

***CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO***

**AUDIT REPORT**

**For the Year Ended June 30, 2017**







# Dave Yost • Auditor of State

Board of Education  
Clearview Local School District  
4700 Broadway Avenue  
Lorain, Ohio 44052

We have reviewed the *Independent Auditor's Report* of the Clearview Local School District, Lorain County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

January 2, 2018

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**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

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***Charles E. Harris & Associates, Inc***  
***Certified Public Accountants***

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**INDEPENDENT AUDITOR'S REPORT**

Clearview Local School District  
Lorain County  
4700 Broadway Avenue  
Lorain, Ohio 44052

To the Board of Education:

***Report on the Financial Statements***

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clearview Local School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clearview Local School District, Lorain County, Ohio, as of June 30, 2017, and the respective changes in cash basis financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the cash basis of accounting described in Note 2.

**Basis of Accounting**

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters**

*Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements.

The Schedule of Expenditures of Federal Awards is presented for the purpose of 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 of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

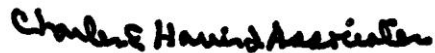
*Other Information*

The management's discussion and analysis on pages 4 - 10, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2017, 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.



***Charles E. Harris & Associates, Inc.***  
October 16, 2017

CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017  
UNAUDITED

This discussion and analysis of the Clearview Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017, within the limitations of the cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key highlights for 2017 are as follows:

In total, net position increased \$ 3,973,751 or a 83.1% change from the prior fiscal year. The School District's general receipts are primarily property taxes and unrestricted state entitlements, which make up 69.9% of the total cash received. Dependence on these two revenue sources is significant.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

### **Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the School District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017  
UNAUDITED

**Reporting the School District As A Whole**

The statement of net position and the statement of activities reflect how the School District did financially during 2017, within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other nonfinancial factors such as the School District's property tax base, the condition of the School District's capital assets and infrastructure, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net position and the statement of activities, all of the School District activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, food services, extracurricular activities, and capital outlay disbursements.

**Reporting the School District's Most Significant Funds**

Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. The School District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the School District are split into two categories: governmental and fiduciary.

**Governmental Funds** – All of the School District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the School District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the School District's programs.

The School District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The School District's major governmental fund is the General Fund.

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

CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017  
UNAUDITED

**The School District as a Whole**

Table 1 provides a comparison of the School District's net position for fiscal year 2017 with fiscal year 2016:

**Table 1**

	2017	2016
Assets		
Equity in pooled cash	\$ 8,758,296	\$ 4,784,545
Total assets	8,758,296	4,784,545
Net position		
Restricted for:		
Debt service	312,265	291,770
Capital projects	54,759	62,612
Food service	729,142	367,744
Extracurricular activities	31,034	39,377
State grants	-	2,700
Federal grants	32,765	14,865
Donations	14,612	15,196
Capital maintenance	440,417	478,225
Unrestricted	7,143,302	3,512,056
Total net position	\$ 8,758,296	\$ 4,784,545

As mentioned previously, net position of governmental activities increased \$ 3,973,751, or 83.1% during fiscal year 2017, primarily due to an increase in intergovernmental receipts.

CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017  
UNAUDITED

Table 2 reflects the changes in net position for fiscal year 2017 compared with fiscal year 2016.

**Table 2**

	<u>2017</u>	<u>2016</u>
Receipts		
Program receipts		
Charges for services and sales	\$ 4,280,731	\$ 4,093,185
Operating grants, interest and contributions	<u>2,124,377</u>	<u>1,876,963</u>
Total program receipts	<u>6,405,108</u>	<u>5,970,148</u>
General receipts		
Property taxes	3,271,323	3,110,724
Grants and entitlements not restricted to specific purposes	11,524,687	10,707,734
Investment earnings	15,718	3,003
Miscellaneous	<u>47,200</u>	<u>69,364</u>
Total general receipts	<u>14,858,928</u>	<u>13,890,825</u>
Total receipts	<u>21,264,036</u>	<u>19,860,973</u>
Program cash disbursements		
Instruction	10,482,346	10,129,722
Supporting services		
Pupil and instructional staff	857,230	1,028,513
Board of education, administration, fiscal services and business	2,036,148	1,998,255
Operation and maintenance	1,533,019	1,342,798
Pupil transportation	503,430	403,333
Central services	59,177	54,581
Operation of non-instructional services		
Food service operation	842,495	822,943
Extracurricular activities	430,828	451,215
Capital outlay	75,739	10,394
Debt service		
Principal	300,000	332,500
Interest and fiscal charges	167,973	184,350
Refund of prior year receipts	<u>1,900</u>	<u>-</u>
Total program cash disbursements	<u>17,290,285</u>	<u>16,758,604</u>
Increase in net position	3,973,751	3,102,369
Net position at beginning of year	<u>4,784,545</u>	<u>1,682,176</u>
Net position at end of year	<u>\$ 8,758,296</u>	<u>\$ 4,784,545</u>

CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017  
UNAUDITED

Program receipts represent only 30.1% in fiscal years 2017 and 2016 of total receipts and are primarily represented by restricted intergovernmental receipts, charges for tuition and fees, extracurricular activities, and food service sales. General receipts represent 69.9% of total receipts in fiscal years 2017 and 2016, and of this amount, 77.6% for fiscal year 2017 and 77.1% for fiscal year 2016 is the result of unrestricted grants and entitlements, which primarily represents State foundation resources. Property taxes make up 22.0% in fiscal year 2017 and 22.4% in fiscal year 2016 of the School District's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

The major program disbursements for governmental activities are for instruction, which accounts for 60.6% of all governmental disbursements in fiscal year 2017 and 60.4% in fiscal year 2016. Other programs which support the instruction process, including pupil and instructional staff, administrative, maintenance, and pupil transportation account for approximately 28.9% of governmental disbursements in fiscal years 2017 and 2016.

Governmental Activities - If you look at the Statement of Activities on page 12, you will see that the first column lists the major services provided by the School District. The next column identifies the costs of providing these services. The next two columns of the Statement of Activities entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the School District that must be used to provide a specific service. The Net (Disbursements) column compares the program receipts to the cost of the service. This "Net Cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Table 3**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Program expenses				
Instruction	\$ 10,482,346	\$ 10,129,647	\$ (5,506,384)	\$ (5,406,618)
Supporting services				
Pupil and instructional staff	857,230	1,028,513	(820,988)	(982,454)
Board of education, administration, fiscal services and business	2,036,148	1,998,255	(2,031,956)	(1,998,255)
Operation and maintenance	1,533,019	1,342,798	(1,533,019)	(1,342,798)
Pupil transportation	503,430	403,333	(503,430)	(403,333)
Central services	59,177	54,581	(59,177)	(54,581)
Operation of non-instructional services				
Food service operation	842,495	822,943	423,076	225,935
Extracurricular activities	430,828	451,215	(307,687)	(299,108)
Capital outlay	75,739	10,394	(75,739)	(10,394)
Debt service				
Principal	300,000	332,500	(300,000)	(332,500)
Interest	167,973	184,350	(167,973)	(184,350)
Refund of prior year receipts	1,900	-	(1,900)	-
Total expenses	<u>\$ 17,290,285</u>	<u>\$ 16,758,529</u>	<u>\$(10,885,177)</u>	<u>\$(10,788,456)</u>

CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017  
UNAUDITED

The dependence upon property taxes and other general receipts is apparent as 63.0% in fiscal year 2017 and 64.4% in fiscal year 2016 of governmental activities are supported through these general receipts. In fiscal year 2017, 52.5% and in fiscal year 2016, 53.4% of instruction activities are supported through taxes and other general revenues. Operation of food services was primarily funded by program revenues. In fiscal year 2017 and 2016, 28.6% and 33.7%, respectively, of extracurricular activities expenses are covered by program revenues. It is apparent that the community, as a whole, is the primary support for the School District.

**The School District's Funds**

The School District's governmental funds are accounted for using the cash basis of accounting. Total governmental funds had receipts of \$ 21,264,036, disbursements of \$ 17,288,385 and net other financing sources and uses of (\$ 1,900), resulting in an increase in fund balances of \$ 3,973,751.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2017, the School District amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts including other financing sources were budgeted at \$ 15,672,615 while actual receipts were \$ 18,215,019. The difference between final budgeted receipts and actual receipts was primarily due to higher intergovernmental receipts and tuition and fees being collected.

Final disbursements including other financing uses were budgeted at \$ 15,277,267 while actual disbursements were \$ 14,885,515. The School District was able to restrict spending below what was anticipated. The School District experienced lower than expected expenditures of \$ 254,133 and \$ 129,261 for instruction and support services, respectively. The School District appropriates conservatively in order to cover expenditures.

**Debt Administration**

Outstanding debt obligations of the School District consisted of:

	2017	2016
General obligation bonds	\$ 3,026,086	\$ 3,312,982

**Current Issues**

The challenge for all School Districts is to provide quality education to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a surplus for fiscal year 2018.

CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017  
UNAUDITED

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. If you have any questions about this report or need additional financial information, contact Sean Nuccio, CPA, Treasurer at Clearview Local District, 4700 Broadway Ave. Lorain, Ohio 44052.



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CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION – CASH BASIS  
JUNE 30, 2017

	Governmental Activities
<b>Assets</b>	
Equity in pooled cash	\$ 8,758,296
Total assets	\$ 8,758,296
 <b>Net position</b>	
Restricted for:	
Debt service	\$ 312,265
Capital projects	54,759
Food service	729,142
Extracurricular activities	31,034
Federal grants	32,765
Donations	14,612
Capital maintenance	440,417
Unrestricted	7,143,302
Total net position	\$ 8,758,296

See accompanying notes to the basic financial statements.

CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES – CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2017

	Cash Disbursements	Program Receipts		Net (Expense) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants, Interest and Contributions	
Governmental activities				
Current:				
Instruction				
Regular	\$ 8,453,159	\$ 4,070,914	\$ 85,320	\$ (4,296,925)
Special	1,867,797	-	819,728	(1,048,069)
Vocational	161,390	-	-	(161,390)
Supporting services				
Pupil	722,878	30,842	-	(692,036)
Instructional staff	134,352	-	5,400	(128,952)
Board of education	27,901	-	-	(27,901)
Administration	1,389,821	-	4,192	(1,385,629)
Fiscal services	376,494	-	-	(376,494)
Business	241,932	-	-	(241,932)
Operation and maintenance	1,533,019	-	-	(1,533,019)
Pupil transportation	503,430	-	-	(503,430)
Central services	59,177	-	-	(59,177)
Operation of non-instructional services				
Food service operation	842,495	55,834	1,209,737	423,076
Extracurricular activities	430,828	123,141	-	(307,687)
Capital outlay	75,739	-	-	(75,739)
Debt service				
Principal	300,000	-	-	(300,000)
Interest	167,973	-	-	(167,973)
Refund of prior year receipts	1,900	-	-	(1,900)
	<u>\$ 17,290,285</u>	<u>\$ 4,280,731</u>	<u>\$ 2,124,377</u>	<u>(10,885,177)</u>
General receipts				
Property taxes levied for:				
General purposes				2,734,542
Debt service				433,687
Capital improvements				103,094
Grants and entitlements not restricted to specific purposes				11,524,687
Investment earnings				15,718
Miscellaneous				47,200
Total general receipts				<u>14,858,928</u>
Change in net position				3,973,751
Net position, beginning of year				<u>4,784,545</u>
Net position, end of year				<u>\$ 8,758,296</u>

See accompanying notes to the basic financial statements.

CLEARVIEW LOCAL SCHOOL DISTRICT  
 STATEMENT OF ASSETS AND FUND BALANCES – CASH BASIS  
 GOVERNMENTAL FUNDS

JUNE 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in pooled cash	\$ 7,143,302	\$ 1,400,556	\$ 8,543,858
Restricted cash	214,438	-	214,438
<b>Total assets</b>	<b><u>\$ 7,357,740</u></b>	<b><u>\$ 1,400,556</u></b>	<b><u>\$ 8,758,296</u></b>
<b>Fund balances</b>			
Restricted	\$ 214,438	\$ 1,400,556	\$ 1,614,994
Assigned	300,905	-	300,905
Unassigned	6,842,397	-	6,842,397
<b>Total fund balances</b>	<b><u>\$ 7,357,740</u></b>	<b><u>\$ 1,400,556</u></b>	<b><u>\$ 8,758,296</u></b>

See accompanying notes to the basic financial statements.

CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -  
CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Taxes	\$ 2,734,542	\$ 536,781	\$ 3,271,323
Tuition and fees	4,032,635	-	4,032,635
Interest	14,046	1,672	15,718
Intergovernmental	11,377,243	2,271,821	13,649,064
Extracurricular	31,143	122,516	153,659
Charges for services	-	55,690	55,690
Other	72,091	13,856	85,947
<b>Total receipts</b>	<b>18,261,700</b>	<b>3,002,336</b>	<b>21,264,036</b>
<b>Disbursements</b>			
<b>Current</b>			
<b>Instruction</b>			
Regular	8,333,713	119,446	8,453,159
Special	1,164,094	703,703	1,867,797
Vocational	161,390	-	161,390
<b>Supporting services</b>			
Pupil	722,878	-	722,878
Instructional staff	126,252	8,100	134,352
Board of education	27,901	-	27,901
Administration	1,290,541	99,280	1,389,821
Fiscal services	362,598	13,896	376,494
Business	241,932	-	241,932
Operation and maintenance	1,453,300	79,719	1,533,019
Pupil transportation	485,829	17,601	503,430
Central services	59,177	-	59,177
<b>Operation of non-instructional services</b>			
Food service operation	-	842,495	842,495
Extracurricular activities	299,344	131,484	430,828
Capital outlay	-	75,739	75,739
<b>Debt service</b>			
Principal	-	300,000	300,000
Interest	-	167,973	167,973
<b>Total disbursements</b>	<b>14,728,949</b>	<b>2,559,436</b>	<b>17,288,385</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>3,532,751</b>	<b>442,900</b>	<b>3,975,651</b>
<b>Other financing sources (uses)</b>			
Advances in	22,440	15,834	38,274
Advances out	(15,834)	(22,440)	(38,274)
Refunds of prior year receipts	(1,900)	-	(1,900)
<b>Total other financing sources (uses)</b>	<b>4,706</b>	<b>(6,606)</b>	<b>(1,900)</b>
<b>Net change in fund balances</b>	<b>3,537,457</b>	<b>436,294</b>	<b>3,973,751</b>
<b>Fund balances, beginning of year</b>	<b>3,820,283</b>	<b>964,262</b>	<b>4,784,545</b>
<b>Fund balances, end of year</b>	<b>\$ 7,357,740</b>	<b>\$ 1,400,556</b>	<b>\$ 8,758,296</b>

See accompanying notes to the basic financial statements.

CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES –  
BUDGET BASIS AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund			Variance Over (Under)
	Budgeted Amounts		Actual	
	Original	Final		
Receipts				
Taxes	\$ 3,097,359	\$ 3,097,359	\$ 2,734,542	\$ (362,817)
Tuition and fees	2,581,069	2,697,157	4,032,635	1,335,478
Interest	8,990	9,394	14,046	4,652
Intergovernmental	9,830,880	9,830,880	11,377,243	1,546,363
Other	21,834	22,816	34,113	11,297
Total receipts	<u>15,540,132</u>	<u>15,657,606</u>	<u>18,192,579</u>	<u>2,534,973</u>
Disbursements				
Current				
Instruction				
Regular	8,131,842	8,543,758	8,324,673	219,085
Special	1,140,059	1,197,808	1,167,093	30,715
Vocational	160,826	168,973	164,640	4,333
Supporting services				
Pupil	676,787	711,070	692,836	18,234
Instructional staff	123,328	129,575	126,252	3,323
Board of education	27,255	28,635	27,901	734
Administration	1,263,750	1,327,765	1,293,717	34,048
Fiscal services	355,421	373,425	363,849	9,576
Business	373,256	392,163	382,107	10,056
Operation and maintenance	1,434,677	1,507,351	1,468,698	38,653
Pupil transportation	477,179	501,350	488,494	12,856
Central services	66,109	69,458	67,677	1,781
Extracurricular activities	292,410	307,222	299,344	7,878
Total disbursements	<u>14,522,899</u>	<u>15,258,553</u>	<u>14,867,281</u>	<u>391,272</u>
Excess (deficiency) of receipts over disbursements	<u>1,017,233</u>	<u>399,053</u>	<u>3,325,298</u>	<u>2,926,245</u>
Other financing sources (uses)				
Advances in	14,363	15,009	22,440	7,431
Advances out	(15,467)	(16,251)	(15,834)	417
Transfers out	(488)	(513)	(500)	13
Refunds of prior year receipts	(1,856)	(1,950)	(1,900)	50
Total other financing sources (uses)	<u>(3,448)</u>	<u>(3,705)</u>	<u>4,206</u>	<u>7,911</u>
Net change in fund balances	1,013,785	395,348	3,329,504	2,934,156
Fund balances, beginning of year	3,631,186	3,631,186	3,631,186	-
Prior year encumbrances	96,145	96,145	96,145	-
Fund balances, end of year	<u>\$ 4,741,116</u>	<u>\$ 4,122,679</u>	<u>\$ 7,056,835</u>	<u>\$ 2,934,156</u>

See accompanying notes to the basic financial statements.

CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION – CASH BASIS  
AGENCY FUNDS  
JUNE 30, 2017

	Agency Funds
Assets	
Equity in pooled cash	\$ 55,721
Total assets	\$ 55,721
Net position	
Held for students	\$ 46,892
Undistributed monies	8,829
Total net position	\$ 55,721

See accompanying notes to the basic financial statements.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 - REPORTING ENTITY

Clearview Local District (the School District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education consisting of five members and is responsible for providing public education to residents of the School District.

The School District is located in Lorain County and includes all of Sheffield Township and portions of the City of Lorain. It is staffed by 80 classified employees, 101 certified teaching personnel, and 14 administrative employees who provide services to 1,693 students and other community members. The School District currently operates three instructional buildings, one bus garage and one administrative facility.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organizations' governing board and, 1) the School District is able to significantly influence the programs or services performed or provided by the organization; or 2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

Blended component units, although legally separated entities are, in substance, part of the School District's operations and so data from these units are combined with data of the School District. The School District has no component units.

The School District is associated with Metropolitan Educational Technology Association (META), the Lake Erie Regional Council of Governments, the Lorain County Joint Vocational School District, and the Ohio Schools Council Association, which are considered to be jointly governed organizations. These organizations and their relationships with the School District are described in more detail in Note 14 to these financial statements.

The School District's management believes these financial statements present all activities for which the School District is financially accountable.



CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting section of this note, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

A. BASIS OF PRESENTATION

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

Fund Financial Statements

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

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUND ACCOUNTING

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

Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following is the School District's major fund:

General Fund - The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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 School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature. The School District's agency funds account for various student-managed activities and unclaimed monies.

C. BASIS OF ACCOUNTING

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY PROCESS

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the 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 amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment 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 fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

E. CASH AND INVESTMENTS

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2017, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio, is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CASH AND INVESTMENTS (continued)

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2017 was \$ 14,046 which included \$ 1,184 assigned from other School District funds.

F. RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. INVENTORY AND PREPAID ITEMS

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. CAPITAL ASSETS

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. INTERFUND RECEIVABLES/PAYABLES

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

K. PENSION PLANS

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

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. LONG-TERM OBLIGATIONS

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

M. NET POSITION

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for building maintenance.

The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

N. FUND BALANCE

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education. The Board may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. INTERFUND TRANSACTIONS

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 cash disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2017, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 77, "Tax Abatement Disclosures," GASB Statement No. 78, "Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plan," GASB Statement No. 79, "Certain External Investment Pools and Pool Participants," GASB Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14," and GASB Statement No. 82, "Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73.

GASB Statement No. 77, "Tax Abatement Disclosures." The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. The School District incorporated the corresponding GASB Statement No 77 guidance into their fiscal year 2017 financial statements; however, there is no effect on the beginning net position.

GASB Statement No 78, "Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plan." The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the School District.

GASB Statement No. 79, "Certain External Investment Pools and Pool Participants" establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance and also establishes additional note disclosure requirements for governments that participate in those pools. The School District participates in STAR Ohio which implemented GASB Statement No. 79 for their fiscal year 2016. The School District incorporated the corresponding GASB 79 guidance into their fiscal year 2017 financial statements; however, there is no effect on beginning net position/fund balance.

GASB Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14." This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The implementation of GASB No. 80 did not have an effect on the financial statements of the School District.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the School District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

CLEARVIEW LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 – COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund (and each major special revenue fund) is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as assigned fund balance (cash basis). The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance	
	General Fund
Budget basis	\$ 3,329,504
Adjustments, increase (decrease)	
Encumbrances	196,335
Funds budgeted elsewhere **	11,618
Cash basis, as reported	\$ 3,537,457

\*\* As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund for financial statement presentation purposes. This includes the Special Trust Fund, Public School Support Fund, Uniform School Supplies Fund, and the Latchkey Fund.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 6 – DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

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

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

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

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

Interim monies may be invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Commercial paper and bankers' acceptances (if authorized by the Board of Education), and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.



CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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

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

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

At fiscal year end, the School District had \$ 3,100 in cash on hand which is included on the statement assets and fund balances – cash basis of the School District as part of "Equity in pooled cash".

B. DEPOSITS

At fiscal year end, the carrying amount of the School District's deposits was \$ 7,804,908 and the bank balance was \$ 7,813,905. Of the bank balance, \$ 1,528,552 was covered by federal depository insurance and \$ 6,285,353 was uninsured. Of the remaining balance, \$ 6,285,353 was collateralized with securities held by the pledging institution's trust department not in the School District's name. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

CLEARVIEW LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

C. INVESTMENTS

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2017, the School District had the following investments.

	Maturities	Value
Investment in STAR Ohio	45.5 days	\$ 1,006,009

As discussed in the Note 1 E, STAR Ohio is reported at its net asset value.

D. INTEREST RATE RISK

The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily.

E. CREDIT RISK

The School District follows the Ohio Revised Code that limits its investment choices. As of June 30, 2017, the School District's investments in STAR Ohio were rated AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

F. CONCENTRATION OF CREDIT RISK

The School District places no limit on the amount that may be invested in any one issuer. The School District's allocation as of June 30, 2017 was 100 percent invested in STAR Ohio.

CLEARVIEW LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 and are collected in 2017 with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Lorain County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	<u>2016 Second Half Collections</u>		<u>2017 First Half Collections</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Agricultural Residential				
Real Estate	\$ 51,998,740	66.68 %	\$ 52,046,330	66.46 %
Other Commercial	21,940,300	28.13	21,875,060	27.93
Public Utility				
Tangible Personal Property	<u>4,046,490</u>	<u>5.19</u>	<u>4,395,670</u>	<u>5.61</u>
	<u>\$ 77,985,530</u>	<u>100.00 %</u>	<u>\$ 78,317,060</u>	<u>100.00 %</u>
 Tax Rate per \$ 1,000 of Assessed Valuation:	 <u>\$ 60.91</u>		 <u>\$ 60.73</u>	

CLEARVIEW LOCAL SCHOOL DISTRICT  
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NOTE 8 - RISK MANAGEMENT

The School 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. The School District has a comprehensive property and casualty policy with the Ohio Schools Risk Authority. All board members, administrators, and employees are covered under a School District liability policy with the Ohio Schools Risk Authority. The limits of this coverage are \$ 15,000,000 per occurrence and \$ 17,000,000 aggregate. The School District provides medical and life insurance to employees through commercial insurance coverage. The treasurer is covered with a surety bond for \$ 50,000. Remaining employees who handle money are covered by a commercial coverage crime policy in the amount of \$ 50,000. This coverage is provided by the Westfield Insurance Company. The School District has contracted with the Lake Erie Regional Council of Governments (LERC) to provide health and medical benefits. LERC is a fully insured consortium. The School District provides medical, vision and dental benefits to most employees. The premium varies with employee depending on marital status and employee classification.

For fiscal year 2017, the School District participated in the Sheakley Workers' Compensation Group rating Program. The program is intended to reduce premiums for the participants. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the program. Each participant pays its rate. Participation in the program is limited to members that can meet the program's selection criteria. The School Districts apply for participation each year. Sheakley Co. provides administrative, cost control, and actuarial services to the program. Each year the School District pays an enrollment fee to the program to cover the costs of administration.

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 the prior fiscal year.

CLEARVIEW LOCAL SCHOOL DISTRICT  
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NOTE 9 – LONG-TERM OBLIGATIONS

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

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
General obligation bonds				
School Improvement	1999	6.125%	\$ 3,260,000	2024
Building construction	2001	5.280%	\$ 2,410,000	2023
Refunding bonds	2006	4.000%	\$ 1,780,000	2024
Refunding				
Term and serial	2011	2.90% - 3.75%	\$ 720,000	2024
Capital appreciation	2011	3.900%	\$ 54,999	2020

In 2006, \$ 1,780,000 of the 1999 school improvement bonds were advanced refunded.

The changes in the School District's long-term debt during fiscal year 2017 were as follows:

	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017	Amounts Due In One Year
Bonds payable	\$ 3,264,999	\$ -	\$ 300,000	\$ 2,964,999	\$ 320,000
Accretion on capital appreciation bonds	47,983	13,104	-	61,087	-
	<u>\$ 3,312,982</u>	<u>\$ 13,104</u>	<u>\$ 300,000</u>	<u>\$ 3,026,086</u>	<u>\$ 320,000</u>

Bonds payable will be repaid from the Debt Service Fund.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2017, were as follows:

Year ending June 30,	Bonds Payable	
	Principal	Interest
2018	\$ 320,000	\$ 148,720
2019	345,000	130,069
2020	279,999	213,856
2021	390,000	94,416
2022	405,000	74,788
2023 - 2025	1,225,000	96,876
	<u>\$ 2,964,999</u>	<u>\$ 758,725</u>

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 10 – BONDS PAYABLE

Bonds payable at year end consisted of:

	<u>Outstanding June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 2017</u>	<u>Due within 1 year</u>
General obligation bonds					
School Improvement, (1999)					
6.125% through 2024	\$ 985,000	\$ -	\$ 165,000	\$ 820,000	\$ 175,000
Building construction, (2001)					
5.280% through 2023	400,000	-	120,000	280,000	130,000
Refunding bonds, (2006)					
4.000% through 2024	1,165,000	-	5,000	1,160,000	5,000
Refunding bonds, (2011)					
Term and serial bonds					
2.9% - 3.8% through 2024	660,000	-	10,000	650,000	10,000
Capital appreciation bonds					
3.9% - 3.8% through 2020	54,999	-	-	54,999	-
Accretion on capital appreciation bonds	47,983	13,104	-	61,087	-
	<u>\$ 3,312,982</u>	<u>\$ 13,104</u>	<u>\$ 300,000</u>	<u>\$ 3,026,086</u>	<u>\$ 320,000</u>

At June 30, 2017, \$ 1,180,000 of the 1999 general obligation bonds and \$ 775,000 of the 2001 general obligation bonds are considered to be defeased.

NOTE 11 – LEASES

The School District leases certain equipment under non-cancelable leases. The School District disbursed \$ 60,216 to pay lease costs for the fiscal year ended June 30, 2017. Future lease payments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$ 60,217
2019	60,217
2020	42,615
2021	42,615
Total	<u>\$ 205,664</u>

CLEARVIEW LOCAL SCHOOL DISTRICT  
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**NOTE 12 – SET-ASIDE REQUIREMENTS**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. The following cash basis information identifies the changes in the fund balance reserves for capital maintenance during fiscal year 2017.

	Capital Maintenance
Balance, July 1, 2016	\$ 308,227
Required set aside	290,692
Offsetting credits	(119,282)
Qualifying expenditures	(265,199)
Balance June 30, 2017	\$ 214,438

The amount required by State statute to be set aside to create a reserve for capital maintenance is limited to the pooled cash balance in the General Fund.

**NOTE 13 – 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:

Fund balances	General Fund	Nonmajor Governmental Funds	Total
Restricted for			
Debt service	\$ -	\$ 312,265	\$ 312,265
Food service operations	-	729,142	729,142
Extracurricular	-	31,034	31,034
Federal grants	-	32,765	32,765
Capital outlay	-	54,759	54,759
Other donations	-	14,612	14,612
Capital maintenance	-	225,979	225,979
Set aside for capital maintenance	214,438	-	214,438
Total restricted	214,438	1,400,556	1,614,994
Assigned for			
Encumbrances	196,335	-	196,335
Other purposes	104,570	-	104,570
Total assigned	300,905	-	300,905
Unassigned	6,842,397	-	6,842,397
Total fund balances	\$ 7,357,740	\$ 1,400,556	\$ 8,758,296

CLEARVIEW LOCAL SCHOOL DISTRICT  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

A. METROPOLITAN EDUCATIONAL TECHNOLOGY ASSOCIATION

The School District is a participant in Metropolitan Educational Technology Association (META) which is a computer consortium that was the result of a merger between Tri-Rivers Educational Computer Association (TRECA) and the Metropolitan Educational Council (MEC). META develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eight of the member districts. During fiscal year 2017, the School District paid META \$ 48,469 for services. Financial information can be obtained from Metropolitan Educational Technology Association, 100 Executive Drive, Marion, Ohio 43302.

B. LAKE ERIE REGIONAL COUNCIL OF GOVERNMENTS (LERC)

The Lake Erie Regional Council of Governments (LERC) is a jointly governed organization among fourteen districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, food service and insurance. Each member provided operating resources to LERC on a per pupil or usage charge except for insurance. The LERC assembly consists of a superintendent or designated representative from each participating district and the fiscal agent. LERC is governed by a board of directors chosen from the general membership. The degree of control exercised by any participating district is limited to its representation on the board. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 2017, the School District paid \$ 1,591,247 to LERC.

C. LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

The Lorain County Joint Vocational School District is a separate body politic and corporate, established by the Ohio Revised Code to provide vocational and special education needs of the students. The Board of the Lorain County Joint Vocational School District is comprised of representatives from each participating school district and is responsible for approving its own budgets, appointing personnel, accounting, and financing related activities.

Each School District's control is limited to its representation on the Board. The Clearview Local School District's students may attend the Lorain County Joint Vocational School District. Financial information can be obtained by contacting the Lorain County Joint Vocational School District, 15181 State Route 58, Oberlin, Ohio 44074.



CLEARVIEW LOCAL SCHOOL DISTRICT  
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NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS (continued)

D. OHIO SCHOOLS COUNCIL

The Ohio Schools Council (Council) is a jointly governed organization among 196 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. Financial information can be obtained by contacting the Executive Director at the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131. During the year ended June 30, 2017, the School District paid \$ 36,927 to the Ohio Schools Council.

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

NOTE 15 - INTERFUND ADVANCES

Interfund advances during the year ended June 30, 2017 consisted of the following:

	Advance from:		
	General Fund	Nonmajor Governmental Funds	Total
Advance to:			
General Fund	\$ -	\$ 22,440	\$ 22,440
Nonmajor governmental funds	15,834	-	15,834
	<u>\$ 15,834</u>	<u>\$ 22,440</u>	<u>\$ 38,274</u>

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 16 - DEFINED BENEFIT PENSION PLANS

A. NET PENSION LIABILITY

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

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

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.

B PLAN DESCRIPTION - SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

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

CLEARVIEW LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

B PLAN DESCRIPTION - SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) (continued)

Age and service requirements for retirement are as follows:

	Eligible to retire on or before August 1, 2017*	Eligible to retire on or after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$ 183,867 for fiscal year 2017.

C. PLAN DESCRIPTION - STATE TEACHERS RETIREMENT SYSTEM (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee 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](http://www.strsoh.org).

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

C. PLAN DESCRIPTION - STATE TEACHERS RETIREMENT SYSTEM (STRS) (continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$ 985,317 for fiscal year 2017.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

D. NET PENSION LIABILITY

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 4,560,678	\$ 21,357,125	\$ 25,917,803
Proportion of the net pension liability - current year	0.06231220%	0.06380401%	
Proportion of the net pension liability - prior year	0.06594700%	0.06544700%	
	<u>-0.00363480%</u>	<u>-0.00164299%</u>	
Pension expense	<u>\$ 183,867</u>	<u>\$ 985,317</u>	

E. ACTUARIAL ASSUMPTIONS - SERS

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

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

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.

CLEARVIEW LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment rate of return	7.50 percent of net of investments expense, including inflation
Actuarial cost method	Early age normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	1.00%	0.50%
U.S. stocks	22.50%	4.75%
Non-U.S. 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%
	<u>100.00%</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

CLEARVIEW LOCAL SCHOOL DISTRICT  
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NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
School District's proportionate share of the net pension liability	\$ 6,038,054	\$ 4,560,678	\$ 3,324,053

F. ACTUARIAL ASSUMPTIONS - STRS

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

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment rate of return	7.75 percent, net of investment expenses
Cost-of-living adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013. 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commencing on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

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

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

F. ACTUARIAL ASSUMPTIONS – STRS (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return *</u>
Domestic equity	31.00%	8.00%
International equity	26.00%	7.85%
Alternatives	14.00%	8.00%
Fixed income	18.00%	3.75%
Real estate	10.00%	6.75%
Liquidity reserves	1.00%	3.00%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.75% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described in Note 1. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are excluded. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	<u>\$ 28,381,884</u>	<u>\$ 21,357,125</u>	<u>\$ 15,431,327</u>

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



CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 17 - POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM

In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers a postemployment benefit plan.

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

The Ohio Revised Code provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plan.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer 14% contribution to the Health Care Fund in accordance with the funding policy. For the year ended June 30, 2017, the health care allocation is 0.00%. 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. By statute 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 2017, the minimum compensation level was established at \$23,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. For fiscal year 2017, the District's surcharge obligation was \$ 31,655.

The District's contributions assigned to health care for the years ended June 30, 2017, 2016, and 2015 were \$ 31,655, \$ 34,696 and \$ 19,992, respectively; 100% has been paid for fiscal years 2017, 2016, and 2015.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 17 - POSTEMPLOYMENT BENEFITS (continued)

B. STATE TEACHERS RETIREMENT SYSTEM

Plan Description – The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board 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. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2017, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$ 0 for all years.

NOTE 18 - CONTINGENCIES

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure 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 the responsibility of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2017.

NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued.

**Clearview Local School District  
Lorain County  
Schedule of Expenditures of Federal Awards  
For the Year Ending June 30, 2017**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Disbursements
<b><u>U.S. Department of Agriculture</u></b>			
<b>Nutrition Cluster:</b>			
<b>Pass through Ohio Department of Education:</b>			
National School Lunch Program	10.555	N/A	\$558,584
Breakfast Program	10.553	N/A	346,744
<b>Direct Program:</b>			
<b>Non-Cash Assistance:</b>			
National School Lunch Program - Food Commodities - Note D	10.555	N/A	<u>75,247</u>
<b>Total Nutrition Cluster</b>			<u><b>980,575</b></u>
<b>Total U.S. Department of Agriculture</b>			<b>980,575</b>
<b><u>U.S. Department of Education</u></b>			
<b>Pass through Ohio Department of Education:</b>			
<b>ESEA Title I, Part A, Title I Grants to Local Education Agencies</b>			
Title I - N/D FY 17	84.010	048132-S010A150035-2017	470,422
Title I - N/D FY 16	84.010	048132-S010A150035-2016	<u>58,998</u>
<b>Total Title I - Grants to Local Education Agencies</b>			<b>529,420</b>
<b>Title VI - B, Special Education - Assistance to States for Education of Handicapped Children</b>			
Title VI - B - FY 17	84.027	048132-H027A150111-2017	264,169
Title VI - B - FY 16	84.027	048132-H027A150111-2016	<u>34,482</u>
<b>Total Title VI - B</b>			<b>298,651</b>
<b>Title II-A</b>			
Improv. Teacher Quality - FY 17	84.367	048132-S367A150034-2017	68,369
Improv. Teacher Quality - FY16	84.367	048132-S367A150034-2016	<u>876</u>
<b>Total Title II-A</b>			<u><b>69,245</b></u>
<b>Total U.S. Department of Education</b>			<u><b>897,316</b></u>
<b>Total Federal Awards</b>			<u><u><b>\$1,877,891</b></u></u>

**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

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

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Clearview Local School District (the District) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C - CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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

**NOTE E - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2016 to 2017 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 9,626
Special Education - Grants to States	84.027	(5,585)
Title II-A	84.367	(812)

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***Charles E. Harris & Associates, Inc***  
***Certified Public Accountants***

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Clearview Local School District  
Lorain County  
4700 Broadway Avenue  
Lorain, Ohio 44052

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clearview Local School District, Lorain County, (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 16, 2017, wherein we noted that District uses a special purpose framework other than generally accepted accounting principles.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. 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, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

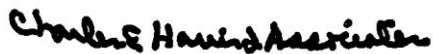
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2017-001.

***District's Response to Finding***

The District's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***  
October 16, 2017

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***Charles E. Harris & Associates, Inc***  
*Certified Public Accountants*

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Clearview Local School District  
Lorain County  
4700 Broadway Avenue  
Lorain, Ohio 44052

To the Board of Education:

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

We have audited the Clearview Local School District, Lorain County, Ohio's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2017. The District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

***Management's Responsibility***

Management is responsible for compliance 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 express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 opinion on compliance for the major program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Clearview Local School District, Lorain County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

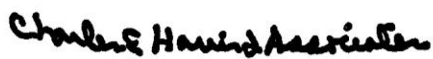
***Report on Internal Control Over Compliance***

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**Charles E. Harris & Associates, Inc.**  
October 16, 2017



CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2017

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

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

**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2017**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**Noncompliance**

**Ohio Rev. Code Section 117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**Ohio Administrative Code Section 117-2-03(B)** requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. Pursuant to Ohio Rev. Code Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The District did not report the financial activity of the District in accordance with generally accepted accounting principles for fiscal year ending June 30, 2017. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

The Board of Education should review the standards and ensure preparation of its financial statements in accordance with AICPA's Audit and Accounting Guide Audits of State and Local Governments. The Board of Education should ensure the financial statements are prepared in accordance with the Ohio Administrative Code and the Ohio Revised Code. Implementation of these procedures would help ensure accurate and timely financial statements are available to the District's community.

**Official's Response:**

See Corrective Action Plan.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None

**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

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

Finding Number	Finding Summary	Status	Additional Information
2016-001	Ohio Revised Code § 117.38 and Administrative Code § 117-2-03 (B) – for not preparing its annual financial report in accordance with generally accepted accounting principles.	Not corrected	Reissued as Finding 2017-001.

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**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
June 30, 2017**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2017-001	GAAP Statements have not been filed since the cost of preparing GAAP Statements outweighs the benefit. Clearview Local School District does not intend on filing GAAP financial statements.	N/A	Sean Nuccio, Treasurer

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# Dave Yost • Auditor of State

**CLEARVIEW LOCAL SCHOOL DISTRICT**

**LORAIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 16, 2018**