal | 190,000 | 285,000 |
| 2008 School Improvement Bonds: Capital Appreciation - Interest | 1,231,015 | 992,177 |
| 2015 Refunding of Series 2006 | 4,575,000 | 6,010,000 |
| 2015 Refunding of Series 2008: Current Interest | 28,175,000 | 28,245,000 |
| 2015 Refunding of Series 2008: Capital Appreciation - Principal | 435,000 | 435,000 |
| 2015 Refunding of Series 2008: Capital Appreciation - Interest | 264,564 | 167,497 |
| Premium on Bonds | 4,415,767 | 4,736,733 |
| 2017 Refunding of Series 2007 | 10,960,000 | 10,960,000 |
| Premium on 2017 Refunding Bonds | 1,514,860 | 1,683,178 |
| Total Long Term Debt | $63,518,206 | $65,662,585 |

See Note 7 to the basic financial statements for further details on the District's long-term obligations.

**For the Future**

The continued financial support provided by the State of Ohio will remain a challenge to all Ohio public school districts. Public school districts in Ohio have seen several different state funding formulas or calculations within the last decade. The current funding formula approved in the latest State biennium budget projects that the District will receive an additional $600,000 in fiscal year 2019 in basic funding. It also projects that the District will lose $250,000 in transportation funding. With the current Ohio Governor being term limited in January 2019, it is uncertain the impact the new Governor will have on Ohio's public school districts.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at Milford Exempted Village School District, 1099 State Route 131, Milford, Ohio 45150.

Milford Exempted Village School District
Statement of Net Position
June 30, 2018

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Assets: | | | |
| Equity in Pooled Cash and Investments | $45,217,771 | $2,253,879 | $47,471,650 |
| Restricted Cash and Investments | 10,051 | 0 | 10,051 |
| Receivables (Net): | | | |
| Taxes | 42,093,409 | 0 | 42,093,409 |
| Accounts | 20,671 | 0 | 20,671 |
| Interest | 159,298 | 0 | 159,298 |
| Intergovernmental | 3,258,156 | 0 | 3,258,156 |
| Inventory | 112,127 | 40,771 | 152,898 |
| Nondepreciable Capital Assets | 5,229,449 | 0 | 5,229,449 |
| Depreciable Capital Assets, Net | 86,320,320 | 0 | 86,320,320 |
| Total Assets | 182,421,252 | 2,294,650 | 184,715,902 |
| Deferred Outflows of Resources: | | | |
| Deferred Charge on Refunding | 2,192,079 | 0 | 2,192,079 |
| Pension | 26,196,026 | 140,255 | 26,336,281 |
| OPEB | 935,920 | 10,185 | 946,105 |
| Total Deferred Outflows of Resources | 29,324,025 | 150,440 | 29,474,465 |
| Liabilities: | | | |
| Accounts Payable | 32,722 | 10,372 | 43,094 |
| Accrued Wages and Benefits | 6,599,533 | 83,603 | 6,683,136 |
| Accrued Interest Payable | 219,476 | 0 | 219,476 |
| Claims Payable | 17,068 | 0 | 17,068 |
| Long-Term Liabilities: | | | |
| Due Within One Year | 2,461,329 | 0 | 2,461,329 |
| Due In More Than One Year | | | |
| Net Pension Liability | 81,716,561 | 805,473 | 82,522,034 |
| Net OPEB Liability | 18,969,129 | 367,957 | 19,337,086 |
| Other Amounts | 63,785,357 | 0 | 63,785,357 |
| Total Liabilities | 173,801,175 | 1,267,405 | 175,068,580 |
| Deferred Inflows of Resources: | | | |
| Property Taxes | 31,112,916 | 0 | 31,112,916 |
| OPEB | 2,311,980 | 44,228 | 2,356,208 |
| Grants and Other Taxes | 2,511,439 | 0 | 2,511,439 |
| Deferred Gain on Refunding | 1,014,818 | 0 | 1,014,818 |
| Pension | 3,216,915 | 27,193 | 3,244,108 |
| Total Deferred Inflows of Resources | 40,168,068 | 71,421 | 40,239,489 |
| Net Position: | | | |
| Net Investment in Capital Assets | 30,704,403 | 0 | 30,704,403 |
| Restricted for: | | | |
| Debt Service | 4,265,885 | 0 | 4,265,885 |
| Capital Projects | 1,683,954 | 0 | 1,683,954 |
| Classroom Facilities Maintenance | 1,319,324 | 0 | 1,319,324 |
| Athletic | 160,773 | 0 | 160,773 |
| Title VI-B | 46,431 | 0 | 46,431 |
| Title I | 214,162 | 0 | 214,162 |
| State Grants | 41,974 | 0 | 41,974 |
| Federal Grants | 7,025 | 0 | 7,025 |
| Permanent Endowment Nonexpendable | 12,072 | 0 | 12,072 |
| Permanent Endowment Expendable | 142,835 | 0 | 142,835 |
| Other Purposes | 139,460 | 0 | 139,460 |
| Unrestricted | (40,962,264) | 1,106,264 | (39,856,000) |
| Total Net Position | ($2,223,966) | $1,106,264 | ($1,117,702) |

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

| | | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|---|---|---|---|
| | Expenses | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | $20,797,789 | $3,994,551 | $520,936 | ($16,282,302) | $0 | ($16,282,302) |
| Special | 7,608,432 | 205,386 | 2,848,656 | (4,554,390) | 0 | (4,554,390) |
| Vocational | 995,213 | 0 | 6,694 | (988,519) | 0 | (988,519) |
| Other | 78,592 | 0 | 786,955 | 708,363 | 0 | 708,363 |
| Support Services: | | | | | | |
| Pupil | 1,496,734 | 0 | 691,150 | (805,584) | 0 | (805,584) |
| Instructional Staff | 758,985 | 0 | 177,469 | (581,516) | 0 | (581,516) |
| General Administration | 75,411 | 0 | 0 | (75,411) | 0 | (75,411) |
| School Administration | 527,859 | 0 | 76,100 | (451,759) | 0 | (451,759) |
| Fiscal | 1,092,204 | 0 | 1,328 | (1,090,876) | 0 | (1,090,876) |
| Business | 186,996 | 0 | 0 | (186,996) | 0 | (186,996) |
| Operations and Maintenance | 4,035,563 | 193,081 | 60,228 | (3,782,254) | 0 | (3,782,254) |
| Pupil Transportation | 5,920,882 | 0 | 251,309 | (5,669,573) | 0 | (5,669,573) |
| Central | 999,619 | 0 | 14,400 | (985,219) | 0 | (985,219) |
| Operation of Non-Instructional Services | 2,504,126 | 1,044,684 | 1,532,407 | 72,965 | 0 | 72,965 |
| Extracurricular Activities | 722,970 | 445,420 | 0 | (277,550) | 0 | (277,550) |
| Interest and Fiscal Charges | 2,545,692 | 0 | 0 | (2,545,692) | 0 | (2,545,692) |
| Total Governmental Activities | 50,347,067 | 5,883,122 | 6,967,632 | (37,496,313) | 0 | (37,496,313) |
| Business-Type Activities: | | | | | | |
| Food Service | 923,047 | 1,459,269 | 872,012 | 0 | 1,408,234 | 1,408,234 |
| Total Business-Type Activities | 923,047 | 1,459,269 | 872,012 | 0 | 1,408,234 | 1,408,234 |
| Totals | $51,270,114 | $7,342,391 | $7,839,644 | (37,496,313) | 1,408,234 | (36,088,079) |
| General Revenues: | | | | | | |
| Property Taxes Levied for: | | | | | | |
| General Purposes | | | | 35,991,049 | 0 | 35,991,049 |
| Special Revenue Purposes | | | | 563,389 | 0 | 563,389 |
| Debt Service Purposes | | | | 5,175,713 | 0 | 5,175,713 |
| Grants and Entitlements, Not Restricted | | | | 26,720,647 | 0 | 26,720,647 |
| Revenue in Lieu of Taxes | | | | 3,106,021 | 0 | 3,106,021 |
| Unrestricted Contributions | | | | 59,463 | 0 | 59,463 |
| Investment Earnings | | | | 93,430 | 0 | 93,430 |
| Other Revenues | | | | 605,469 | 0 | 605,469 |
| Total General Revenues | | | | 72,315,181 | 0 | 72,315,181 |
| Change in Net Position | | | | 34,818,868 | 1,408,234 | 36,227,102 |
| Net Position - Beginning of Year, Restated | | | | (37,042,834) | (301,970) | (37,344,804) |
| Net Position - End of Year | | | | ($2,223,966) | $1,106,264 | ($1,117,702) |

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2018

| | General | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| Assets: | | | |
| Equity in Pooled Cash and Investments | $38,248,029 | $6,969,742 | $45,217,771 |
| Restricted Cash and Investments | 0 | 10,051 | 10,051 |
| Receivables (Net): | | | |
| Taxes | 37,160,512 | 4,932,897 | 42,093,409 |
| Accounts | 19,975 | 696 | 20,671 |
| Interest | 157,497 | 1,801 | 159,298 |
| Intergovernmental | 2,694,361 | 563,795 | 3,258,156 |
| Interfund | 1,317,131 | 0 | 1,317,131 |
| Inventory | 63,307 | 48,820 | 112,127 |
| Total Assets | 79,660,812 | 12,527,802 | 92,188,614 |
| Liabilities: | | | |
| Accounts Payable | 23,256 | 9,466 | 32,722 |
| Accrued Wages and Benefits | 6,094,776 | 504,757 | 6,599,533 |
| Compensated Absences | 143,784 | 0 | 143,784 |
| Interfund Payable | 0 | 1,317,131 | 1,317,131 |
| Total Liabilities | 6,261,816 | 1,831,354 | 8,093,170 |
| Deferred Inflows of Resources: | | | |
| Property Taxes | 27,724,965 | 3,570,992 | 31,295,957 |
| Grants and Other Taxes | 2,511,439 | 559,264 | 3,070,703 |
| Investment Earnings | 139,178 | 1,591 | 140,769 |
| Total Deferred Inflows of Resources | 30,375,582 | 4,131,847 | 34,507,429 |
| Fund Balances: | | | |
| Nonspendable | 63,307 | 12,072 | 75,379 |
| Restricted | 0 | 7,787,438 | 7,787,438 |
| Committed | 0 | 300,000 | 300,000 |
| Assigned | 950,498 | 142,835 | 1,093,333 |
| Unassigned | 42,009,609 | (1,677,744) | 40,331,865 |
| Total Fund Balances | 43,023,414 | 6,564,601 | 49,588,015 |
| Total Liabilities, Deferred Inflows and Fund Balances | $79,660,812 | $12,527,802 | $92,188,614 |

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
June 30, 2018

| | | |
|---|---|---|
| Total Governmental Fund Balance | | $49,588,015 |
| | | |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Capital assets used in the operation of Governmental Funds | | 91,549,769 |
| | | |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | | |
| Delinquent Property Taxes | 183,041 | |
| Interest | 140,769 | |
| Intergovernmental | 559,264 | |
| | | 883,074 |
| | | |
| An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. | | |
| Internal Service Net Position | | (17,068) |
| | | |
| In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources. | | (219,476) |
| | | |
| Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. | | |
| Compensated Absences | | (2,584,696) |
| | | |
| Deferred charge on refunding associated with long-term liabilities that are not reported in the funds. | | |
| Deferred charge on refunding | 2,192,079 | |
| Deferred gain on refunding | (1,014,818) | |
| | | 1,177,261 |
| | | |
| Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds. | | |
| Deferred outflows of resources related to pensions | 26,196,026 | |
| Deferred inflows of resources related to pensions | (3,216,915) | |
| Deferred outflows of resources related to OPEB | 935,920 | |
| Deferred inflows of resources related to OPEB | (2,311,980) | |
| | | 21,603,051 |
| | | |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Net Pension Liability | (81,716,561) | |
| Net OPEB Liability | (18,969,129) | |
| Other Amounts | (63,518,206) | |
| | | (164,203,896) |
| | | |
| Net Position of Governmental Activities | | ($2,223,966) |

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2018

| | General | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| Revenues: | | | |
| Property and Other Taxes | $35,997,833 | $5,738,226 | $41,736,059 |
| Tuition and Fees | 4,199,935 | 0 | 4,199,935 |
| Investment Earnings | 28,679 | 3,528 | 32,207 |
| Intergovernmental | 29,436,564 | 4,133,432 | 33,569,996 |
| Extracurricular Activities | 142,848 | 303,063 | 445,911 |
| Charges for Services | 0 | 1,047,061 | 1,047,061 |
| Revenue in Lieu of Taxes | 2,535,742 | 570,279 | 3,106,021 |
| Other Revenues | 676,057 | 179,581 | 855,638 |
| Total Revenues | 73,017,658 | 11,975,170 | 84,992,828 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 32,682,984 | 611,512 | 33,294,496 |
| Special | 11,268,293 | 550,969 | 11,819,262 |
| Other | 167,554 | 67,382 | 234,936 |
| Support Services: | | | |
| Pupil | 2,369,365 | 737,502 | 3,106,867 |
| Instructional Staff | 1,399,494 | 155,831 | 1,555,325 |
| General Administration | 82,392 | 0 | 82,392 |
| School Administration | 3,565,844 | 70,299 | 3,636,143 |
| Fiscal | 1,765,847 | 75,032 | 1,840,879 |
| Business | 451,813 | 0 | 451,813 |
| Operations and Maintenance | 4,769,556 | 1,127,815 | 5,897,371 |
| Pupil Transportation | 5,940,913 | 0 | 5,940,913 |
| Central | 1,470,985 | 14,400 | 1,485,385 |
| Operation of Non-Instructional Services | 1,155,017 | 3,000,304 | 4,155,321 |
| Extracurricular Activities | 1,225,988 | 363,716 | 1,589,704 |
| Capital Outlay | 26,606 | 752,305 | 778,911 |
| Debt Service: | | | |
| Principal Retirement | 0 | 1,991,000 | 1,991,000 |
| Interest and Fiscal Charges | 0 | 2,640,112 | 2,640,112 |
| Total Expenditures | 68,342,651 | 12,158,179 | 80,500,830 |
| Excess of Revenues Over (Under) Expenditures | 4,675,007 | (183,009) | 4,491,998 |
| Other Financing Sources (Uses): | | | |
| Proceeds from Sale of Capital Assets | 5,000 | 450 | 5,450 |
| Transfers In | 0 | 1,608,986 | 1,608,986 |
| Transfers (Out) | (1,842) | (1,607,144) | (1,608,986) |
| Total Other Financing Sources (Uses) | 3,158 | 2,292 | 5,450 |
| Net Change in Fund Balance | 4,678,165 | (180,717) | 4,497,448 |
| Fund Balance - Beginning of Year | 38,345,249 | 6,745,318 | 45,090,567 |
| Fund Balance - End of Year | $43,023,414 | $6,564,601 | $49,588,015 |

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

| | | |
|---|---|---|
| Net Change in Fund Balance - Total Governmental Funds | | $4,497,448 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital asset additions 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 of the difference between capital asset additions and depreciation in the current period. | | |
| Capital assets used in governmental activities | 211,441 | |
| Depreciation Expense | (3,103,501) | |
| | | (2,892,060) |
| Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss. | | (152,615) |
| Governmental funds report district pension and OPEB contributions as expenditures. However in the Statement of Activites, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense. | | |
| District pension contributions | 5,784,383 | |
| Cost of benefits earned net of employee contrbutions - Pension | 23,995,272 | |
| District OPEB contributions | 239,767 | |
| Cost of benefits earned net of employee contrbutions - OPEB | 2,152,916 | |
| | | 32,172,338 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Delinquent Property Taxes | (5,908) | |
| Interest | 61,224 | |
| Intergovernmental | 117,791 | |
| | | 173,107 |
| Repayment of bond principal are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | | 1,991,000 |
| In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. | | 10,148 |
| 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 | (1,063,229) | |
| Amortization of Bond Premium | 489,284 | |
| Amortization of Deferred Charge/Gain on Refunding | (69,107) | |
| Bond Accretion | (335,905) | |
| | | (978,957) |
| The internal service fund used by management to charge back costs to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. | | |
| Change in Net Position - Internal Service Funds | | (1,541) |
| Change in Net Position of Governmental Activities | | $34,818,868 |

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Statement of Net Position
Proprietary Funds
June 30, 2018

| | Business-Type Activities | |
|---|---|---|
| | Food Service Provided for Other Districts | Governmental Activities- Internal Service Funds |
| Current Assets: | | |
| Equity in Pooled Cash and Investments | $2,253,879 | $0 |
| Inventory | 40,771 | 0 |
| Total Assets | 2,294,650 | 0 |
| Deferred Outflows of Resources: | | |
| Pension | 140,255 | 0 |
| OPEB | 10,185 | 0 |
| Total Deferred Outflows of Resources | 150,440 | 0 |
| Liabilities: | | |
| Current Liabilities: | | |
| Accounts Payable | 10,372 | 0 |
| Accrued Wages and Benefits | 83,603 | 0 |
| Claims Payable | 0 | 17,068 |
| Total Current Liabilities | 93,975 | 17,068 |
| Long-Term Liabilities: | | |
| Net Pension Liability | 805,473 | 0 |
| Net OPEB Liability | 367,957 | 0 |
| Total Noncurrent Liabilities | 1,173,430 | 0 |
| Total Liabilities | 1,267,405 | 17,068 |
| Deferred Inflows of Resources: | | |
| OPEB | 44,228 | 0 |
| Pension | 27,193 | 0 |
| Total Deferred Inflows of Resources | 71,421 | 0 |
| Net Position: | | |
| Unrestricted | 1,106,264 | (17,068) |
| Total Net Position | $1,106,264 | ($17,068) |

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

| | Business-Type Activities | |
|---|---|---|
| | Food Service Provided for Other Districts | Governmental Activities-Internal Service Funds |
| Operating Revenues: | | |
| Charges for Services | $1,459,269 | $125,840 |
| Total Operating Revenues | 1,459,269 | 125,840 |
| Operating Expenses: | | |
| Contactual Services | 162,317 | 0 |
| Materials and Supplies | 595,972 | 0 |
| Claims Expenses | 0 | 127,381 |
| Other | 164,758 | 0 |
| Total Operating Expenses | 923,047 | 127,381 |
| Operating Income (Loss) | 536,222 | (1,541) |
| Non-Operating Revenues (Expenses): | | |
| Operating Grants | 872,012 | 0 |
| Total Non-Operating Revenues (Expenses) | 872,012 | 0 |
| Change in Net Position | 1,408,234 | (1,541) |
| Net Position - Beginning of Year | (301,970) | (15,527) |
| Net Position - End of Year | $1,106,264 | ($17,068) |

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

| | Business-Type Activities | |
|---|---|---|
| | Food Service Provided for Other Districts | Governmental Activities- Internal Service Funds |
| Cash Flows from Operating Activities: | | |
| Cash Received from Customers | $1,459,269 | $125,840 |
| Cash Payments to Employees | (1,011,946) | 0 |
| Cash Payments to Suppliers | (766,135) | (125,840) |
| Net Cash Provided (Used) by Operating Activities | (318,812) | 0 |
| Cash Flows from Noncapital Financing Activities: | | |
| Operating Grants Received | 872,012 | 0 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 872,012 | 0 |
| Net Increase (Decrease) in Cash and Cash Equivalent | 553,200 | 0 |
| Cash and Cash Equivalents - Beginning of Year | 1,700,679 | 0 |
| Cash and Cash Equivalents - End of Year | 2,253,879 | 0 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | |
| Operating Income (Loss) | 536,222 | (1,541) |
| Adjustments: | | |
| Pension/OPEB Expense | (563,885) | 0 |
| Changes in Assets & Liabilities: | | |
| (Increase) Decrease in Prepaid Items | 2,666 | 0 |
| (Increase) Decrease in Deferred Outflows of Resour | 141,841 | 0 |
| Increase (Decrease) in Payables | (8,071) | 0 |
| Increase (Decrease) in Accrued Liabilities | 6,653 | 0 |
| Increase (Decrease) in Deferred Inflows of Resource | 19,224 | 0 |
| Increase (Decrease) in Claims Payables | (453,462) | 1,541 |
| Net Cash Provided (Used) by Operating Activities | ($318,812) | $0 |

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2018

| | Agency |
|---|---|
| Assets: | |
| Equity in Pooled Cash and Investments | $204,576 |
| Total Assets | 204,576 |
| Liabilities: | |
| Accounts Payable | 594 |
| Other Liabilities | 203,982 |
| Total Liabilities | $204,576 |

See accompanying notes to the basic financial statements.

## Note 1 - Description of the District

Milford Exempted Village School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the District's nine instructional support facilities staffed by approximately 334 non-certificated, 427 teaching employees and 33 administrative employees providing education to approximately 6,776 students.

### Reporting Entity

The reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Milford Exempted Village School District, this includes general operations, food service, latchkey, and student related activities of the District. The following activities are included within the reporting entity:

> *Parochial School Funding* - Within the District boundaries, St. Andrew, and St. Elizabeth Ann Seton Schools, who are operated through the Cincinnati Catholic Diocese, and St. Mark's Lutheran. Current state legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The activity of these State monies by the District are reflected in a special revenue fund for financial reporting purposes.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if (1) the District appoints a voting majority of the organization's governing board and (2) the District is able to significantly influence the programs or services performed or provided by the organization; or (3) the District is legally entitled to or can otherwise access the organizations' 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. The District has no component units.

The City of Milford, Miami Township, Union Township, Parent Teacher Associations, Athletic Boosters, Band Boosters, Choral Boosters, After Prom, and the Parent Teacher Organizations, which perform activities within the District's boundaries for the benefit of its residents, are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

The District is associated with three organizations of which two are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations are:

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Jointly Governed Organizations:
Hamilton Clermont Cooperative Information Technology Center
Great Oaks Career Campuses

Insurance Purchasing Pool:
Southwest Ohio Organization for School Health

These organizations are presented in Notes 13 and 14 to the basic financial statements.

## Note 2 - Summary of Significant Accounting Policies

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

### Measurement Focus

#### Government-wide Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net position. Fiduciary Funds are not included in the entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities and for the business-type activities of the District. Direct expenses are those that are specifically associated with a service, program or department and 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 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 governmental function or business segment is self-financing or draws from the general revenues of the District.

#### Fund Financial Statements

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in 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.

**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. 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. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**Governmental Funds**

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

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.

**Proprietary Funds**

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

Enterprise Funds – The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the District's major enterprise fund:

Food Service Provided for Other Districts – This fund accounts for operation of food service for a fee to students of other school districts.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The internal service fund of the District accounts for a self-insurance program which provides workers' compensation benefits to employees.

**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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District maintains two fiduciary (agency) funds, known as the Student Managed Activity Fund and Unclaimed Monies Fund. The Student Managed Activity Fund was established to account for assets and liabilities generated by student managed activities and the Unclaimed Monies Fund was established to account for monies owed to others but not paid.

**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. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included 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. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources includes pension, other post employment benefits, and a deferred charge on refunding. These amounts are reported on the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 8 and 9.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, OPEB, grants and other taxes (which includes tax incremental financing 'TIF'), deferred gain on refunding, pension and investment earnings. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance year 2019 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. TIF's (other taxes) have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Deferred gain on refunding has been recorded as deferred inflows only on the government-wide statement of net position. Grants and investment earnings have been recorded as deferred inflows only on the governmental fund financial statements. Deferred resources related to pension and OPEB plans are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 8 and 9.

Unearned Revenue

Unearned revenue represents amounts under the 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.

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.

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 the governmental funds.

**Equity in Pooled Cash and Investments**

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.
Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposits and repurchase agreements are reported at cost.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2018 amounted to $32,207. Interest revenue credited to the General Fund during fiscal year 2018 amounted to $28,679.

For purposes of the statement of cash flows, the Proprietary Funds' portion of equity in pooled cash and investments is considered a cash equivalent because the District is able to withdraw resources from those funds without prior notice or penalty.

**Inventory**

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

**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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars ($5,000). The District does not possess any infrastructure. Improvements that add to the value of an asset or materially extend an asset's life are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

| Assets | Years |
|---|---|
| Buildings and Improvements | 50 |
| Equipment | 5 |

**Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other government or imposed by enabling legislation. Restricted assets include retainage and the nonexpendable amount relating to the permanent endowment fund.

**Pensions/Other Postemployment Benefits (OPEB)**

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

**Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the 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. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for classified employees after 10 years of service, certified employees after 20 years and administrators after 25 years of service.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount due to the employee at year end. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured.

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees 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.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of 15 days of sick leave for each year under contract. Sick leave may be accumulated up to a maximum of 260 days for teachers and 300 for administrators, and 260 days for classified personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 57.5 days for teachers and 150 for administrators. Classified employees, upon retirement, are paid for one-fourth of accrued, but unused sick leave credit to a maximum of 57.5 days.

**Net Position**

Net position represents the difference between assets and deferred inflows of resources, and liabilities and deferred outflows 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 its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's restricted net position of $8,033,895, none was restricted by enabling legislation.

**Fund Balance**

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting,* the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned – resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

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.

**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 for food service and self-insurance. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

**Interfund Activity**

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

**Estimates**

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

## Note 3 - Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

> Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.
>
> Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – 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. Ohio law permits interim monies to be invested or deposited in the following securities:

(1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.

(2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.

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

(4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but not limited to, passbook accounts.

(5) Bonds and other obligations of the State of Ohio.

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

(7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

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

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2018, $21,216,336 of the District's bank balance of $21,466,336 was exposed to custodial credit risk because it was uninsured and collateralized.

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

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

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

**Investments**

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

| | Fair Value | Fair Value Hierarchy | Weighted Average Maturity (Years) |
|---|---|---|---|
| Money Market Funds | $121,828 | N/A | 0.00 |
| Federal Farm Credit Bank | 4,188,847 | Level 2 | 3.76 |
| Federal Home Loan Bank | 3,002,196 | Level 2 | 4.20 |
| Negotiable CDs | 6,176,866 | Level 2 | 1.50 |
| Commercial Paper | 2,485,539 | Level 2 | 0.39 |
| Federal Home Loan Mortgage Corporation | 6,946,182 | Level 2 | 2.53 |
| Treasury Notes | 2,748,306 | Level 1 | 0.52 |
| Federal National Mortgage Association | 1,747,051 | Level 2 | 1.84 |
| | $27,416,815 | | |
| Portfolio Weighted Average Maturity | | | 2.22 |

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2018. All investments of the District are valued using quoted market prices.

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments, which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District's investments in Federal Home Loan Bank, Federal Home Loan Mortgage Corp., Federal Farm Credit Bank, Federal National Mortgage Association, and United States Treasury Notes were rated AA+ by Standard & Poor's and Fitch Ratings and Aaa by Moody's Investors Service. Commercial Paper was rated A-1+ by Standard & Poor's ratings and P-1 by Moody's Investment Service. Money Market Funds and Negotiable CDs were not rated.

Concentration of Credit Risk – The District's investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested 9% in Commercial Paper, 25% in Federal Home Loan Mortgage Corp., 6% in Federal National Mortgage Association, 10% in United States Treasury Notes, 15% in Federal Farm Credit Bank, 23% in Negotiable CDs, 11% in Federal Home Loan Bank and 1% in Money Market Funds.

Custodial Credit Risk – The risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's securities are either insured and registered in the name of the District or at least registered in the name of the District. The District's policy does not address custodial credit risk for investments.

## Note 4 - Property Taxes

Real property taxes collected in 2018 were levied in April on the assessed values as of January 1, 2017, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Tangible personal property tax revenue received during calendar year 2018 (other than public utility property tax) represents the collection of 2018 taxes levied against local and interexchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2016 were levied after April 1, 2016, on the value as of December 31, 2016. 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 School District prior to June 30.

Real property taxes are payable annually or semi-annually. If paid annually, payment was due by January 20$^{th}$. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20$^{th}$ with the remainder due on June 20$^{th}$.

The Clermont and Hamilton County Auditors remit portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2018 and for which there is an enforceable legal claim. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2018. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred inflow for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2018, was $9,435,179 for General Fund, and $1,361,905 for Other Governmental Funds, and is recognized as revenue.

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 has been deferred.

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

| | Amount |
|---|---|
| Agricultural/Residential and Other Real Estate | $1,032,485,710 |
| Public Utility | 33,510,280 |
| Total | $1,065,995,990 |

## Note 5 – Receivables

Receivables at June 30, 2018, consisted of taxes, accounts (rent, tuition, and student fees), interest, intergovernmental grants, and interfund. 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.

## Note 6 - Capital Assets

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

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| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| ***Capital Assets, not being depreciated:*** | | | | |
| Land | $4,929,449 | $0 | $0 | $4,929,449 |
| Construction in Progress | 28,441,490 | 0 | (28,141,490) | 300,000 |
| Total Capital Assets, not being depreciated | 33,370,939 | 0 | (28,141,490) | 5,229,449 |
| ***Capital Assets, being depreciated:*** | | | | |
| Buildings and Improvements | 91,248,321 | 27,964,234 | (292,388) | 118,920,167 |
| Equipment | 5,204,131 | 388,697 | (215,531) | 5,377,297 |
| ***Total Capital Assets, being depreciated:*** | 96,452,452 | 28,352,931 | (507,919) | 124,297,464 |
| Totals at Historical Cost | 129,823,391 | 28,352,931 | (28,649,409) | 129,526,913 |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | 31,211,682 | 2,817,707 | (189,835) | 33,839,554 |
| Equipment | 4,017,265 | 285,794 | (165,469) | 4,137,590 |
| Total Accumulated Depreciation | 35,228,947 | 3,103,501 | (355,304) | 37,977,144 |
| Governmental Activities Capital Assets, Net | $94,594,444 | $25,249,430 | ($28,294,105) | $91,549,769 |

Depreciation expense was charged to governmental functions as follows:

| | |
|---|---|
| Instruction: | |
| Regular | $1,536,494 |
| Special | 363,539 |
| Vocational | 995,213 |
| Support Services: | |
| School Administration | 56,530 |
| Fiscal | 2,987 |
| Business | 7,590 |
| Operations and Maintenance | 68,499 |
| Pupil Transportation | 8,562 |
| Central | 9,352 |
| Operation of Non-Instructional Services | 48,677 |
| Extracurricular Activities | 6,058 |
| Total Depreciation Expense | $3,103,501 |

## Note 7 - Long-Term Liabilities

| | Rate | Restated Beginning Balance | Additions | Deletions | Ending Balance | Due in One Year |
|---|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | | |
| Loan, Bonds & Notes: | | | | | | |
| 2007 Refunded General Obligation Bonds | | $10,325,000 | $0 | $0 | $10,325,000 | $0 |
| Long Term Notes | | 1,508,000 | 0 | (76,000) | 1,432,000 | 80,000 |
| 2008 School Improvement: | | | | | | |
| Current Interest | 3.50% | 315,000 | 0 | (315,000) | 0 | 0 |
| Capital Appreciation-Principal | | 285,000 | 0 | (95,000) | 190,000 | 95,000 |
| Capital Appreciation- Interest | | 992,177 | 238,838 | 0 | 1,231,015 | 475,000 |
| 2015 Refunding of Series 2006: | | 6,010,000 | 0 | (1,435,000) | 4,575,000 | 1,470,000 |
| 2015 Refunding of Series 2008: | | | | | | |
| Current Interest | | 28,245,000 | 0 | (70,000) | 28,175,000 | 70,000 |
| Capital Appreciation-Principal | | 435,000 | 0 | 0 | 435,000 | 0 |
| Capital Appreciation- Interest | | 167,497 | 97,067 | 0 | 264,564 | 0 |
| Premium on Bonds | | 4,736,733 | 0 | (320,966) | 4,415,767 | 0 |
| 2017 Refunding of Series 2007 | | 10,960,000 | 0 | 0 | 10,960,000 | 0 |
| Premium on 2017 Refunding Bonds | | 1,683,178 | 0 | (168,318) | 1,514,860 | 0 |
| Total Loan, General Obligation Bonds & Notes | | 65,662,585 | 335,905 | (2,480,284) | 63,518,206 | 2,190,000 |
| Compensated Absences | | 2,025,145 | 1,386,157 | (682,822) | 2,728,480 | 271,329 |
| Subtotal Bonds & Other Amounts | | 67,687,730 | 1,722,062 | (3,163,106) | 66,246,686 | 2,461,329 |
| Net Pension Liablitity | | | | | | |
| STRS | | 87,688,064 | 0 | (24,933,121) | 62,754,943 | 0 |
| SERS | | 23,739,322 | 0 | (4,777,704) | 18,961,618 | 0 |
| Total Net Pension Liability | | 111,427,386 | 0 | (29,710,825) | 81,716,561 | 0 |
| Net OPEB Liablitity | | | | | | |
| STRS | | 14,010,033 | 0 | (3,702,964) | 10,307,069 | 0 |
| SERS | | 8,896,433 | 0 | (234,373) | 8,662,060 | 0 |
| Total Net OPEB Liability | | 22,906,466 | 0 | (3,937,337) | 18,969,129 | 0 |
| Total Governmental Activities | | $202,021,582 | $1,722,062 | ($36,811,268) | $166,932,376 | $2,461,329 |
| **Business Type Activities:** | | | | | | |
| Net Pension Liability | | | | | | |
| STRS | | $0 | $0 | $0 | $0 | $0 |
| SERS | | 1,258,935 | 0 | (453,462) | 805,473 | 0 |
| Total Net Pension Liability | | 1,258,935 | 0 | (453,462) | 805,473 | 0 |
| Net OPEB Liability | | | | | | |
| STRS | | 0 | 0 | 0 | 0 | 0 |
| SERS | | 973,046 | 0 | (605,089) | 367,957 | 0 |
| Total Net OPEB Liability | | 973,046 | 0 | (605,089) | 367,957 | 0 |
| Total Business Type Activities | | $2,231,981 | $0 | ($1,058,551) | $1,173,430 | $0 |

*General Obligation Bonds* - On December 1, 2001 the District issued $43,566,000 in general obligation bonds for the purpose of constructing three new school buildings and related land purchases. The bonds were issued for a twenty-nine year period with a final maturity of December 1, 2030. The bonds will be retired from the Debt Service Fund.

*Refunding General Obligation Bonds* - During fiscal year 2006, the District issued $9,700,000 of general obligation bonds for the current refunding of $9,700,000 of the 2001 series bonds. The $1,410,164 premium on the issuance of the refunding bonds is netted against this new debt and will be amortized over the life of this new debt, which has a remaining life of 26 years. The refunding was undertaken to take advantage of lower interest rates. The refunding bonds are retired through the Debt Service Fund using taxes revenues.

*Refunding General Obligation Bonds* - During fiscal year 2007, the District issued $25,110,000 of general obligations bonds for the current refunding of $25,110,000 of the 2001 series bonds. The $2,247,367 premium on the issuance of the refunding bonds is netted against this new debt and will be amortized over the life of the new debt, which has a remaining life of 25 years. The refunding was undertaken to take advantage of lower interest rates. The refunding bonds are retired through the Debt Service Fund using taxes revenues.

*Long Term Notes* - On November 17, 2005 the District authorized a $1,550,000 financing through the OASBO Expanded Asset Pooled Financing Program for the purposes of renovating the bus garage facility. As of June 30, 2007 the District had drawn $2,092,000 of the maximum financing amount. The note will be repaid over a twenty-five year period with a final maturity of January 1, 2031. The note will be repaid from the Debt Service Fund.

*School Improvement General Obligation Bonds* - During fiscal year 2009, the District issued $31,375,000 of general obligation bonds, $4 million of which retired the bond anticipation note. The $357,126 premium on the issuance of the bonds is netted against this new debt and will be amortized over the life of this new debt, which has a remaining life of 27 years. The refunding bonds are retired through the Debt Service Fund using tax revenues.

*Refunding General Obligation Bonds* - During fiscal year 2012, the District issued $2,635,000 of general obligation bonds, which retired the 2001 general obligation bonds. The $94,138 premium on the issuance of the bonds is netted against this new debt and will be amortized over the life of this new debt, which has a remaining life of 3 years. The refunding bonds are retired through the Debt Service Fund.

*Refunding General Obligation Bonds* - During fiscal year 2017, the District issued $10,960,000 of general obligations bonds for the current refunding of $12,190,000 of the 2007 refunding bonds. The $1,683,178 premium on the issuance of the refunding bonds is netted against this new debt and will be amortized over the life of the new debt, which has a remaining life of 10 years. The refunding was undertaken to take advantage of lower interest rates. The refunding bonds are retired through the Debt Service Fund using taxes revenues.

Compensated absences will be paid from the fund from which the person is paid.

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Principal and interest requirements for governmental activities to retire bonds and notes outstanding at June 30, 2018, are as follows:

| Fiscal Year | Loan, Notes & Current Interest Bonds | | | Capital Appreciation Bonds | | |
|---|---|---|---|---|---|---|
| Ending June 30 | Principal | Interest | Total | Principal | Interest | Total |
| 2019 | $1,620,000 | $2,648,213 | $4,268,213 | $95,000 | $560,000 | $655,000 |
| 2020 | 1,673,000 | 2,581,621 | 4,254,621 | 95,000 | 645,000 | 740,000 |
| 2021 | 1,752,000 | 2,496,343 | 4,248,343 | 435,000 | 745,000 | 1,180,000 |
| 2022 | 1,746,000 | 2,417,532 | 4,163,532 | 0 | 0 | 0 |
| 2023 | 3,061,000 | 2,306,014 | 5,367,014 | 0 | 0 | 0 |
| 2024-2028 | 18,118,000 | 9,212,435 | 27,330,435 | 0 | 0 | 0 |
| 2029-2033 | 18,052,000 | 4,162,945 | 22,214,945 | 0 | 0 | 0 |
| 2034-2038 | 9,445,000 | 973,125 | 10,418,125 | 0 | 0 | 0 |
| Total | $55,467,000 | $26,798,228 | $82,265,228 | $625,000 | $1,950,000 | $2,575,000 |

## Note 8 - Defined Benefit Pension Plans

### Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

**Plan Description - School Employees Retirement System (SERS)**

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

Age and service requirements for retirement are as follows:

| | Eligible to Retire on or before August 1, 2017 * | Eligible to Retire on or after August 1, 2017 |
|---|---|---|
| Full Benefits | Any age with 30 years of service credit<br>Age 65 with 5 years of service credit | Age 67 with 10 years of service credit; or<br>Age 57 with 30 years of service credit |
| Actuarially Reduced Benefits | Age 60 with 5 years of service credit<br>Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or<br>Age 60 with 25 years of service credit |

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.20% for the first thirty years of service and 2.50% for years of service credit over 30 or $86.00 multiplied by the years of service credit. Final average salary is the average of the highest three years of salary.

Post-Retirement Increases – Before January 1, 2018; on each anniversary of the initial date of retirement, the allowances of all retirees and survivors are increased by 3% of the base benefit. On or after January 1, 2018; on each anniversary of the initial retirement, the allowance of all retirees and survivors are increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0% nor greater than 2.5%. COLA's shall be suspended for calendar years 2018, 2019, and 2020.

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

The contractually required contribution to SERS was $1,569,109 for fiscal year 2018. Of this amount $56,099 is reported as accrued wages and benefits.

**Plan Description - State Teachers Retirement System (STRS)**

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14% of their annual covered salary. The employer was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The contractually required contribution to STRS was $4,279,212 for fiscal year 2018. Of this amount $719,736 is reported as accrued wages and benefits.

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

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

| | SERS | STRS | Total |
|---|---|---|---|
| Proportionate Share of the Net Pension Liability | $19,767,091 | $62,754,943 | $82,522,034 |
| Proportion of the Net Pension Liability: | | | |
| Current Measurement Date | 0.33084220% | 0.26417334% | |
| Prior Measurement Date | 0.34154930% | 0.26196644% | |
| Change in Proportionate Share | -0.01070710% | 0.00220690% | |
| Pension Expense | ($764,992) | ($23,230,280) | ($23,995,272) |

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

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| | SERS | STRS | Total |
|---|---|---|---|
| Deferred Outflows of Resources | | | |
| Differences between expected and actual experience | $850,707 | $2,423,301 | $3,274,008 |
| Changes of assumptions | 1,022,171 | 13,725,196 | 14,747,367 |
| Changes in employer proportionate share of net pension liability | 0 | 2,466,585 | 2,466,585 |
| Contributions subsequent to the measurement date | 1,569,109 | 4,279,212 | 5,848,321 |
| Total Deferred Outflows of Resources | $3,441,987 | $22,894,294 | $26,336,281 |
| Differences between expected and actual experience | $0 | $505,780 | $505,780 |
| Net difference between projected and actual earnings on pension plan investments | 93,830 | 2,070,987 | 2,164,817 |
| Changes in employer proportionate share of net pension liability | 573,511 | 0 | 573,511 |
| Total Deferred Inflows of Resources | $667,341 | $2,576,767 | $3,244,108 |

$5,848,321 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Fiscal Year Ending June 30: | SERS | STRS | Total |
|---|---|---|---|
| 2019 | $524,919 | $3,792,699 | $4,317,618 |
| 2020 | 976,789 | 6,880,960 | 7,857,749 |
| 2021 | 164,642 | 4,268,359 | 4,433,001 |
| 2022 | (460,812) | 1,096,296 | 635,484 |
| Total | $1,205,538 | $16,038,314 | $17,243,852 |

**Actuarial Assumptions - SERS**

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

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

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

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

| | |
|---|---|
| Wage Inflation | 3.00% |
| Future Salary Increases, including inflation | 3.50% - 18.20% |
| COLA or Ad Hoc COLA | 2.50% |
| Investment Rate of Return | 7.50% net of investments expense, including inflation |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) |
| Actuarial Assumptions Experience Study Date | 5 year period ended June 30, 2015 |

Prior to 2017, an assumption of 3.0% was used for COLA or Ad Hoc COLA.

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in the SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

**Discount Rate**

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

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.50%, or one percentage point higher 8.50% than the current rate.

| | 1% Decrease 6.50% | Current Discount Rate 7.50% | 1% Increase 8.50% |
|---|---|---|---|
| Proportionate share of the net pension liability | $27,431,585 | $19,767,091 | $13,346,513 |

**Changes in Benefit Terms**

The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

**Actuarial Assumptions - STRS**

The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | July 1, 2017 | July 1, 2016 |
|---|---|---|
| Inflation | 2.50% | 2.75% |
| Projected salary increases | 12.50% at age 20 to 2.50% at age 65 | 12.25% at age 20 to 2.75% at age 70 |
| Investment Rate of Return | 7.45%, net of investment expenses, including inflation | 7.75%, net of investment expenses, including inflation |
| Payroll Increases | 3.00% | 3.50% |
| Cost-of-Living Adjustments (COLA) | 0%, effective July 1, 2017 | 2% simple applied as follows: for members retiring before August 1, 2013, 2% per year; for members retiring August 1 2013, or later, 2% COLA commences on fifth anniversary of retirement date. |

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

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

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

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

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.45% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table represents the net pension liability as of June 30, 2017, calculated using the current period discount rate assumption of 7.45%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.45% or one percentage point higher 8.45% than the current assumption:

| | 1% Decrease 6.45% | Current Discount Rate 7.45% | 1% Increase 8.45% |
|---|---|---|---|
| Proportionate share of the net pension liability | $89,957,075 | $62,754,943 | $39,841,224 |

**Changes in Assumptions**

The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

**Changes in Benefit Terms**

Effective July 1, 2017, the COLA was reduced to zero.

## Note 9 – Defined Benefit Other Postemployment Benefits (OPEB) Plans

**Net Other Postemployment Benefits (OPEB) Liability**

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

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

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

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

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

**Plan Description - School Employees Retirement System (SERS)**

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was $23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the surcharge obligation was $191,837.

The surcharge, added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $249,952 for fiscal year 2018. Of this amount $191,837 is reported as accrued wages and benefits.

**Plan Description - State Teachers Retirement System (STRS)**

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

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

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

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

| | SERS | STRS | Total |
|---|---|---|---|
| Proportionate Share of the Net OPEB Liability | $9,030,017 | $10,307,069 | $19,337,086 |
| Proportion of the Net OPEB Liability: | | | |
| Current Measurement Date | 0.33647170% | 0.26417334% | |
| Prior Measurement Date | 0.34625256% | 0.26196644% | |
| Change in Proportionate Share | -0.00978086% | 0.00220690% | |
| OPEB Expense | $975,386 | ($3,128,302) | ($2,152,916) |

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

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| | SERS | STRS | Total |
|---|---|---|---|
| Deferred Outflows of Resources | | | |
| Differences between expected and actual experience | $0 | $594,988 | $594,988 |
| Changes in employer proportionate share of net pension liability | 0 | 101,165 | 101,165 |
| Contributions subsequent to the measurement date | 249,952 | 0 | 249,952 |
| Total Deferred Outflows of Resources | $249,952 | $696,153 | $946,105 |
| Changes of assumptions | $856,902 | $830,268 | $1,687,170 |
| Net difference between projected and actual earnings on pension plan investments | 23,846 | 440,548 | 464,394 |
| Changes in employer proportionate share of net penson liability | 204,644 | 0 | 204,644 |
| Total Deferred Inflows of Resources | $1,085,392 | $1,270,816 | $2,356,208 |

$249,952 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Fiscal Year Ending June 30: | SERS | STRS | Total |
|---|---|---|---|
| 2019 | ($390,580) | ($132,489) | ($523,069) |
| 2020 | (390,580) | (132,489) | (523,069) |
| 2021 | (298,271) | (132,490) | (430,761) |
| 2022 | (5,962) | (132,489) | (138,451) |
| 2023 | 0 | (22,352) | (22,352) |
| Thereafter | 0 | (22,353) | (22,353) |
| Total | ($1,085,393) | ($574,662) | ($1,660,055) |

**Actuarial Assumptions - SERS**

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

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

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

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

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

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

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

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

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

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

**Discount Rate**

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

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates**

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

| | 1% Decrease 2.63% | Current Discount Rate 3.63% | 1% Increase 4.63% |
|---|---|---|---|
| Proportionate share of the net OPEB liability | $10,904,895 | $9,030,017 | $7,544,634 |

| | 1% Decrease 6.50% decreasing to 4.00% | Current Trend Rate 7.50% decreasing to 5.00% | 1% Increase 8.50% decreasing to 6.00% |
|---|---|---|---|
| Proportionate share of the net OPEB liability | $7,327,182 | $9,030,017 | $11,283,747 |

**Changes in Assumptions – SERS**

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

Municipal Bond Index Rate:

| | |
|---|---|
| Fiscal year 2018 | 3.56 percent |
| Fiscal year 2017 | 2.92 percent |

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

| | |
|---|---|
| Fiscal year 2018 | 3.63 percent |
| Fiscal year 2017 | 2.98 percent |

**Actuarial Assumptions - STRS**

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

| | |
|---|---|
| Inflation | 2.50% |
| Projected salary increases | 12.50% at age 20 to 2.50% at age 65 |
| Investment Rate of Return | 7.45%, net of investment expenses, including inflation |
| Payroll Increases | 3.00% |
| Cost-of-Living Adjustments (COLA) | 0.00%, effective July 1, 2017 |
| Blended Discount Rate of Return | 4.13% |
| Health Care Cost Trends | 6.00% to 11.00% initial, 4.5% ultimate |

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

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

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

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

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

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

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

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

**Discount Rate**

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

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate**

The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) or one percentage point higher (5.13%) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

| | 1% Decrease 3.13% | Current Discount Rate 4.13% | 1% Increase 5.13% |
|---|---|---|---|
| Proportionate share of the net OPEB liability | $13,837,075 | $10,307,069 | $7,517,211 |

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|
| Proportionate share of the net OPEB liability | $7,160,910 | $10,307,069 | $14,447,783 |

**Changes in Assumptions – STRS**

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

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

## Note 10 - Contingent Liabilities

### Foundation Funding

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

### Grants

The District receives 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.

### Litigation

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

## Note 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the District contracted with Acordia for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Indiana Insurance are as follows:

| | |
|---|---|
| Building and Contents-replacement cost ($5,000 deductible) | $166,462,477 |
| Inland Marine Coverage ($500 deductible) | included above |
| Boiler and Machinery | included above |
| Automobile Liability ($500 Comprehensive & $500 Collision deductible) | 1,000,000 |
| Uninsured Motorists | 1,000,000 |
| Employers' Liability ($2,500 deductible) | 1,000,000 |
| General Liability | |
| Per occurrence ($0 deductible) | 1,000,000 |
| Aggregate | 2,000,000 |

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

The District is self-insured for its workers' compensation costs. Expenses for claims are recorded on the current basis based on an actuarially determined charge per employee. The District accounts for the activities of this program in an internal service fund in accordance with GASB Statement No. 10. A summary of the changes in self-insurance workers' compensation claims liability is as follows:

| | 2017 | 2018 |
|---|---|---|
| Claims Liability at Beginning of Year | $51,020 | $15,527 |
| Claims Incurred | 52,962 | 128,922 |
| Claims Paid | (88,455) | (127,381) |
| Claims Liability at End of Year | $15,527 | $17,068 |

## Note 12 - Fund Balance Reserves For Set-Asides

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

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

| | Capital Acquisition |
|---|---|
| Set Aside Reserve Balance as of June 30, 2017 | $0 |
| Current Year Set Aside Requirements | 1,161,252 |
| Qualified Disbursements | (908,448) |
| Current year Offsets | (252,804) |
| Set Aside Reserve Balance as of June 30, 2018 | $0 |
| Restricted Cash as of June 30, 2018 | $0 |

## Note 13 - Jointly Governed Organizations

Hamilton Clermont Cooperative Information Technology Center

The Milford Exempted Village School District is a participant in a two county consortium of school districts to operate the Hamilton Clermont Cooperative Information Technology Center (HCC). HCC is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of HCC consists of one representative from each of the participating members. Complete financial statements for HCC can be obtained from the Director at 1007 Cottonwood Drive, Loveland, Ohio 45140.

Great Oaks Career Campuses

Great Oaks Career Campuses (Great Oaks), a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school district's elected board, which possesses its own budgeting and taxing authority. Great Oaks was formed for the purpose of providing vocational education opportunities to the students of the school district including students of Milford Exempted Village School District. The District has no ongoing financial interest in nor responsibility for the Vocational School. Complete financial statements for Great Oaks can be obtained from the Chief Fiscal Officer, at 3254 East Kemper Road, Cincinnati, Ohio 45241.

## Note 14 - Insurance Purchasing Pool

The District participates in Southwest Ohio Organization of School Health (SWOOSH) an insurance purchasing pool. The objective of the SWOOSH consortium is to maximize benefits and / or reduce costs of medical, prescription drug, vision, dental, life and / or other group insurance coverages. While the consortium serves short term savings needs, in the long term it will promote rate stability and allow the districts to move to a healthier place using wellness. SWOOSH is a health and wellness consortium for school districts and government agencies that come together to provide stability and quality access to health care and benefits to all eligible members. SWOOSH will do this by leveraging economies of scale, commonality of choices and driving wellness and health management by collaborative efforts of all participating agencies. SWOOSH became self-insured January 1, 2015.

## Note 15 – Fund Balances

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

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| Fund Balances | General | Other Governmental Funds | Total |
|---|---|---|---|
| **Nonspendable:** | | | |
| Inventory | $63,307 | $0 | $63,307 |
| Permanent Endowment | 0 | 12,072 | 12,072 |
| **Total Nonspendable** | 63,307 | 12,072 | 75,379 |
| **Restricted for:** | | | |
| Other Grants | 0 | 35,581 | 35,581 |
| Athletic | 0 | 160,773 | 160,773 |
| Auxiliary Services | 0 | 62,242 | 62,242 |
| Classroom Facilities Maintenance | 0 | 1,317,242 | 1,317,242 |
| Miscellaneous Federal Grants | 0 | 303 | 303 |
| Title III | 0 | 266 | 266 |
| Special Trust | 0 | 64,066 | 64,066 |
| Debt Service | 0 | 4,464,546 | 4,464,546 |
| Permanent Improvement | 0 | 1,682,284 | 1,682,284 |
| Ohio Facilities Construction Commission | 0 | 135 | 135 |
| **Total Restricted** | 0 | 7,787,438 | 7,787,438 |
| **Committed to:** | | | |
| Building | 0 | 300,000 | 300,000 |
| **Total Committed** | 0 | 300,000 | 300,000 |
| **Assigned to:** | | | |
| Encumbrances | 764,351 | 0 | 764,351 |
| Permanent Endowment | 0 | 142,835 | 142,835 |
| Public Schools | 186,147 | 0 | 186,147 |
| **Total Assigned** | 950,498 | 142,835 | 1,093,333 |
| **Unassigned (Deficit)** | 42,009,609 | (1,677,744) | 40,331,865 |
| **Total Fund Balance** | $43,023,414 | $6,564,601 | $49,588,015 |

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## Note 16 - Interfund Balances/Transfers

At fiscal year end, interfund receivable/payable and transfers in/transfers out were as follows:

| | Interfund Receivable | Interfund Payable | Transfers In | Transfers Out |
|---|---|---|---|---|
| General Fund | $1,317,131 | $0 | $0 | $1,842 |
| Other Governmental Funds | 0 | 1,317,131 | 1,608,486 | 1,607,144 |
| Total all funds | $1,317,131 | $1,317,131 | $1,608,486 | $1,608,986 |

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization; to segregate and to return money to the fund from which it was originally provided once a project is completed.

## Note 17 - Accountability

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

| Other Governmental Funds: | Deficit | Proprietary Fund: | Deficit |
|---|---|---|---|
| Miscellaneous State Grants | $4,785 | Internal Service | $17,068 |
| Reducing Class Size | 24,693 | | |
| Food Service | 1,474,164 | | |
| IDEA Preschool Grant | 6,183 | | |
| Title VI-B | 106,094 | | |
| Title I | 61,825 | | |

These deficits were created by the recognition of accrued liablities.

## Note 18 – Food Service for Other Districts/Schools

Effective with the fiscal year ending June 30, 2013, the District is now providing food service for several other local districts (Finneytown Local School District, Madeira City School District, Williamsburg Local School District, Wyoming City School District) and schools (St. Elizabeth Ann Seton, St. Andrew, St. Columban, Clermont Educational Collaborative North) and this activity is recorded in the enterprise fund. Food service for Milford students continues to be recorded in the special revenue funds for the District.

## Note 19 – Tax Abatements entered Into By Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area ("CRA") and Enterprise Zone Agreement ("EZA") programs with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. The EZA program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in the community. Within the taxing districts of the District, The City of Milford, Union Township, and Miami Township have entered into CRA and EZA agreements. Under these agreements the District's property taxes were reduced by $1,121,771. The District received $453,072 in payments associated with the forgone property tax revenue.

**Note 20 – Implementation of New Accounting Principles and Restatement of Net Position**

For the fiscal year ended June 30, 2018, the District has implemented GASB Statement No. 81, Irrevocable Split-Interest Agreements, GASB Statement No. 82, Pensions Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73, and GASB No. 86, Certain Debt Extinguishment Issues, and GASB Statement No. 85, Omnibus 2017, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, and related guidance from (GASB) Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).

GASB Statement No. 81 sets out to improve accounting and financial reporting for irrevocable split interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement also enhances the decision-usefulness of general purpose external financial reports, and their value for assessing accountability, by more clearly identifying the resources that are available for the government to carry out its mission. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The implementation of GASB Statement No. 82 was included in the footnote disclosures for 2018.

GASB Statement No. 86 sets out to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the District.

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

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

| | Governmental Activities | Business-Type Activities |
|---|---|---|
| Net position June 30, 2017 | ($14,304,963) | $663,915 |
| Adjustments: | | |
| Net OPEB Liabililty | (22,906,466) | (973,046) |
| Deferred Outflow - Payments Subsequent to Measurement Date | 168,595 | 7,161 |
| Restated Net Position June 30, 2017 | ($37,042,834) | ($301,970) |

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

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# Required Supplementary Information

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

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| District's Proportion of the Net Pension Liability | 0.26417334% | 0.26196644% | 0.25718928% | 0.24729513% | 0.24729513% |
| District's Proportionate Share of the Net Pension Liability | $62,754,943 | $87,688,064 | $71,079,594 | $60,150,734 | $71,458,200 |
| District's Covered-Employee Payroll | $29,546,057 | $27,981,857 | $26,098,114 | $27,210,323 | $30,658,390 |
| District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | 212.40% | 313.37% | 272.36% | 221.06% | 233.08% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 75.30% | 66.80% | 72.10% | 74.70% | 69.30% |

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

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

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| District's Proportion of the Net Pension Liability | 0.33084220% | 0.34154930% | 0.34338470% | 0.34605300% | 0.34605300% |
| District's Proportionate Share of the Net Pension Liability | $19,767,091 | $24,998,257 | $19,593,864 | $17,513,545 | $20,584,832 |
| District's Covered-Employee Payroll | $10,953,993 | $9,928,971 | $10,631,745 | $10,157,201 | $9,445,033 |
| District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | 180.46% | 251.77% | 184.30% | 172.42% | 217.94% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 69.50% | 62.98% | 69.16% | 71.70% | 65.52% |

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Milford Exempted Village School District
Required Supplementary Information
Schedule of District Contributions
for Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $4,279,212 | $4,136,448 | $3,917,460 | $3,653,736 | $3,537,342 | $3,746,052 | $3,636,564 | $3,912,444 | $3,553,440 | $3,358,572 |
| Contributions in Relation to the Contractually Required Contribution | (4,279,212) | (4,136,448) | (3,917,460) | (3,653,736) | (3,537,342) | (3,746,052) | (3,636,564) | (3,912,444) | (3,553,440) | (3,358,572) |
| Contribution Deficiency (Excess) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| District Covered-Employee Payroll | $30,565,800 | $29,546,057 | $27,981,857 | $26,098,114 | $27,210,323 | $30,658,390 | $30,571,356 | $31,424,726 | $30,124,070 | $28,078,636 |
| Contributions as a Percentage of Covered-Employee Payroll | 14.00% | 14.00% | 14.00% | 14.00% | 13.00% | 13.00% | 13.00% | 13.00% | 13.00% | 13.00% |

See accompanying notes to the required supplementary information.

Milford Exempted Village School District
Required Supplementary Information
Schedule of District Contributions
for Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $1,569,109 | $1,533,559 | $1,390,056 | $1,401,264 | $1,407,788 | $1,374,480 | $1,240,104 | $1,313,616 | $1,341,000 | $1,275,564 |
| Contributions in Relation to the Contractually Required Contribution | (1,569,109) | (1,533,559) | (1,390,056) | (1,401,264) | (1,407,788) | (1,374,480) | (1,240,104) | (1,313,616) | (1,341,000) | (1,275,564) |
| Contribution Deficiency (Excess) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| District Covered-Employee Payroll | $11,623,030 | $10,953,993 | $9,928,971 | $10,631,745 | $10,157,201 | $9,445,033 | $9,102,462 | $9,588,917 | $9,402,539 | $10,670,274 |
| Contributions as a Percentage of Covered-Employee Payroll | 13.50% | 14.00% | 14.00% | 13.18% | 13.86% | 13.84% | 13.45% | 12.57% | 13.54% | 9.84% |

See accompanying notes to the required supplementary information.

Milford Exempted Village School District
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Postemployment Benefits Other Than Pension (OPEB) Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

| | 2018 | 2017 |
|---|---|---|
| District's Proportion of the Net OPEB Liability | 0.26417334% | 0.26196644% |
| District's Proportionate Share of the Net OPEB Liability | $10,307,069 | $14,010,033 |
| District's Covered-Employee Payroll | $29,546,057 | $27,981,857 |
| District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll | 34.88% | 50.07% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 47.10% | 37.30% |

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Milford Exempted Village School District
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Postemployment Benefits Other Than Pension (OPEB) Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

| | 2018 | 2017 |
|---|---|---|
| District's Proportion of the Net OPEB Liability | 0.33647170% | 0.34625256% |
| District's Proportionate Share of the Net OPEB Liability | $9,030,016 | $9,869,479 |
| District's Covered-Employee Payroll | $10,953,993 | $9,928,971 |
| District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll | 82.44% | 99.40% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 12.46% | 11.49% |

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Milford Exempted Village School District
Required Supplementary Information
Schedule of District Contributions to
Postemployment Benefits Other Than Pension (OPEB)
State Teachers Retirement System of Ohio
Last Three Fiscal Years (1)

| | 2018 | 2017 | 2016 |
|---|---|---|---|
| Contractually Required Contribution to OPEB | $0 | $0 | $0 |
| Contributions to OPEB in Relation to the Contractually Required Contribution | 0 | 0 | 0 |
| Contribution Deficiency (Excess) | $0 | $0 | $0 |
| District Covered-Employee Payroll | $30,565,800 | $29,546,057 | $27,981,857 |
| Contributions to OPEB as a Percentage of Covered-Employee Payroll | 0.00% | 0.00% | 0.00% |

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Milford Exempted Village School District
Required Supplementary Information
Schedule of District Contributions to
Postemployment Benefits Other Than Pension (OPEB)
School Employees Retirement System of Ohio
Last Three Fiscal Years (1)

| | 2018 | 2017 | 2016 |
|---|---|---|---|
| Contractually Required Contribution to OPEB (2) | $249,952 | $175,756 | $182,162 |
| Contributions to OPEB in Relation to the Contractually Required Contribution | (249,952) | (175,756) | (182,162) |
| Contribution Deficiency (Excess) | $0 | $0 | $0 |
| District Covered-Employee Payroll | $11,623,030 | $10,953,993 | $9,928,971 |
| Contributions to OPEB as a Percentage of Covered-Employee Payroll | 2.15% | 1.60% | 1.83% |

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) - Includes Surcharge.

See accompanying notes to the required supplementary information.

| | General Fund | | | |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Taxes | $34,890,790 | $36,494,780 | $36,992,480 | $497,700 |
| Revenue in lieu of taxes | 2,391,676 | 2,501,626 | 2,535,742 | 34,116 |
| Tuition and Fees | 2,170,060 | 2,269,821 | 2,300,776 | 30,955 |
| Investment Earnings | 296,549 | 310,182 | 314,412 | 4,230 |
| Intergovernmental | 27,591,626 | 28,860,061 | 29,253,642 | 393,581 |
| Extracurricular Activities | 72,081 | 75,395 | 76,423 | 1,028 |
| Other Revenues | 568,922 | 595,077 | 603,192 | 8,115 |
| Total Revenues | 67,981,704 | 71,106,942 | 72,076,667 | 969,725 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 32,508,444 | 33,259,517 | 32,379,741 | 879,776 |
| Special | 11,376,496 | 11,639,338 | 11,331,456 | 307,882 |
| Other | 158,508 | 162,170 | 157,880 | 4,290 |
| Support Services: | | | | |
| Pupil | 2,392,696 | 2,447,976 | 2,383,223 | 64,753 |
| Instructional Staff | 1,465,958 | 1,499,827 | 1,460,154 | 39,673 |
| General Administration | 107,679 | 110,167 | 107,253 | 2,914 |
| School Administration | 3,731,101 | 3,817,304 | 3,716,329 | 100,975 |
| Fiscal | 1,788,493 | 1,829,814 | 1,781,412 | 48,402 |
| Business | 471,092 | 481,976 | 469,227 | 12,749 |
| Operations and Maintenance | 5,053,452 | 5,170,207 | 5,033,445 | 136,762 |
| Pupil Transportation | 6,004,167 | 6,142,887 | 5,980,396 | 162,491 |
| Central | 1,605,518 | 1,642,612 | 1,599,162 | 43,450 |
| Operation of Non-Instructional Services | 4,535 | 4,640 | 4,517 | 123 |
| Extracurricular Activities | 1,235,744 | 1,264,295 | 1,230,852 | 33,443 |
| Capital Outlay | 27,867 | 28,511 | 27,757 | 754 |
| Total Expenditures | 67,931,750 | 69,501,241 | 67,662,804 | 1,838,437 |
| Excess of Revenues Over (Under) Expenditures | 49,954 | 1,605,701 | 4,413,863 | 2,808,162 |
| Other Financing Sources (Uses): | | | | |
| Proceeds from Sale of Capital Assets | 4,716 | 4,933 | 5,000 | 67 |
| Advances (Out) | (5,725) | (5,857) | (5,702) | 155 |
| Transfers In | 1,515,836 | 1,585,521 | 1,607,144 | 21,623 |
| Transfers (Out) | (1,615,381) | (1,652,703) | (1,608,986) | 43,717 |
| Total Other Financing Sources (Uses) | (100,554) | (68,106) | (2,544) | 65,562 |
| Net Change in Fund Balance | (50,600) | 1,537,595 | 4,411,319 | 2,873,724 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 33,316,501 | 33,316,501 | 33,316,501 | 0 |
| Fund Balance End of Year | $33,265,901 | $34,854,096 | $37,727,820 | $2,873,724 |

See accompanying notes to the required supplementary information.

## Note 1 – Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2018.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Board during the year.

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, disbursements and encumbrances. The Combined Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual 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:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).

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

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

Net Change in Fund Balance

| | General |
|---|---|
| GAAP Basis | $4,678,165 |
| Revenue Accruals | (940,991) |
| Expenditure Accruals | 1,275,675 |
| Transfers In | 1,607,144 |
| Transfers Out | (1,607,144) |
| Advances Out | (5,702) |
| Encumbrances | (595,829) |
| Funds Budgeted Elsewhere | 1 |
| Budget Basis | $4,411,319 |

## Note 2 - SERS Change in Assumptions-Net Pension Liability

The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

## Note 3 - STRS Change in Assumptions and Benefit Terms-Net Pension Liability

### Changes in Assumptions

The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

### Changes in Benefit Terms

Effective July 1, 2017, the COLA was reduced to zero.

## Note 4 - SERS Change in Assumptions-Net OPEB Liability

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

Municipal Bond Index Rate:

| | |
|---|---|
| Fiscal year 2018 | 3.56 percent |
| Fiscal year 2017 | 2.92 percent |

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

| | |
|---|---|
| Fiscal year 2018 | 3.63 percent |
| Fiscal year 2017 | 2.98 percent |

## Note 5 - STRS Change in Assumptions-Net OPEB Liability

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

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

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**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT**
**CLERMONT COUNTY**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED JUNE 30, 2018**

| FEDERAL GRANTOR<br>*Pass Through Grantor*<br>Program / Cluster Title | Pass Through Federal CFDA Number | Pass Through Entity Identifying Number | Total Federal Expenditures |
|---|---|---|---|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| *Passed Through Ohio Department of Education:* | | | |
| Child Nutrition Cluster: | | | |
| Non-Cash Assistance (Food Distribution): | | | |
| National School Lunch Program | 10.555 | 3L60 | $283,216 |
| Cash Assistance: | | | |
| School Breakfast Program | 10.553 | 3L70 | 275,061 |
| National School Lunch Program | 10.555 | 3L60 | 1,251,502 |
| Total Child Nutrition Cluster | | | 1,809,779 |
| Total U.S. Department of Agriculture | | | 1,809,779 |
| U.S. DEPARTMENT OF EDUCATION | | | |
| *Passed Through Ohio Department of Education:* | | | |
| Special Education Cluster: | | | |
| Special Education-Grants to States | 84.027 | 3M20 | 1,334,404 |
| Special Education-Preschool Grants | 84.173 | 3C50 | 44,606 |
| Total Special Education Cluster | | | 1,379,010 |
| Title I Grants to Local Educational Agencies | 84.010 | 3M00 | 586,141 |
| English Language Acquisition State Grants | 84.365 | 3Y70 | 18,227 |
| Supporting Effective Instruction State Grants | 84.367 | 3Y60 | 144,359 |
| Student Support and Academic Enrichment Program | 84.424 | 3HI0 | 8,585 |
| *Passed Through Great Oaks Career Campuses:* | | | |
| Career & Technical Education Basic Grants to States | 84.048 | GO | 1,181 |
| Total U.S. Department of Education | | | 2,137,503 |
| U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES | | | |
| *Direct Program* | | | |
| Drug-Free Communities Support Program Grants | 93.276 | N/A | 134,924 |
| Total U.S. Department of Health & Human Services | | | 134,924 |
| Total Federal Assistance | | | $4,082,206 |

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT**
**CLERMONT COUNTY**
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED JUNE 30, 2018**

## NOTE A – BASIS OF PRESENTATION

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

## NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## NOTE C - CHILD NUTRITION CLUSTER

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

## NOTE D – FOOD DONATION PROGRAM

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

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

Milford Exempted Village School District
Clermont County
1099 State Route 131
Milford, Ohio 45150

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Milford Exempted Village School District, Clermont County, Ohio (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 5, 2019, wherein we noted the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*

***Internal Control Over Financial Reporting***

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

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

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

### *Compliance and Other Matters*

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

### *Purpose of this Report*

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

Keith Faber
Auditor of State
Columbus, Ohio

March 5, 2019

OHIO AUDITOR OF STATE
KEITH FABER

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

Milford Exempted Village School District
Clermont County
1099 State Route 131
Milford, Ohio 45150

To the Board of Education:

***Report on Compliance for each Major Federal Program***

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on each Major Federal Program***

In our opinion, Milford Exempted Village 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, 2018.

***Report on Internal Control Over Compliance***

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

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

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

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

March 5, 2019

**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT**
**CLERMONT COUNTY**

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

## 1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---|---|---|
| *(d)(1)(i)* | **Type of Financial Statement Opinion** | Unmodified |
| *(d)(1)(ii)* | **Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?** | No |
| *(d)(1)(ii)* | **Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?** | No |
| *(d)(1)(iii)* | **Was there any reported material noncompliance at the financial statement level (GAGAS)?** | No |
| *(d)(1)(iv)* | **Were there any material weaknesses in internal control reported for major federal programs?** | No |
| *(d)(1)(iv)* | **Were there any significant deficiencies in internal control reported for major federal programs?** | No |
| *(d)(1)(v)* | **Type of Major Programs' Compliance Opinion** | Unmodified |
| *(d)(1)(vi)* | **Are there any reportable findings under 2 CFR § 200.516(a)?** | No |
| *(d)(1)(vii)* | **Major Programs (list):** | Child Nutrition Cluster – CFDA # 10.553 and 10.555 |
| *(d)(1)(viii)* | **Dollar Threshold: Type A\B Programs** | Type A: > $ 750,000<br>Type B: all others |
| *(d)(1)(ix)* | **Low Risk Auditee under 2 CFR § 200.520?** | Yes |

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

None

## 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT**

**CLERMONT 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 19, 2019**