



Dave Yost • Auditor of State

OHIO AUDITOR OF STATE KEITH FABER



January 15, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

Ohio Auditor of State

A handwritten signature in cursive script that reads "Keith Faber".

**NORDONIA HILLS CITY SCHOOL DISTRICT
SUMMIT COUNTY
JUNE 30, 2018**

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Dave Yost • Auditor of State

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

Nordonia Hills City School District
Summit County
9370 Olde Eight Road
Northfield, Ohio 44067

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Nordonia Hills City School District, Summit County, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 27, 2018, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

December 27, 2018



Dave Yost • Auditor of State

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

Nordonia Hills City School District
Summit County
9370 Olde Eight Road
Northfield, Ohio 44067

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Nordonia Hills City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Receipts and Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Nordonia Hills City School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 27, 2018, wherein we noted the District adopted the new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State
Columbus, Ohio

December 27, 2018

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**NORDONIA HILLS CITY SCHOOL DISTRICT
SUMMIT COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Child Nutrition Cluster:						
School Breakfast Program	10.553	50047-3L70-2018	\$ 32,539	\$ -	\$ 32,539	\$ -
National School Lunch Program	10.555	50047-3L60-2018	285,313	73,895	285,313	73,895
Total Child Nutrition Cluster			<u>317,852</u>	<u>73,895</u>	<u>317,852</u>	<u>73,895</u>
Total U.S. Department of Agriculture			<u>317,852</u>	<u>73,895</u>	<u>317,852</u>	<u>73,895</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster:						
Special Education - Grants to States	84.027	50047-3M20-2017	120,071	-	12,838	-
Special Education - Grants to States	84.027	50047-3M20-2018	750,871	-	771,910	-
Total Special Education Cluster			<u>870,942</u>	<u>-</u>	<u>784,748</u>	<u>-</u>
Title I:						
Title I Grants to Local Educational Agencies	84.010	50047-3M00-2017	26,796	-	18,240	-
Title I Grants to Local Educational Agencies	84.010	50047-3M00-2018	283,985	-	290,148	-
Total Title I Grants to Local Educational Agencies			<u>310,781</u>	<u>-</u>	<u>308,388</u>	<u>-</u>
Title II-A						
Improving Teacher Quality State Grants, Title II-A	84.367	50047-3Y60-2017	1,885	-	2,128	-
Improving Teacher Quality State Grants, Title II-A	84.367	50047-3Y60-2018	29,410	-	44,587	-
Total Improving Teacher Quality State Grants, Title II-A			<u>31,295</u>	<u>-</u>	<u>46,715</u>	<u>-</u>
Title III						
English Language Acquisition State Grants, Title III	84.365	50047-3Y70-2017	3,470	-	3,276	-
English Language Acquisition State Grants, Title III	84.365	50047-3Y70-2018	1,465	-	1,485	-
Total English Language Acquisition State Grants, Title III			<u>4,935</u>	<u>-</u>	<u>4,761</u>	<u>-</u>
Title IV-A						
Student Support and Academic Enrichment Program, Title IV-A	84.424	50047-3H10-2018	4,121	-	4,121	-
Total Student Support and Academic Enrichment Program, Title IV-A			<u>4,121</u>	<u>-</u>	<u>4,121</u>	<u>-</u>
Total U.S. Department of Education			<u>1,222,074</u>	<u>-</u>	<u>1,148,733</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$1,539,926</u>	<u>\$ 73,895</u>	<u>\$ 1,466,585</u>	<u>\$ 73,895</u>

The accompanying notes are an integral part of this schedule.

**NORDONIA HILLS CITY SCHOOL DISTRICT
SUMMIT COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the 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 2018 to 2019 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 28,883
Special Education - Grants to States	84.027	48,978
Title II-A Improving Teacher Quality	84.367	45,413
Title III Limited English Proficiency	84.365	23,401
Title IV-A Student Support and Academic Enrichment	84.424	5,879

**NORDONIA HILLS CITY SCHOOL DISTRICT
SUMMIT COUNTY**

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

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)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	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):	Special Education Grants to States Cluster – CFDA # 84.027
<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?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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NORDONIA HILLS CITY



SCHOOL DISTRICT

Northfield, Ohio



“Inspiring every student to value learning, community and excellence.”

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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Nordonia Hills City School District

Northfield, Ohio

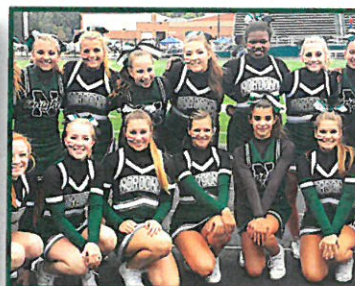
**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**



Prepared by:

Karen E. Obratil, Treasurer/CFO

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Introductory Section

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December 27, 2018

Board of Education Members and
Residents of Nordonia Hills City School District

It is our privilege to present to you the Comprehensive Annual Financial Report (CAFR) of the Nordonia Hills City School District (the “School District”) for the fiscal year ended June 30, 2018. This CAFR, which includes an opinion from the Auditor of the State of Ohio, enables the School District to comply with the Ohio Administrative Code Section 117-2-03 (B), requiring districts to report on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 requiring districts to report on a GAAP basis and to file an unaudited annual report with the Auditor of State within 150 days of fiscal year end.

Management assumes full responsibility for the completeness and reliability of the information contained in this CAFR, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. All disclosures necessary to enable the reader to gain an understanding of the School District’s financial activities have been included.

The report provides the taxpayers of the School District, bond rating agencies, and other interested parties with comprehensive financial information, enabling them to gain a clear understanding of the School District’s finances. This report is intended to meet the accountability requirements of the School District to the public.

Copies of this report will be on file in the central offices, as well as on the School District’s web-site, www.nordoniaschools.org.

Management’s discussion and analysis (MD&A) immediately follows the Independent Auditor’s Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

School District Organization

Nordonia Hills City School District is one of 610 school districts in the State of Ohio and one of 17 school districts in Summit County. The School District is located in the northern tip of historical Summit County, Ohio. The School District serves the picturesque communities of Northfield Center, Northfield Village, Boston Heights, Macedonia and Sagamore Hills. Easy access to the area is provided by Interstates 80, 271 and 480 and State Routes 8 and 82. Major hospitals, Cleveland Hopkins International Airport and over twenty institutions of higher learning are within a thirty-minute drive. The School District’s communities are predominantly suburban-residential with a population exceeding 32,000. The socio-economic make-up ranges from middle to upper income.

Today the municipalities of Macedonia, Northfield Center, Northfield Village and Sagamore Hills occupy the boundaries of what was once known as “Olde Northfield Township” which was established in 1819. It was one of the early communities of the Connecticut Western Reserve known as Town 5, Range 11, and occupied approximately 28 square miles. A complete history of Olde Northfield Township was written by Bessie Goosman and published in 1973. Olde Northfield Township’s population grew to 1,076 where it

remained through 1905 when several clusters of developments began to occur. In 1912, the eastern side of the township became the Village of Macedonia and the Township reorganized into a village. In 1932, the western portion of the Olde Northfield Village separated and became Sagamore Hills Township. A few years later in 1935, the middle section located between Macedonia and Sagamore Hills became Northfield Center when another group of residents broke away from what is known today as Northfield Village.

The School District has its roots in a one-room log schoolhouse built in 1827. The first Macedonia school was established in 1833 and located on Valley View Road at the present site of the Pavilion Building. In 1881, identical schools known as the “Old Brick Schools” were built in Macedonia and Northfield. Centralization of schools began in 1908 and students were educated in a variety of locations in the communities until a complete consolidation occurred in 1948. Soon thereafter, the area began to grow in population and Lee Eaton Elementary, Ledgeview Elementary, Rushwood Elementary and the Nordonia High School were constructed. The School District evolved into an all-time high student enrollment of 5,700 pupils in 1971, then declined to a low of 2,800 in 1991. Following this period of declining enrollment, the School District has grown twenty-nine percent through 2018.

The School District educates 3,621 pupils in six community schools: Ledgeview Elementary (K-4), Northfield Elementary (K-4), Rushwood Elementary (K-4), Lee Eaton Elementary (5-6), Nordonia Middle School (7-8) and Nordonia High School (9-12). Enrollment is projected to decrease slightly over the next ten years.

The Board of Education (the “Board”) of the School District is comprised of five members elected at large by the citizens of the School District. The Board serves as the taxing authority, contracting body, and policy initiator for the operations of the School District. The Board is responsible for the adoption of the tax budget, the annual operating budget, and approves all expenditures of the School District. The Board is a separate and distinct unit of government, and is governed by the Constitution of the State of Ohio and various statutes enacted by the Ohio General Assembly through the State Department of Education. The Board directly approves all personnel-related expenditures.

The Superintendent is the chief executive officer of the School District, responsible to the Board for total educational and support operations. Dr. Joe Clark has served as Superintendent since November 2011.

The Treasurer is the chief financial officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds, investing idle funds as permitted by Ohio law and serves as Secretary to the Board. Karen E. Obratil was appointed as Treasurer of the School District on August 1, 2012 and has a total of twenty-one years of experience.

Reporting Entity

The School District has reviewed its operating entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, “The Financial Reporting Entity.” In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up the School District (the primary government) and its potential component units. The School District is not a component unit and has no component units.

The City of Macedonia, Sagamore Hills Township, Northfield Center, Northfield Village, City of Boston Heights, Summit County Public Library, Parent Teacher Organization and the Nordonia Hills School Foundation have not been included in the accompanying financial statements. The boards are not appointed by the School District, nor are the organizations fiscally dependent on the School District.

Northeast Ohio Network for Educational Technology (NEOnet), the Ohio Schools Council, the Cuyahoga Valley Career Center and the Stark County Schools Council of Governments are reported as jointly governed organizations and a risk sharing pool. Statutorily, the School District operates under the standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide education services prescribed by State and Federal agencies.

Economic Condition and Outlook

The School District is located conveniently between the metropolitan cities of Akron and Cleveland, providing a wealth of opportunity for cultural, social and economic resources for its residents. Three major State universities, The University of Akron, Cleveland State University and Kent State University, are within desirable traveling distance of the community.

The Nardon Hills communities offer an excellent opportunity for business growth and expansion. It is a healthy, stable environment. The City of Macedonia actively stimulates the economy through a diverse group of employers ranging from small family operated businesses to major commercial/industrial corporations.

As of June 2018, Ohio's unemployment rate was 4.5 percent, the nation's unemployment rate was 4 percent, and the unemployment rate for Summit County was 5.2 percent. Specific unemployment figures for the Nardon Hills City School District are not available (Source: Ohio Job and Family Services).

On a budgetary-basis, the School District receives approximately 67.9 percent of its total operating revenues from local property tax collections. Therefore, the long-term financial health of the School District is very dependent on its tax base. Tax rates are certified by the Summit County Fiscal Office and approved by the Board.

Employee Relations

The School District currently has approximately 467.9 full-time equivalent employees. Two labor organizations represent School District employees. Certificated employees, including teachers and educational specialists, are represented for collective bargaining purposes by the Nardon Hills Education Association (NHEA). Support employees, including cooks, custodians, maintenance, educational aides and clerical staff, are represented for collective bargaining purposes by the Ohio Association of Public School Employees Local 246 (OAPSE).

Services Provided

The School District provides a wide variety of educational and support services as mandated by the Ohio Revised Code or Board directives. During fiscal year 2018, the School District's fleet of 10 buses and 28 contracted buses traveled 2,485 miles each day providing transportation services to 2,078 public and 358 private and parochial students. The School District contracts with Petermann for pupil transportation services. The Nutrition Services Department served an average of 1,212 meals daily for a total of 220,581 meals annually through the School District's lunchrooms.

In addition to transportation and school lunch support services offered to children in the School District, guidance, special education and health services are available free of charge. Guidance services support the school environment and are designed to help students achieve a well-adjusted social life. Special education services, including school psychology services, are provided to all Federal disability categories ranging from preschool-age students through high school. The School District provides medical support staff through Akron Childrens' Hospital who are committed to meeting the daily health care needs of all students, as well as the long-term needs of children with chronic illnesses.

At the center of the School District's services are the instructional programs. The School District offers regular instructional programs daily to students in pre-school to grade twelve. The School District served approximately 383 identified students who need specially designed programs. These students received services through a wide array of special education programs offered in the School District.

Educational Programs

The School District earned one of the top Ohio Department of Education (ODE) report cards out of school districts in Summit County for fiscal year 2018. For the first time ever, the ODE assigned overall letter grades to school districts. The School District earned a B, one of 190 school districts in Ohio to do so. There

were only 28 school districts to receive an A. For the sixth year in a row, the School District scored above average in Overall Value Added. That means, overall, School District students learn more than a year's worth of content in a school year.

The Class of 2018 had 70 students awarded the Ohio Diploma with Honors, 87 graduated with distinction (3.75 GPA), 48 graduated with merit (3.35 GPA) and 30 students received the Superintendent Award by being in the top ten percent of the graduating class. One student was named a National Merit Finalist and three were recognized as National Merit Commended Students, placing them among the top five percent of the more than 1.5 million who entered the competition. One senior earned an ACT composite score of 36, which is the highest score that can be earned.

For the 14 Advanced Placement classes taught at Nordonía, 228 students took 448 exams to successfully complete their program. Advanced Placement offerings are: biology, calculus AB, calculus BC, chemistry, comparative government and politics, English literature and composition, music theory, European history, physics B, physics C, psychology, statistics, U.S. government and politics and U.S. history.

Participation in performing and visual arts inspires students' creativity, problem solving and critical-thinking skills. The Men's Chorus and the Symphonic Chorale received Superior ratings at the Ohio Music Education Association (OMEA) State contest. The Nordonía Choral program hosted 54 choirs for the OMEA District Contest and all three Nordonía choirs received Excellent and Superior ratings. The eighth annual Nordonía A Cappella Festival hosted 17 groups from as far away as Wisconsin for a weekend of master classes and clinics with professional performers from around the country, including Mo5aic and Pitch Perfect movie producer Deke Sharon. The Nordonía Middle School has an a cappella group, Knight Rhythm. More than 80 percent of Lee Eaton sixth-grade students participated in band or choir. Lee Eaton also has an a cappella group, Genesis.

The Nordonía Marching Band qualified for the Ohio Music Education Associations' State Finals Competition. The band received the highest rating of Superior from all nine judges. The Marching Band also received the highest rating of Superior, overall, from all nine judges at the OMEA State Finals performance at Brunswick High School. This is the fifth consecutive year the Nordonía Marching Band has received a Superior rating. The Nordonía Marching Band qualified for the Bands of America Regional Finals in Canton and finished third in its class and seventh overall. The Nordonía Middle School eighth-grade band was selected to perform at the Ohio Band Directors conference as a featured middle school band. The Lee Eaton band participated in the first-ever Band Olympics, a series of games and competitions based around learning musical concepts.

More than 60 high school band students performed in 20 performances at this year's OMEA District VI Solo and Ensemble Competition. Of the 20 participating entries, 17 earned the highest possible rating of Superior (I).

The Nordonía High School Drama Club presented William Shakespeare's *A Midsummer Night's Dream* as its fall play. The production was staged in the round and involved 215 students who worked together to bring this play to life. In the spring, the Drama Club presented Rodgers and Hammerstein's *Oklahoma*.

Thirty-six students from all grade levels participated in YouLEAD, a six-part program sponsored by the Diversity Center of Northeast Ohio. The students participated in six sessions designed to promote student leadership relative to the awareness of diversity issues, build leadership skills and create an inclusive school environment.

During fiscal year 2018, the Nordonía Hills High School physical education department offered electives, in addition to the standard physical education classes required for graduation. In ninth through twelfth grades, 741 students achieved 60 minutes of activity daily by enrolling in physical education electives: Lifetime Fitness, Recreational Sports and Games, and Dance and Exercise.

The School District is committed to provide support services to meet the emotional, physical, and social needs of all students. The School District is also committed to enhancing learning and removing barriers that inhibit students through collaboration with parents, students, community, and staff. Fourteen percent of the students were identified as gifted; .8 percent identified as English Language Learners (ELL) and 10.8 percent identified as students with disabilities. The School District provides a continuum of special education services for students ages 3 to 22. The School District strives for an integrated learning environment between general education and special education classrooms. All school staff take responsibility for providing an individualized education plan to meet the needs of students to ensure access to the general curriculum.

A well-rounded education includes a wide variety of opportunities. In fiscal year 2018, 733 students filled the rosters of 25 interscholastic sports at Nordonía High School. Nordonía High School students may participate in football, cheerleading, volleyball, soccer, cross country, golf, tennis, ice hockey, track and field, swimming and diving, gymnastics, wrestling, basketball, bowling, baseball and softball. The average grade-point average of high school students participating in athletics was 3.595. Nordonía Middle School students may participate in football, cross country, volleyball, basketball, wrestling, track and cheerleading. In fiscal year 2018, 307 middle school students participated on athletic teams.

Nordonía Middle School students can earn high school credit in accelerated math, algebra, high school geometry and Spanish. Eighth-graders take an annual field trip to Washington, D.C. Middle School offers activities and leadership opportunities for students through groups such as Student Council, Power of the Pen, Knighted Gentlemen, Science Olympiad, office aides, student aides, Junior Teen Institute, Drama Club, Interact Club, PTSA, WEB transition program, and GIRLS Club. The School District added the Automation and Robotics module from Project Lead the Way for eighth-grade students. Students trace the history, development and influence of automation and robotics as they learn about mechanical systems, energy transfer, machine automation and computer control systems. Students use the VEX Robotics platform to design, build and program real-world objects such as traffic lights, toll booths and robotic arms.

Lee Eaton Elementary School offered after-school programs including Young Rembrandts, an art program for fifth and sixth-grade students and Prevent and Neutralize Drug and Alcohol Abuse (PANDA), a drug education and prevention program. Other programs included upward math, student council, and ski club.

The School District, with the support of Special Olympics Area 10, hosted the second annual K-12 Special Olympics track and field day. The event hosted 12 school districts with more than 240 student-athletes who participated in their choice of three events out of a possible 15 events. Through the generous support of a wide array of community members and local organizations, this event provided family members the opportunity to watch their child participate at a school function that was solely focused on the Special Olympic student-athlete.

All high school students are required to have 20 community service hours completed and documented in order to graduate. The class of 2018 completed more than 20,000 hours of community service.

The senior job-shadow program provided a unique opportunity for 248 seniors to experience life outside the walls of the high school. This program allowed community members to interact with seniors and gave seniors a chance to see first-hand what various careers are like. Students completed journals of their experiences, then returned to school at the conclusion of their projects to make presentations.

Leveled literacy intervention was implemented across all elementary levels with instruction provided by Title I and classroom teachers to build at-risk students' literacy skills.

Community

As part of the School District's strategic plan, the Financial Activities Communications Team (FACT) was formed consisting of residents with financial backgrounds. FACT meets with the School District Treasurer/CFO to review and discuss the financial activities of the School District. Annually, FACT presents a report to the Board providing input on issues that they reviewed.

The Nordonia Hills Schools Foundation provides grants to teachers for educational and instructional programs.

The Nordonia Hills Chamber of Commerce, in conjunction with the School District, hosted its 25th annual Community Expo at Nordonia High School focusing on local area businesses.

In conjunction with the PTSA Council, the School District held its fifth annual Winter Art and Music Festival showcasing art and music from every School District building.

The annual Family Always First Night provides an opportunity for families to spend time together without extracurricular or homework activities interfering with family plans.

Long-Term Financial Planning

The School District prepares a five-year financial forecast annually for use as a long range planning tool. The five-year forecast contains projected local and State revenues, spending patterns within each area of the budget, and cash balances in the School District's general operating fund. The five-year forecast provides early warning signals of potential financial problems, specifically when expenditures outpace revenue. The forecast can be found on the School District's website, www.nordoniaschools.org.

The School District uses the five-year forecast to provide a basis for making financial decisions, including the development of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot.

Budgetary Initiatives

Since the School District does not have a permanent improvement levy, it is necessary for major initiatives relative to the maintenance of the School District's facilities to be budgeted through the general operating fund. This is carefully monitored and managed through the budget process each year.

Relevant Financial Policies

The School District utilizes financial policies to manage purchases. In addition, the School District has a board policy for the procurement of Federal grant funds and uses the uniform Federal grant guidance when making purchases from Federal grants funding. All board policies regarding financial procedures are carefully monitored for compliance.

Financial Accomplishments

Financial responsibility ensures that the majority of funding is spent on classroom instruction. Based on the financials for fiscal year 2018, the School District spent approximately 40 percent of its total expenses on instructional costs.

Of 17 school districts in Summit County, Nordonia Hills City School District has the fourth lowest effective school millage tax rate and is one of two districts without a permanent improvement levy.

The School District participates in Federal grant programs providing additional resources for students. In fiscal year 2018, the School District received \$1,222,074 in Federal grant funds from the U.S. Department of Education. In addition, the School District received \$317,852 as a Federal subsidy for the food service program from the U.S. Department of Agriculture.

The School District also participates in the Federal eRate program, providing discounts on telecommunications and internet services. In fiscal year 2018, the School District received \$38,256 in reimbursements.

Memberships within the following organizations assist the School District in receiving products and services while sharing the costs with other districts and public entities:

- Stark County Schools Council of Governments (COG) was established in 1987 and manages the School District's insurance programs (medical, dental, vision and life). There are more than 137 entities representing over 15,000 participants. In fiscal year 2018, insurances increased 5.4 percent for all lines of insurance, except life, and the School District received three premium holidays taken in July, August and September, resulting in an estimated savings of \$1.6 million.
- Ohio School Council for group purchasing of cafeteria food and supplies, waste and recycling and electricity.
- HPS for group purchasing of cafeteria food and supplies, school furnishings and equipment.
- Lake Erie Educational Media Consortium for discounts for library books and resources.

Awards

GFOA Certificate of Achievement Program

The School District received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose content conforms to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting our fiscal year 2018 CAFR for review.

Acknowledgements

The publication of this report is a significant step toward professionalizing the financial reporting of the School District while enhancing its accountability and transparency to the residents of the Nordonia Hills City School District.

This Comprehensive Annual Financial Report was made possible by the diligence of the staff of the Office of the Treasurer/CFO. Their initiative and conscientious work ensured the integrity of the financial information contained herein and guaranteed this report's successful completion.

Finally, our thanks are extended to the Board for their support in recognizing the importance of continuously improving our financial accountability and transparency to our citizens and their commitment to excellence in financial reporting. It is the School District's mission to "inspire every student to value learning, community and excellence." As pianist Keith Jarrett has said, "The only standards worth having are the highest."

Respectfully submitted,



Karen E. Obratil
Treasurer/CFO



Joe Clark, PhD
Superintendent

Nordonia Hills City School District

Principal Officials

Board of Education

Mr. Chad Lahrmer	President
Mr. Nicholas Berchtold	Vice President
Ms. Judith Matlin	Member
Mrs. Liz McKinley	Member
Mrs. Tammy Strong	Member

Treasurer/CFO

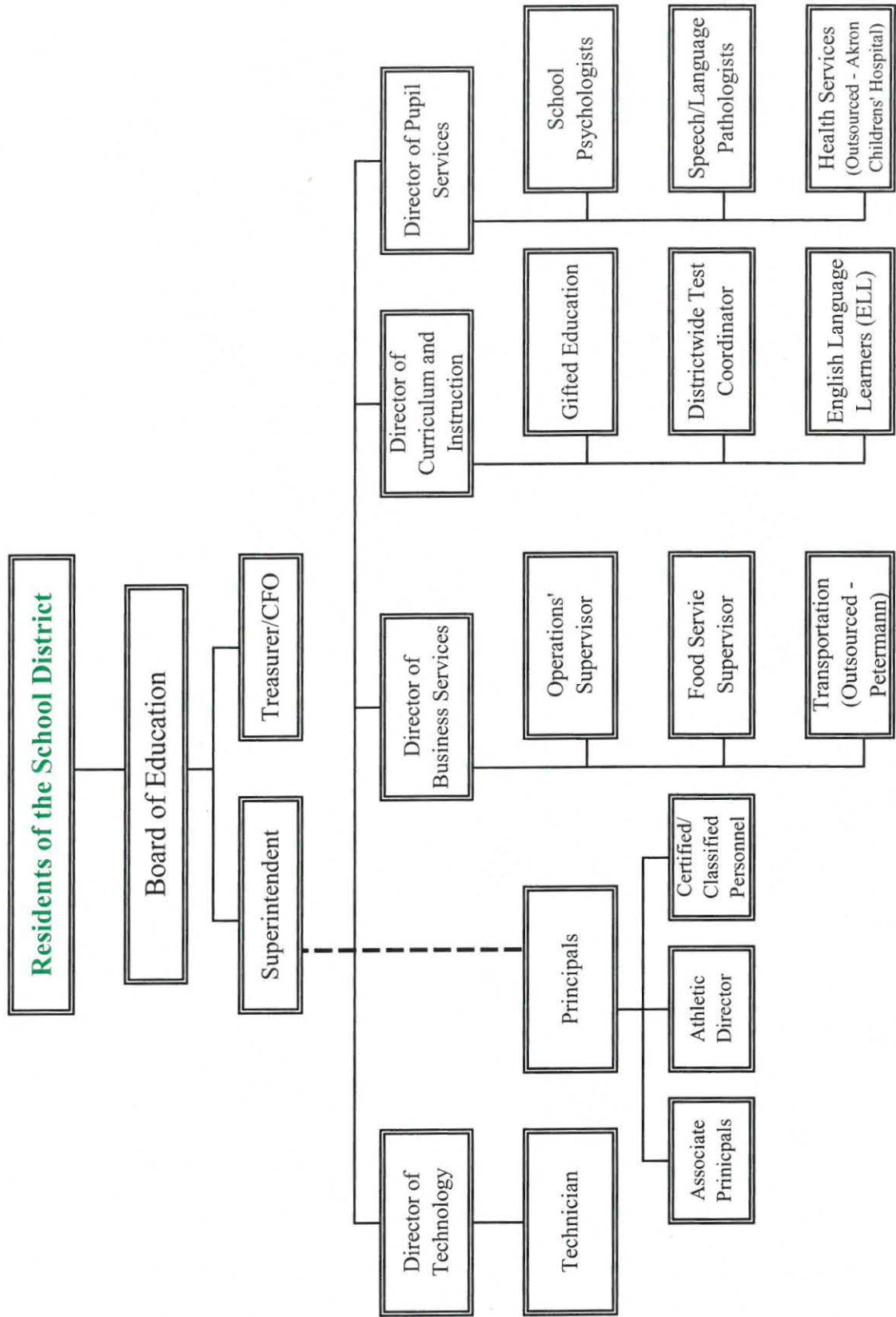
Mrs. Karen E. Obratil

Administration

Dr. Joe Clark	Superintendent
Mr. Matthew Gaugler	Director of Business Services
Mrs. Carrie Hutchinson	Director of Pupil Services
Mr. Todd Stuart	Director of Curriculum & Instruction
Mr. Michael Russ	Director of Technology

Nordonia Hills City School District

Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Nordonia Hills City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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Financial Section

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Nordonia Hills City School District
Summit County
9370 Olde Eight Road
Northfield, Ohio 44067

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

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

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 27, 2018

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

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

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- The total net position increased by \$20,642,023. The greatest contribution to this increase was an increase in unrestricted net position due to changes in the net pension and net other postemployment benefits (OPEB) liabilities.
- Expenses totaled \$29,616,948, a 42.77 percent decrease from the prior fiscal year. Instructional expenses made up 40.05 percent of this total while support services accounted for 47.98 percent. Other expenses rounded out the remaining 11.97 percent.
- The School District's capital assets decreased by \$452,208 from the prior fiscal year. This decrease was largely due to depreciation exceeding asset additions. Additions consisted of roofing, projectors, monitors, granite statues, desks, copiers, plow trucks, vans, and other miscellaneous electronics.
- Outstanding general obligation bonded debt decreased from \$26,937,866 in fiscal year 2017 to \$24,355,244 in fiscal year 2018, due to making debt service payments while not issuing any additional obligations.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" The statement of net position and the statement of activities answer this question. These statements include all assets and deferred outflows of resources and

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

liabilities and deferred inflows of resources except fiduciary funds using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and the willingness of the community to support the School District.

In the statement of net position and the statement of activities, the School District's activities are all reported as governmental. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service operations and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the bond retirement debt service fund.

Governmental Funds

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

Fiduciary Funds

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

The School District as a Whole

You may recall that the statement of net position provides the perspective of the School District as a whole. Table 1, found on the following page, provides a summary of the School District's net position for fiscal year 2018 compared to fiscal year 2017:

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

Table 1
Net Position

	Governmental Activities		
	2018	2017	Change
Assets			
Current and Other Assets	\$58,783,018	\$61,073,842	(\$2,290,824)
Capital Assets, Net	31,767,016	32,219,224	(452,208)
Total Assets	90,550,034	93,293,066	(2,743,032)
Deferred Outflows of Resources			
Deferred Charge on Refunding	534,320	596,692	(62,372)
Pension	16,871,213	14,042,683	2,828,530
OPEB	767,768	118,683	649,085
Total Deferred Outflows of Resources	18,173,301	14,758,058	3,415,243
Liabilities			
Current and Other Liabilities	5,191,357	4,897,517	(293,840)
Long-Term Liabilities:			
Due Within One Year	2,713,448	2,696,061	(17,387)
Due in More than One Year:			
Net Pension Liability	52,188,995	69,640,271	17,451,276
Net OPEB Liability	12,346,284	14,788,534	2,442,250
Other Amounts	24,842,343	27,165,565	2,323,222
Total Liabilities	97,282,427	119,187,948	21,905,521
Deferred Inflows of Resources			
Deferred Gain on Refunding	183,081	207,492	24,411
Property Taxes	29,418,459	29,893,141	474,682
Payments in Lieu of Taxes	1,328,110	1,755,523	427,413
Pension	2,211,394	719,311	(1,492,083)
OPEB	1,370,132	0	(1,370,132)
Total Deferred Inflows of Resources	34,511,176	32,575,467	(1,935,709)
Net Position			
Net Investment in Capital Assets	7,763,011	5,670,558	2,092,453
Restricted:			
Debt Service	1,676,239	1,412,544	263,695
Capital Projects	292,638	740,116	(447,478)
Other Purposes	474,620	504,800	(30,180)
Unrestricted (Deficit)	(33,276,776)	(52,040,309)	18,763,533
Total Net Position	(\$23,070,268)	(\$43,712,291)	\$20,642,023

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

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

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

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

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

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

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

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

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

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

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from (\$29,042,440) to (\$43,712,291).

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018, the School District's net position increased from the prior fiscal year. This was due to a large increase in unrestricted net position due to the decrease in the net pension and net OPEB liabilities. This decrease represents the School District's proportionate share of the unfunded benefits of the STRS and SERS plans. As indicated previously, changes in pension benefits, contributions rates, and return on investments affect the balance of the net pension and net OPEB liabilities.

Net investment in capital assets reported on the government-wide statements represents a portion of total net position for fiscal year 2018. Capital assets include land, buildings and improvements, furniture and equipment, and vehicles, and are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net position, portions are restricted for debt service payments, capital projects, student activities, instruction, and non-instructional services. The remaining deficit of net position is unrestricted.

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

Table 2
Change in Net Position

	Governmental Activities		
	2018	2017	Change
Revenues			
Program Revenues:			
Charges for Services	\$2,665,207	\$2,779,193	(\$113,986)
Operating Grants and Contributions	2,400,558	2,723,539	(322,981)
Capital Grants and Contributions	55,000	20,700	34,300
Total Program Revenues	<u>5,120,765</u>	<u>5,523,432</u>	<u>(402,667)</u>
General Revenue:			
Property Taxes	34,128,230	29,100,586	5,027,644
Payments in Lieu of Taxes	1,316,449	1,723,253	(406,804)
Grants and Entitlements, not Restricted	9,330,679	10,577,845	(1,247,166)
Unrestricted Contributions and Donations	2,740	3,357	(617)
Investment Earnings	186,390	74,557	111,833
Miscellaneous	173,718	121,611	52,107
Total General Revenues	<u>45,138,206</u>	<u>41,601,209</u>	<u>3,536,997</u>
Total Revenues	<u>\$50,258,971</u>	<u>\$47,124,641</u>	<u>\$3,134,330</u>

(continued)

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

Table 2
Change in Net Position (continued)

	Governmental Activities		
	2018	2017	Change
Program Expenses			
Instruction:			
Regular	\$7,156,800	\$21,336,416	\$14,179,616
Special	4,517,844	8,386,796	3,868,952
Vocational	77,172	245,654	168,482
Student Intervention Services	110,236	28,330	(81,906)
Support Services:			
Pupils	2,131,254	3,653,397	1,522,143
Instructional Staff	879,975	1,062,066	182,091
Board of Education	34,898	29,157	(5,741)
Administration	2,079,175	3,006,711	927,536
Fiscal	1,148,960	1,331,423	182,463
Business	294,688	296,297	1,609
Operation and Maintenance of Plant	3,990,039	4,010,472	20,433
Pupil Transportation	3,328,068	3,173,180	(154,888)
Central	321,506	339,210	17,704
Operating of Non-Instructional Services	449,093	1,034,359	585,266
Food Service Operations	960,011	969,192	9,181
Extracurricular Activities	1,405,852	1,840,343	434,491
Interest and Fiscal Charges	731,377	1,005,373	273,996
Total Program Expenses	<u>29,616,948</u>	<u>51,748,376</u>	<u>22,131,428</u>
Increase (Decrease) in Net Position	20,642,023	(4,623,735)	25,265,758
Net Position Beginning of Year	<u>(43,712,291)</u>	N/A	
Net Position End of Year	<u>(\$23,070,268)</u>	<u>(\$43,712,291)</u>	<u>\$20,642,023</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$118,683 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$1,561,573. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$29,616,948
Negative OPEB expense under GASB 75	1,561,573
2018 contractually required contribution	<u>159,630</u>
Adjusted 2018 program expenses	31,338,151
Total 2017 program expenses under GASB 45	<u>51,748,376</u>
Decrease in program expenses not related to OPEB	<u>(\$20,410,225)</u>

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

The largest component of the decrease in program expenses results from changes in assumptions and benefit terms related to pensions. STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). SERS decreased their COLA assumption (See Note 10). As a result of these changes, pension expense decreased from \$6,110,921 in fiscal year 2017 to a negative pension expense of \$15,087,022 for fiscal year 2018. The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows:

Program Expenses	<u>2018 Program Expenses Related to Negative Pension Expense</u>
Instruction:	
Regular	(\$10,743,407)
Special	(2,263,345)
Vocational	(130,383)
Support Services:	
Pupils	(1,011,395)
Instructional Staff	(109,952)
Administration	(674,722)
Fiscal	(9,799)
Business	(2,676)
Operation and Maintenance of Plant	(25,349)
Operation of Non-Instructional Services:	
Food Service Operations	(32,664)
Extracurricular Activities	<u>(83,330)</u>
Total Expenses	<u><u>(\$15,087,022)</u></u>

Also contributing to the change in expenses was the negative OPEB expense due to a decrease in the School District's proportionate share of the net OPEB liability.

Total revenues increased from the prior fiscal year due to a significant increase in property tax revenues. This increase was the result of an increase in assessed values in the School District as well as higher amounts available as an advance from the County.

Governmental Activities

Several revenue sources fund our governmental activities with property taxes and State Foundation revenues being the largest contributors. With the combination of taxes and intergovernmental funding making up a significant portion of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

The majority of the School District's expenses are for support services for pupils, staff, administration, business operations, pupil transportation, and others. Instructional costs are the next largest area of expenses. The remaining amount of program expenses are to facilitate other obligations of the School District, such as interest and fiscal charges, the food service program, and numerous extracurricular activities.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements for fiscal year 2018 compared to 2017.

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

Table 3
 Governmental Activities

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Instruction:				
Regular	\$7,156,800	(\$6,439,085)	\$21,336,416	(\$20,452,139)
Special	4,517,844	(3,594,920)	8,386,796	(7,372,742)
Vocational	77,172	(57,257)	245,654	(224,909)
Student Intervention Services	110,236	(107,653)	28,330	(27,550)
Support Services:				
Pupils	2,131,254	(1,882,844)	3,653,397	(3,387,451)
Instructional Staff	879,975	(765,144)	1,062,066	(974,223)
Board of Education	34,898	(34,080)	29,157	(28,354)
Administration	2,079,175	(2,005,175)	3,006,711	(2,928,362)
Fiscal	1,148,960	(1,122,143)	1,331,423	(1,297,046)
Business	294,688	(287,579)	296,297	(288,554)
Operation and Maintenance of Plant	3,990,039	(3,845,424)	4,010,472	(3,891,437)
Pupil Transportation	3,328,068	(2,895,313)	3,173,180	(2,831,014)
Central	321,506	(303,229)	339,210	(320,798)
Operating of Non-Instructional Services	449,093	23,906	1,034,359	(346,321)
Food Service Operations	960,011	59,448	969,192	95,620
Extracurricular Activities	1,405,852	(508,314)	1,840,343	(944,291)
Interest and Fiscal Charges	731,377	(731,377)	1,005,373	(1,005,373)
Total Expenses	<u>\$29,616,948</u>	<u>(\$24,496,183)</u>	<u>\$51,748,376</u>	<u>(\$46,224,944)</u>

As one can see, the vast majority of program expenses are not covered by program revenues. Instead, the reliance upon general revenues, including local tax revenues and payments in lieu of taxes for governmental activities, is crucial.

School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. The total revenues and other financing sources for governmental funds were outpaced by total expenditures and other financing uses for an overall decrease in fund balance from the prior fiscal year. The general fund reported a decrease in fund balance. Although revenues increased largely due to an increase in property taxes related to an increase in property tax values within the School District; expenditures also increased in several categories, most prominently in salaries and benefits related to regular instruction. The bond retirement debt service fund had an increase in fund balance largely due to a significant increase in property tax revenues related to the increase in property tax values discussed previously.

General Fund Budgeting Highlights

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

During fiscal year 2018, the School District amended its general fund budget and, in total, these amendments were insignificant. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue estimate was higher than the original budget basis revenue estimate. Much of this difference was due to property taxes and intergovernmental receipts. Actual revenues were lower than the final budget amount. The final budget basis expenditures estimate was lower than the original budget. This was due to the general fund having lower costs than originally anticipated across many categories. Actual expenditures were slightly lower than the final estimate, due to the School District's procedure of budgeting conservatively.

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

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land, are reported net of depreciation. Additions to capital assets included roofing, projectors, monitors, granite statues, desks, copiers, plow trucks, vans, and other miscellaneous electronics; however, depreciation and the deletion of copiers and carpeting exceeded additions, causing the decrease in capital assets from the prior fiscal year. For more information on capital assets refer to Note 9 of the basic financial statements.

Debt Administration

During fiscal year 2014, the School District issued \$729,744 in bonds, the proceeds of which were used to finance the installation, modification and remodeling of buildings to conserve energy.

During fiscal year 2015, the School District issued \$10,485,000 in bonds to partially refund the 2006 refunding bonds, as well as \$4,490,000 in bonds to refund the serial bond portion of the 2009 athletic facilities bonds.

During fiscal year 2017, the School District issued \$9,805,000 in bonds to refund the serial portion of the 2006 refunding bonds.

Principal retirement for these bonds totaled \$2,412,445 during fiscal year 2018.

See Note 13 to the basic financial statements for additional information related to long-term debt activity, including the repayment schedules of the bonded debt.

The School District's overall legal debt margin was \$68,878,330 with an unvoted debt margin of \$1,001,442 as of June 30, 2018.

Current Issues Affecting Financial Condition

The Board of Education and administration closely monitor the revenues and expenditures in tandem with the five-year financial forecast. The School District, like many other districts across Ohio, is financially challenged and subject to the State's biennial budget process. At the local level, taxpayers must approve additional levies to pay for unfunded mandates, as well as continue the programs they have come to expect as normal operations. The administration remains vigilant in monitoring the finances and prudently plans to provide the financial resources to meet the students' needs over the next several years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Karen Obratil, Treasurer/CFO, at Nordonia Hills City School District, 9370 Olde Eight Road, Northfield, Ohio 44067.

Nordonia Hills City School District

Statement of Net Position

June 30, 2018

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$22,483,436
Accounts Receivable	5,759
Intergovernmental Receivable	515,972
Accrued Interest Receivable	17,446
Inventory Held for Resale	13,828
Materials and Supplies Inventory	37,536
Property Taxes Receivable	34,306,798
Payments in Lieu of Taxes Receivable	1,328,110
Prepaid Items	74,133
Nondepreciable Capital Assets	155,558
Depreciable Capital Assets, Net	<u>31,611,458</u>
<i>Total Assets</i>	<u>90,550,034</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	534,320
Pension	16,871,213
OPEB	<u>767,768</u>
<i>Total Deferred Outflows of Resources</i>	<u>18,173,301</u>
Liabilities	
Accounts Payable	84,630
Accrued Wages and Benefits	3,513,563
Intergovernmental Payable	1,451,523
Accrued Interest Payable	68,323
Matured Compensated Absences Payable	73,318
Long-Term Liabilities:	
Due Within One Year	2,713,448
Due In More Than One Year:	
Net Pension Liability (See Note 10)	52,188,995
Net OPEB Liability (See Note 11)	12,346,284
Other Amounts	<u>24,842,343</u>
<i>Total Liabilities</i>	<u>97,282,427</u>
Deferred Inflows of Resources	
Deferred Gain on Refunding	183,081
Property Taxes	29,418,459
Payments in Lieu of Taxes	1,328,110
Pension	2,211,394
OPEB	<u>1,370,132</u>
<i>Total Deferred Inflows of Resources</i>	<u>34,511,176</u>
Net Position	
Net Investment in Capital Assets	7,763,011
Restricted for:	
Debt Service	1,676,239
Capital Projects	292,638
Student Activities	232,880
Instruction	191,751
Non-Instructional Services	49,989
Unrestricted (Deficit)	<u>(33,276,776)</u>
<i>Total Net Position</i>	<u><u>(\$23,070,268)</u></u>

See accompanying notes to the basic financial statements

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

	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants, Contributions and Interest		
Governmental Activities					
Instruction:					
Regular	\$7,156,800	\$517,743	\$199,972	\$0	(\$6,439,085)
Special	4,517,844	171,102	751,822	0	(3,594,920)
Vocational	77,172	5,117	14,798	0	(57,257)
Student Intervention Services	110,236	2,583	0	0	(107,653)
Support Services:					
Pupils	2,131,254	78,943	169,467	0	(1,882,844)
Instructional Staff	879,975	22,613	92,218	0	(765,144)
Board of Education	34,898	818	0	0	(34,080)
Administration	2,079,175	70,714	3,286	0	(2,005,175)
Fiscal	1,148,960	26,817	0	0	(1,122,143)
Business	294,688	7,109	0	0	(287,579)
Operation and Maintenance of Plant	3,990,039	89,615	0	55,000	(3,845,424)
Pupil Transportation	3,328,068	72,619	360,136	0	(2,895,313)
Central	321,506	7,477	10,800	0	(303,229)
Operation of Non-Instructional Services	449,093	0	472,999	0	23,906
Food Service Operations	960,011	721,518	297,941	0	59,448
Extracurricular Activities	1,405,852	870,419	27,119	0	(508,314)
Interest and Fiscal Charges	731,377	0	0	0	(731,377)
Totals	\$29,616,948	\$2,665,207	\$2,400,558	\$55,000	(24,496,183)

General Revenues

Property Taxes Levied for:	
General Purposes	31,014,273
Debt Service	3,113,957
Payments in Lieu of Taxes	1,316,449
Grants and Entitlements not Restricted to Specific Programs	9,330,679
Unrestricted Contributions and Donations	2,740
Investment Earnings	186,390
Miscellaneous	173,718
Total General Revenues	45,138,206
Change in Net Position	20,642,023
<i>Net Position Beginning of Year - Restated (See Note 3)</i>	<u>(43,712,291)</u>
<i>Net Position End of Year</i>	<u><u>(\$23,070,268)</u></u>

See accompanying notes to the basic financial statements

Nordonia Hills City School District

Balance Sheet

Governmental Funds

June 30, 2018

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$20,453,102	\$1,282,137	\$713,632	\$22,448,871
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	34,565	0	0	34,565
Accounts Receivable	5,759	0	0	5,759
Intergovernmental Receivable	287,750	0	228,222	515,972
Accrued Interest Receivable	17,446	0	0	17,446
Interfund Receivable	42,380	0	0	42,380
Inventory Held for Resale	0	0	13,828	13,828
Materials and Supplies Inventory	32,606	0	4,930	37,536
Property Taxes Receivable	31,149,002	3,157,796	0	34,306,798
Payments in Lieu of Taxes Receivable	1,328,110	0	0	1,328,110
Prepaid Items	72,497	0	1,636	74,133
<i>Total Assets</i>	<u>\$53,423,217</u>	<u>\$4,439,933</u>	<u>\$962,248</u>	<u>\$58,825,398</u>
Liabilities				
Accounts Payable	\$62,575	\$0	\$22,055	\$84,630
Accrued Wages and Benefits	3,442,298	0	71,265	3,513,563
Intergovernmental Payable	1,379,139	0	72,384	1,451,523
Interfund Payable	0	0	42,380	42,380
Matured Compensated Absences Payable	73,318	0	0	73,318
<i>Total Liabilities</i>	<u>4,957,330</u>	<u>0</u>	<u>208,084</u>	<u>5,165,414</u>
Deferred Inflows of Resources				
Property Taxes	26,723,088	2,695,371	0	29,418,459
Payments in Lieu of Taxes	1,328,110	0	0	1,328,110
Unavailable Revenue	617,105	62,593	188,364	868,062
<i>Total Deferred Inflows of Resources</i>	<u>28,668,303</u>	<u>2,757,964</u>	<u>188,364</u>	<u>31,614,631</u>
Fund Balances				
Nonspendable	139,668	0	6,566	146,234
Restricted	0	1,681,969	627,240	2,309,209
Committed	0	0	7,702	7,702
Assigned	6,436,382	0	0	6,436,382
Unassigned (Deficit)	13,221,534	0	(75,708)	13,145,826
<i>Total Fund Balances</i>	<u>19,797,584</u>	<u>1,681,969</u>	<u>565,800</u>	<u>22,045,353</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$53,423,217</u>	<u>\$4,439,933</u>	<u>\$962,248</u>	<u>\$58,825,398</u>

See accompanying notes to the basic financial statements

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

Total Governmental Fund Balances	\$22,045,353
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	31,767,016
Other long-term assets are not available to pay for current period expenditures and therefore are unavailable revenues in the funds:	
Delinquent Property Taxes	643,451
Intergovernmental	188,364
Tuition and Fees	36,247
Total	868,062
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(68,323)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(24,355,244)
Compensated Absences	(3,200,547)
Total	(27,555,791)
Deferred outflows of resources represent deferred charges on refundings, which are not reported in the funds.	534,320
Deferred inflows of resources represent deferred gains on refundings, which are not reported in the funds.	(183,081)
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in governmental funds:	
Deferred Outflows - Pension	16,871,213
Deferred Outflows - OPEB	767,768
Net Pension Liability	(52,188,995)
Net OPEB Liability	(12,346,284)
Deferred Inflows - Pension	(2,211,394)
Deferred Inflows - OPEB	(1,370,132)
Total	(50,477,824)
 <i>Net Position of Governmental Activities</i>	 (\$23,070,268)

See accompanying notes to the basic financial statements

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

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$31,827,765	\$3,162,274	\$0	\$34,990,039
Payments in Lieu of Taxes	1,316,449	0	0	1,316,449
Intergovernmental	9,398,079	407,391	1,850,905	11,656,375
Interest	186,390	0	87	186,477
Tuition and Fees	1,047,682	0	1,834	1,049,516
Charges for Services	34,372	0	721,518	755,890
Extracurricular Activities	365,133	0	430,467	795,600
Contributions and Donations	8,919	0	101,717	110,636
Rentals	43,839	0	8,165	52,004
Miscellaneous	173,460	0	258	173,718
<i>Total Revenues</i>	<u>44,402,088</u>	<u>3,569,665</u>	<u>3,114,951</u>	<u>51,086,704</u>
Expenditures				
Current:				
Instruction:				
Regular	20,340,668	0	283,269	20,623,937
Special	7,281,859	0	443,829	7,725,688
Vocational	215,505	0	0	215,505
Student Intervention Services	110,236	0	0	110,236
Support Services:				
Pupils	3,358,640	0	165,620	3,524,260
Instructional Staff	957,262	0	54,812	1,012,074
Board of Education	34,898	0	0	34,898
Administration	3,009,475	0	5,000	3,014,475
Fiscal	1,143,196	44,219	0	1,187,415
Business	301,735	0	0	301,735
Operation and Maintenance of Plant	3,812,387	0	0	3,812,387
Pupil Transportation	3,098,796	0	198,350	3,297,146
Central	319,040	0	10,800	329,840
Operation of Non-Instructional Services	0	0	477,410	477,410
Food Service Operations	0	0	1,011,612	1,011,612
Extracurricular Activities	1,049,931	0	426,129	1,476,060
Capital Outlay	0	0	510,824	510,824
Debt Service:				
Principal Retirement	0	2,412,445	0	2,412,445
Interest and Fiscal Charges	0	872,337	0	872,337
<i>Total Expenditures</i>	<u>45,033,628</u>	<u>3,329,001</u>	<u>3,587,655</u>	<u>51,950,284</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(631,540)</u>	<u>240,664</u>	<u>(472,704)</u>	<u>(863,580)</u>
Other Financing Sources (Uses)				
Transfers In	0	62,604	15,000	77,604
Transfers Out	(77,604)	0	0	(77,604)
<i>Total Other Financing Sources (Uses)</i>	<u>(77,604)</u>	<u>62,604</u>	<u>15,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(709,144)</u>	<u>303,268</u>	<u>(457,704)</u>	<u>(863,580)</u>
<i>Fund Balances Beginning of Year</i>	<u>20,506,728</u>	<u>1,378,701</u>	<u>1,023,504</u>	<u>22,908,933</u>
<i>Fund Balances End of Year</i>	<u>\$19,797,584</u>	<u>\$1,681,969</u>	<u>\$565,800</u>	<u>\$22,045,353</u>

See accompanying notes to the basic financial statements

Nordonia Hills City School District

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

Net Change in Fund Balances - Total Governmental Funds (\$863,580)

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

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

Capital Outlay	1,167,497	
Current Year Depreciation	<u>(1,613,066)</u>	
Total		(445,569)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (6,639)

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

Delinquent Property Taxes	(861,809)	
Intergovernmental	21,879	
Tuition and Fees	<u>12,197</u>	
Total		(827,733)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,412,445

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

Accrued Interest	8,744	
Amortization of Accounting Loss	(62,372)	
Amortization of Accounting Gain	24,411	
Amortization of Bond Premium	<u>170,177</u>	
Total		140,960

Some items reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (276,787)

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

Pension	3,700,701	
OPEB	<u>159,630</u>	
Total		3,860,331

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

Pension	15,087,022	
OPEB	<u>1,561,573</u>	
Total		<u>16,648,595</u>

Change in Net Position of Governmental Activities \$20,642,023

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$30,121,534	\$30,921,042	\$30,854,686	(\$66,356)
Payments in Lieu of Taxes	1,316,449	1,316,449	1,316,449	0
Intergovernmental	8,737,571	9,533,909	9,525,584	(8,325)
Interest	142,023	202,981	202,981	0
Tuition and Fees	1,274,958	1,280,366	1,247,587	(32,779)
Charges for Services	28,979	34,372	34,372	0
Extracurricular Activities	369,579	304,004	293,529	(10,475)
Contributions and Donations	2,522	2,740	2,740	0
Rentals	43,186	43,787	43,787	0
Miscellaneous	97,759	153,086	154,946	1,860
<i>Total Revenues</i>	<u>42,134,560</u>	<u>43,792,736</u>	<u>43,676,661</u>	<u>(116,075)</u>
Expenditures				
Current:				
Instruction:				
Regular	20,849,192	20,314,150	20,292,230	21,920
Special	7,861,749	7,659,996	7,656,236	3,760
Vocational	219,692	214,054	213,976	78
Student Intervention Services	113,139	110,236	110,236	0
Support Services:				
Pupils	3,491,817	3,402,209	3,398,488	3,721
Instructional Staff	986,306	960,995	957,435	3,560
Board of Education	36,566	35,628	35,176	452
Administration	3,136,975	3,056,472	3,053,671	2,801
Fiscal	1,176,967	1,146,763	1,145,537	1,226
Business	313,091	305,057	302,469	2,588
Operation and Maintenance of Plant	3,983,723	3,881,491	3,876,724	4,767
Pupil Transportation	3,263,890	3,180,131	3,179,264	867
Central	356,183	347,043	343,998	3,045
Extracurricular Activities	991,213	965,777	963,092	2,685
<i>Total Expenditures</i>	<u>46,780,503</u>	<u>45,580,002</u>	<u>45,528,532</u>	<u>51,470</u>
<i>Excess of Revenues Under Expenditures</i>	(4,645,943)	(1,787,266)	(1,851,871)	(64,605)
Other Financing Uses				
Transfers Out	(77,604)	(77,604)	(77,604)	0
<i>Net Change in Fund Balance</i>	(4,723,547)	(1,864,870)	(1,929,475)	(64,605)
<i>Fund Balance Beginning of Year</i>	20,810,804	20,810,804	20,810,804	0
Prior Year Encumbrances Appropriated	728,107	728,107	728,107	0
<i>Fund Balance End of Year</i>	<u>\$16,815,364</u>	<u>\$19,674,041</u>	<u>\$19,609,436</u>	<u>(\$64,605)</u>

See accompanying notes to the basic financial statements

Nordonia Hills City School District
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2018

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$97,636</u>
Liabilities	
Due to Students	<u>\$97,636</u>

See accompanying notes to the basic financial statements

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

Note 1 – Description of the School District and Reporting Entity

The Nordonia Hills City School District (School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government. Each member is elected to a four-year term. The School District provides educational services as mandated by State and/or Federal agencies. The Board controls the School District's six instructional/support facilities staffed by 208 non-certificated employees and 242.9 certificated teaching and support personnel, plus 17 administrators that provide services to 3,621 students and other community members.

Reporting Entity

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

Non-Public Schools Within the School District boundaries, there are various non-public schools. Current State legislature provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the Treasurer/CFO of the School Districts, as directed by the non-public school. These transactions are reported in a special revenue fund and as a governmental activity of the School District.

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

The School District is associated with three jointly governed organizations and one shared risk pool. These organizations include the Northeast Ohio Network for Educational Technology, the Ohio Schools Council, the Cuyahoga Valley Career Center, and the Stark County Schools Council of Governments Health Benefits Plan. Information regarding these organizations is presented in Notes 14 and 16 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

Fund Accounting

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

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

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

Bond Retirement Fund The bond retirement fund is used to account for and report the accumulation of property tax revenues restricted for the payment of general obligation bonds issued for school building and athletic facility improvements.

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

The other governmental funds of the School District account for grants and other resources whose uses are 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 therefore not available to support the School District's own programs. The School District's only fiduciary fund is an agency fund. The agency fund accounts for student activities managed by the student body.

Measurement Focus

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

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School

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

District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and pension and Other Postemployment Benefits (OPEB) plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources includes gain on refunding, property taxes, payments in lieu of taxes, pension and OPEB plans, and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11)

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as inventory held for resale.

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

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the basic financial statements.

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

During fiscal year 2018, investments were limited to STAR Ohio, commercial paper reported at amortized cost, and federal home loan bank notes and federal national mortgage association notes reported at fair value.

The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

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

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

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during the fiscal year 2018 amounted to \$186,390, which included \$17,201 assigned from other School District funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Inventory

Inventories are presented at the lower of cost or market value and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

Deferred Charge/Gain on Refunding

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

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

Capital Assets

All capital assets of the School District are classified as general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of capital assets by back trending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	10 - 50 Years
Furniture and Equipment	5 - 20 Years
Vehicles	5 - 10 Years

Interfund Balances

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

Compensated Absences

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

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

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee who has accumulated unpaid leave is paid.

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds; however, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized for the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are received in the year the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

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 legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District

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

Board of Education or by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated. The School District Board of Education also assigned fund balance to cover a gap between fiscal year 2019's estimated revenue and appropriated budget and for support services.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the general fund include the amounts for unclaimed monies.

Estimates

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

Internal Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given authority to allocate Board appropriations to the function and object levels within each fund.

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

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

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

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

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

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

Net Position June 30, 2017	(\$29,042,440)
Adjustments:	
Net OPEB Liability	(14,788,534)
Deferred Outflow - Payments Subsequent to Measurement Date	118,683
Restated Net Position June 30, 2017	(\$43,712,291)

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

Note 4 – Fund Balances

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

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Unclaimed Monies	\$34,565	\$0	\$0	\$34,565
Inventory	32,606	0	4,930	37,536
Prepays	72,497	0	1,636	74,133
<i>Total Nonspendable</i>	139,668	0	6,566	146,234
<u>Restricted for:</u>				
Debt Service	0	1,681,969	0	1,681,969
Capital Projects	0	0	292,638	292,638
Student Activities	0	0	232,880	232,880
Instruction	0	0	51,733	51,733
Non-Instructional Services	0	0	49,989	49,989
<i>Total Restricted</i>	0	1,681,969	627,240	2,309,209
<u>Committed to:</u>				
High School Book Store	0	0	7,702	7,702
<u>Assigned to:</u>				
Fiscal Year 2019 Operations	5,535,129	0	0	5,535,129
Support Services	140,934	0	0	140,934
<u>Purchases on Order:</u>				
Instructional Services	575,494	0	0	575,494
Support Services	181,479	0	0	181,479
Extracurricular Activities	3,346	0	0	3,346
<i>Total Assigned</i>	6,436,382	0	0	6,436,382
Unassigned (Deficit)	13,221,534	0	(75,708)	13,145,826
Total Fund Balances	\$19,797,584	\$1,681,969	\$565,800	\$22,045,353

Nordonia Hills City School District
Notes to the Basic Financial Statements
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Note 5 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	(\$709,144)
Net Adjustment for Revenue Accruals	(835,125)
Beginning Fair Value Adjustment	(28,707)
Ending Fair Value Adjustment	41,375
Net Adjustment for Expenditure Accruals	420,471
Perspective Difference:	
Public School Support	3,328
Adjustment for Encumbrances	(821,673)
Budget Basis	<u><u>(\$1,929,475)</u></u>

Note 6 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed previously provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this divisions are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

Nordonia Hills City School District
Notes to the Basic Financial Statements
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Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2018, \$4,025,281 of the School District's bank balance of \$13,622,031 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent, resulting in the uninsured and uncollateralized balance.

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

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

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

Investments

Investments are reported at fair value. As of June 30, 2018, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share:				
STAR Ohio	\$1,045,307	48.9 Days	AAAm	N/A
Amortized Cost:				
Commercial Paper	4,787,320	Less than one year	A-1	48.26
Fair Value - Level Two Inputs:				
Federal Home Loan Bank Notes	599,679	Less than one years	AA+	6.05
Federal National Mortgage Association Notes	3,487,693	Less than five years	AA+	35.16
Total Investments	<u>\$9,919,999</u>			

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

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Notes to the Basic Financial Statements
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Interest Rate Risk The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District and that investment must be purchased with the expectation that it will be held to maturity.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that requires the securities shall be delivered into the custody of the treasurer or governing board or an agent designated by the treasurer or governing board.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

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

Note 7 – Property Taxes

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

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

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

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

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

Nordonia Hills City School District
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advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2018, was \$3,845,056 in the general fund and \$399,832 in the bond retirement debt service fund. The amount available as an advance at June 30, 2017, was \$2,871,977 in the general fund and \$291,045 in the bond retirement debt service fund. The difference was in the timing and collection by the County Fiscal Officer.

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

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

	2017 Second- Half Collections		2018 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$926,779,690	95.63 %	\$962,587,880	96.03 %
Public Utility Personal Property	42,394,450	4.37	39,815,860	3.97
	\$969,174,140	100.00 %	\$1,002,403,740	100.00 %
Tax rate per \$1,000 of assessed valuation	\$68.79		\$68.80	

During fiscal year 2018, the debt service payments increased in the School District. This caused the tax rate to increase so that the bond levy would meet its collection amount.

Note 8 – Receivables

Receivables at June 30, 2018, consisted of taxes, payments in lieu of taxes, accrued interest, accounts (tuition and excess costs), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
School Finance Payment Report Adjustments	\$165,981
Bureau of Workers' Compensation Reimbursement	121,769
Title VI-B Grant	85,275
Title II-A Grant	72,192
Title I Grant	39,749
Limited English Proficiency Grant	23,422
Miscellaneous Federal Grants	5,879
Miscellaneous State Grants	1,705
Total	\$515,972

Nordonia Hills City School District
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Payments in Lieu of Taxes

The School District is party to Tax Increment Financing (TIF) agreements. Municipalities, townships, and counties can enter into TIF agreements which lock in real property at its unimproved value for up to 30 years in a defined TIF district. Some TIF agreements also require the TIF government to allocate service payments to school districts and other governments to help offset the property taxes these governments would have received had the improvements to real property not been exempted. The service payments that the School District receives as part of TIF agreements are presented on the financial statements as Payments in Lieu of Taxes.

Note 9 – Capital Assets

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

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$155,558	\$0	\$0	\$155,558
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	55,396,261	274,777	0	55,671,038
Furniture and Equipment	3,144,527	799,149	(36,474)	3,907,202
Vehicles	1,437,594	93,571	0	1,531,165
<i>Total Capital Assets, being depreciated</i>	<u>59,978,382</u>	<u>1,167,497</u>	<u>(36,474)</u>	<u>61,109,405</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(24,569,601)	(1,176,657)	0	(25,746,258)
Furniture and Equipment	(1,950,330)	(390,113)	29,835	(2,310,608)
Vehicles	(1,394,785)	(46,296)	0	(1,441,081)
<i>Total Accumulated Depreciation</i>	<u>(27,914,716)</u>	<u>(1,613,066) *</u>	<u>29,835</u>	<u>(29,497,947)</u>
Total Capital Assets, being depreciated, net	<u>32,063,666</u>	<u>(445,569)</u>	<u>(6,639)</u>	<u>31,611,458</u>
Governmental Activities Capital Assets, Net	<u>\$32,219,224</u>	<u>(\$445,569)</u>	<u>(\$6,639)</u>	<u>\$31,767,016</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$922,127
Special	48,147
Vocational	29,947
Support Services:	
Pupils	14,678
Instructional Staff	48,556
Administration	15,198
Business	2,151
Operation and Maintenance of Plant	339,598
Pupil Transportation	30,922
Central	55,736
Operation of Non-Instructional Services	4,347
Food Service Operations	46,800
Extracurricular Activities	54,859
Total Depreciation Expense	<u>\$1,613,066</u>

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Note 10 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

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

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

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

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

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

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

Nordonia Hills City School District
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publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

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

The School District's contractually required contribution to SERS was \$1,005,361 for fiscal year 2018. Of this amount \$131,691 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

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

The School District's contractually required contribution to STRS was \$2,695,340 for fiscal year 2018. Of this amount \$414,873 is reported as an intergovernmental payable.

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Notes to the Basic Financial Statements
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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.21377550%	0.16130569%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.21708660%</u>	<u>0.16509449%</u>	
Change in Proportionate Share	<u>0.00331110%</u>	<u>0.00378880%</u>	
Proportionate Share of the Net Pension Liability	\$12,970,445	\$39,218,550	\$52,188,995
Pension Expense	(\$259,577)	(\$14,827,445)	(\$15,087,022)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$558,203	\$1,514,436	\$2,072,639
Changes of Assumptions	670,711	8,577,528	9,248,239
Changes in Proportionate Share and Difference between			
School District Contributions and Proportionate Share of Contributions	407,878	1,441,756	1,849,634
School District Contributions Subsequent to the Measurement Date	<u>1,005,361</u>	<u>2,695,340</u>	<u>3,700,701</u>
Total Deferred Outflows of Resources	<u>\$2,642,153</u>	<u>\$14,229,060</u>	<u>\$16,871,213</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$0	\$316,086	\$316,086
Net Difference between Projected and Actual Earnings on Pension Plan Investments	61,568	1,294,258	1,355,826
Changes in Proportionate Share and Difference between			
School District Contributions and Proportionate Share of Contributions	<u>0</u>	<u>539,482</u>	<u>539,482</u>
Total Deferred Inflows of Resources	<u>\$61,568</u>	<u>\$2,149,826</u>	<u>\$2,211,394</u>

\$3,700,701 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	\$727,463	\$2,080,714	\$2,808,177
2020	921,476	3,841,352	4,762,828
2021	228,653	2,551,254	2,779,907
2022	<u>(302,368)</u>	<u>910,574</u>	<u>608,206</u>
Total	<u>\$1,575,224</u>	<u>\$9,383,894</u>	<u>\$10,959,118</u>

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Actuarial Assumptions – SERS

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

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

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

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

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

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS’ *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's Proportionate Share of the Net Pension Liability	\$17,999,607	\$12,970,445	\$8,757,496

Actuarial Assumptions – STRS

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

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

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

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

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

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

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

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

** The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's Proportionate Share of the Net Pension Liability	\$56,218,457	\$39,218,550	\$24,898,677

Note 11 – Defined Benefit OPEB Plans

See note 10 for a description of the net OPEB liability.

Plan Description – School Employees Retirement System (SERS)

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-

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covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$119,757.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$159,630 for fiscal year 2018. Of this amount \$124,634 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

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

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.21617770%	0.16130569%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.22002550%</u>	<u>0.16509449%</u>	
Change in Proportionate Share	<u>0.00384780%</u>	<u>0.00378880%</u>	
Proportionate Share of the Net OPEB Liability	\$5,904,907	\$6,441,377	\$12,346,284
OPEB Expense	\$375,041	(\$1,936,614)	(\$1,561,573)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$0	\$371,836	\$371,836
Changes in Proportionate Share and Difference between School District Contributions and Proportionate Share of Contributions	62,623	173,679	236,302
School District Contributions Subsequent to the Measurement Date	159,630	0	159,630
Total Deferred Outflows of Resources	\$222,253	\$545,515	\$767,768
Deferred Inflows of Resources			
Changes of Assumptions	\$560,345	\$518,874	\$1,079,219
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	15,593	275,320	290,913
Total Deferred Inflows of Resources	\$575,938	\$794,194	\$1,370,132

\$159,630 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	(\$184,232)	(\$64,389)	(\$248,621)
2020	(184,232)	(64,389)	(248,621)
2021	(140,953)	(64,389)	(205,342)
2022	(3,898)	(64,391)	(68,289)
2023	0	4,440	4,440
Thereafter	0	4,439	4,439
Total	(\$513,315)	(\$248,679)	(\$761,994)

Actuarial Assumptions – SERS

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

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

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

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

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

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

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

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rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's Proportionate Share of the Net OPEB Liability	\$7,130,926	\$5,904,907	\$4,933,585

	1% Decrease (6.5% decreasing to 4.0%)	Current Trend Rate (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
School District's Proportionate Share of the Net OPEB Liability	\$4,791,389	\$5,904,907	\$7,378,666

Actuarial Assumptions – STRS

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

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

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

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

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

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

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	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's Proportionate Share of the Net OPEB Liability	\$8,647,446	\$6,441,377	\$4,697,863

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$4,475,193	\$6,441,377	\$9,029,107

Note 12 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 5 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators, who are not on a 12 month contract, do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 260 days. Upon retirement, payment is made to certificated staff for one-fourth of the total sick leave accumulation, up to a maximum specified in the negotiated agreement. For classified staff, exempt employees, and administrators, payment is made for one-third of the total sick leave accumulation, up to a maximum specified in the negotiated agreement or administrative guidelines.

Health Insurance Benefits

The School District provides employee medical/surgical benefits through Stark County Schools Council of Governments' shared risk pool. Rates are set through an annual calculation process. The School District pays a monthly contribution to a common fund from which claim payments are made for all participating school districts. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. Dental and vision insurance are also provided by the School District to all employees through the Stark County Schools Council of Governments. Upon termination, all School District claims would be paid without regard to the School District's account balance.

Life Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through a major life insurance company in the amount of \$30,000 for all noncertified employees up to a maximum of \$50,000 for certified employees, and double the annual salary rounded to the nearest thousand for administrators including the superintendent.

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

Note 13 – Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
General Obligation Bonds:			
2013 Energy Conservation Bonds	3.39 %	\$729,744	December 1, 2028
2015 School Improvement Refunding Bonds	4.60	10,485,000	December 1, 2025
2015 Athletic Facilities Refunding Bonds	4.24	4,490,000	December 1, 2030
2017 School Improvement Refunding Bonds	2.38	9,805,000	December 1, 2025

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

	Principal Outstanding 6/30/17	Additions	Reductions	Principal Outstanding 6/30/18	Amount Due in One Year
General Obligation Bonds:					
2013 Energy Conservation Bonds:					
Serial Bonds	\$615,896	\$0	(\$42,445)	\$573,451	\$43,883
2015 School Improvement Refunding Bonds:					
Serial Bonds	10,485,000	0	(1,920,000)	8,565,000	1,995,000
Premium	1,199,222	0	(141,085)	1,058,137	0
2015 Athletic Facilities Refunding Bonds:					
Serial Bonds	4,440,000	0	(240,000)	4,200,000	250,000
Premium	392,748	0	(29,092)	363,656	0
2017 School Improvement Refunding Bonds:					
Term Bonds	9,805,000	0	(210,000)	9,595,000	135,000
Total General Obligation Bonds	26,937,866	0	(2,582,622)	24,355,244	2,423,883
Other Long-Term Obligations:					
Net Pension Liability:					
SERS	15,646,394	0	(2,675,949)	12,970,445	0
STRS	53,993,877	0	(14,775,327)	39,218,550	0
Total Net Pension Liability	69,640,271	0	(17,451,276)	52,188,995	0
Net OPEB Liability:					
SERS	6,161,864	0	(256,957)	5,904,907	0
STRS	8,626,670	0	(2,185,293)	6,441,377	0
Total Net OPEB Liability	14,788,534	0	(2,442,250)	12,346,284	0
Compensated Absences	2,923,760	369,650	(92,863)	3,200,547	289,565
Total Other Long-Term Obligations	87,352,565	369,650	(19,986,389)	67,735,826	289,565
Total Governmental Activities					
Long-Term Liabilities	\$114,290,431	\$369,650	(\$22,569,011)	\$92,091,070	\$2,713,448

All general obligation bonds will be paid from property taxes. There is no repayment schedule for the net pension and OPEB liabilities; however, employer pension and OPEB contributions are made from the general fund and the food service and reducing class size special revenue funds. For additional information related to the net pension and OPEB liabilities see Notes 10 and 11. The compensated absences are to be paid from the general fund and the food service and reducing class size special revenue funds.

On September 11, 2013, the School District issued \$729,744 in energy conservation bonds which were used for the modification and remodeling of School District buildings to conserve energy. These bonds will be paid from the bond retirements debt service fund and will mature in fiscal year 2029.

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

On August 8, 2014, the School District issued \$10,485,000 in serial school improvement bonds to advance refund \$10,890,000 of outstanding 2006 bonds in order to take advantage of lower interest rates. The bonds were issued for a 21 year period with a final maturity at December 1, 2025. The refunding bonds were sold at a premium of \$1,598,963. Net proceeds of \$11,937,668 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the 2006 bonds. As a result, \$10,890,000 of these bonds is considered defeased and the liability for the refunded portion of these bonds has been removed from the School District’s financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District’s financial statements. At June 30, 2018, \$8,890,000 of the defeased bonds are still outstanding.

On March 12, 2015, the School District issued \$4,490,000 in serial athletic facilities bonds to advance refund \$4,490,000 of outstanding 2009 athletic facilities bonds in order to take advantage of lower interest rates. The bonds were issued for a 16 year period with a final maturity at December 1, 2030. The refunding bonds were sold at a premium of \$458,205. Net proceeds of \$4,849,104 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the 2009 bonds. As a result, \$4,490,000 of these bonds is considered defeased and the liability for the refunded portion of these bonds has been removed from the School District’s financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District’s financial statements. At June 30, 2018, \$4,245,000 of the defeased bonds are still outstanding.

On April 4, 2017, the School District issued \$9,805,000 in term school improvement refunding bonds to refund \$9,805,000 of outstanding 2006 refunding bonds in order to take advantage of lower interest rates. The bonds were issued for a nine year period with a final maturity at December 1, 2025. At June 30, 2018, \$9,805,000 of the defeased bonds are still outstanding.

The School District’s overall debt margin was \$68,878,330 with an unvoted debt margin of \$1,001,442 at June 30, 2018. Principal and interest requirements to retire general obligation bonds and capital appreciation bonds outstanding at June 30, 2018, are as follows:

	General Obligation Bonds					
	Serial		Term		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$2,288,883	\$539,581	\$135,000	\$226,755	\$2,423,883	\$766,336
2020	2,385,371	433,522	140,000	223,482	2,525,371	657,004
2021	2,501,909	322,618	140,000	220,150	2,641,909	542,768
2022	2,613,499	206,540	145,000	216,759	2,758,499	423,299
2023	350,144	140,017	2,605,000	184,033	2,955,144	324,050
2024-2028	1,957,398	467,925	6,430,000	190,756	8,387,398	658,681
2029-2031	1,241,247	77,358	0	0	1,241,247	77,358
Total	<u>\$13,338,451</u>	<u>\$2,187,561</u>	<u>\$9,595,000</u>	<u>\$1,261,935</u>	<u>\$22,933,451</u>	<u>\$3,449,496</u>

Note 14 – Jointly Governed Organizations

Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEOnet) is the Information Technology Center (ITC) used by the School District. NEOnet is organized as a council of governments providing data management and computer services to school districts in Cuyahoga, Lake, Medina, Portage, and Summit counties. NEOnet employs its own fiscal officer. The purpose of NEOnet is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All districts in NEOnet are required to pay fees, charges, and assessments as charged. The Assembly is made up of Superintendents from all of the participating districts and governs NEOnet. NEOnet’s Board exercises total

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

control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. The Assembly elects a Board of Directors consisting of nine members and is the managerial body of NEOnet and meets at least five times a year. Payments to NEOnet are made from the general fund. During fiscal year 2018, the School District contributed \$184,351 to NEOnet. Financial information can be obtained by contacting the NEOnet Fiscal Officer at 700 Graham Road, Cuyahoga Falls, Ohio 44221.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 210 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 Council's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2018, the School District paid \$6,196 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director at the Ohio Schools Council at 6393 Oak Tree Boulevard, Independence, Ohio 44131.

The School District participates in an electricity purchase program. This program allows the School District to purchase electricity with other schools as a group from First Energy Solutions. Kilowatt-hours of electric energy metered by the Electric Utility for Nordonia is billed to the School District based on a pricing schedule determined by the Ohio Schools Council, the Ohio School Board Association, the Ohio Association of School Business Officials and the Buckeye Association of School Administrators (collectively called the "P4S" or "Power4Schools").

Cuyahoga Valley Career Center

The Cuyahoga Valley Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The Board of Education is comprised of representatives from the board of each participating school district. The Board is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. Nordonia Hills City School District students may attend the career center. Each school district's control is limited to its representation on the Board. During fiscal year 2018, the School District did not make any payments to the Career Center. Financial information can be obtained by contacting the Treasurer at the Cuyahoga Valley Career Center at 8001 Brecksville Road, Brecksville, Ohio 44141.

Note 15 – Contingencies

Litigation

The School District was a party to two lawsuits at fiscal year-end that were later ruled in favor of the School District. Subsequently, one decision is being appealed and the School District is pursuing the recovery of litigation costs for the other.

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

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2018, if applicable, cannot be determined at this time.

School Foundation

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

Note 16 – Shared Risk Pool

The School District is a member of the Stark County Schools Council of Governments (Council) Health Benefits Plan. The Health Benefits Plan is a shared risk pool created pursuant to State statute for the purposes of administering health care benefits. The Council is governed by an assembly, which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve on the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. Each school district reserves the right to terminate the plan in whole or in part, at any time. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract.

Note 17 – Interfund Activity

Interfund Balances

Interfund balances at June 30, 2018, consisted of the following:

	Interfund Balances	
	June 30, 2018	
	Receivables	Payables
General	\$42,380	\$0
Other Governmental Funds:		
Title VI-B	0	21,038
Title I	0	6,164
Reducing Class Size	0	15,178
Total Other Governmental Funds	0	42,380
Total Governmental Funds	\$42,380	\$42,380

The advances from the general fund to the other governmental funds were made to cover negative cash balances. The balances are anticipated to be repaid within one year.

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

Interfund Transfers

Interfund transfers made during fiscal year 2018 consisted of transfers from the general fund to the bond retirement fund and other governmental funds in the amounts of \$62,604 and \$15,000, respectively.

The transfers from the general fund to the bond retirement debt service fund were made for debt service payments. The transfers from general to other governmental funds were made to support the operations of those funds.

Note 18 – Risk Management

Workers’ Compensation

The School District pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Property and Liability

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

Type of Coverage	Coverage Amount
Property	\$139,646,897
Flood and Earthquake	1,000,000
Crime	270,000
General Liability	5,000,000
Employee Benefits Liability	7,000,000
Employer’s Liability	5,000,000
School Leaders Professional Liability	5,000,000
Sexual Misconduct and Molestation	5,000,000
Law Enforcement	5,000,000
Violent Event Response	1,000,000
Automobile	5,000,000
Boiler and Machinery	100,000,000
Cyber Coverage	20,000,000
Pollution Liability	5,000,000

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

Note 19 – Accountability

At June 30, 2018, the following funds had deficit fund balances:

	Amount
<i>Other Governmental Funds:</i>	
Food Service	\$21,319
Title VI-B	41,345
Title I	1,206
Reducing Class Size	5,272

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

The deficit balance in the food service fund resulted from adjustments for accrued liabilities. The deficit balances in the title I and reducing class size funds resulted from negative cash balances. The deficit balance in the title VI-B fund resulted from a combination of adjustments for accrued liabilities and a negative cash balance. The general fund is liable for any deficits in these funds and provides transfers when cash is required, rather than when accruals occur.

Note 20 – Set-Asides

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

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

	Capital Improvement
Set-aside Balances as of June 30, 2017	\$0
Current Year Set-aside Requirement	645,019
Qualifying Disbursements	(1,570,524)
Totals	(\$925,505)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-aside Balance as of June 30, 2018	\$0

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

Note 21 – Encumbrances

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

General	\$821,673
Other Governmental Funds	112,647
Total	\$934,320

Note 22 – Subsequent Event

The School District placed a 6.98 mill continuing operating levy on the November 6, 2018 ballot. The levy would have generated an additional \$7 million annually which was to be used to provide a safer and more secure environment for School District students, to keep up with necessary repairs and maintenance to School District buildings, and to maintain and improve academic programming. The levy was defeated by the voters.

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

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.21708660%	0.21377550%	0.20492030%	0.20203300%	0.20203300%
School District's Proportionate Share of the Net Pension Liability	\$12,970,445	\$15,646,394	\$11,692,952	\$10,224,775	\$12,014,254
School District's Covered Payroll	\$6,991,764	\$6,667,579	\$6,235,536	\$6,230,817	\$4,538,107
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	185.51%	234.66%	187.52%	164.10%	264.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

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

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

See accompanying notes to the Required Supplementary Information

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.22002550%	0.21617770%
School District's Proportionate Share of the Net OPEB Liability	\$5,904,907	\$6,161,864
School District's Covered Payroll	\$6,991,764	\$6,667,579
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	84.46%	92.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

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

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

See accompanying notes to the Required Supplementary Information

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

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.16509449%	0.16130569%	0.16417188%	0.15948273%	0.15948273%
School District's Proportionate Share of the Net Pension Liability	\$39,218,550	\$53,993,877	\$45,372,307	\$38,791,720	\$46,208,442
School District's Covered Payroll	\$18,404,221	\$18,223,643	\$17,171,343	\$15,994,071	\$17,009,954
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	213.10%	296.28%	264.23%	242.54%	271.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

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

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

See accompanying notes to the Required Supplementary Information

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.16509449%	0.16130569%
School District's Proportionate Share of the Net OPEB Liability	\$6,441,377	\$8,626,670
School District's Covered Payroll	\$18,404,221	\$18,223,643
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.00%	47.34%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

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

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

See accompanying notes to the Required Supplementary Information

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

	2018	2017	2016	2015
Net Pension Liability:				
Contractually Required Contribution	\$1,005,361	\$978,847	\$933,461	\$821,844
Contributions in Relation to the Contractually Required Contribution	(1,005,361)	(978,847)	(933,461)	(821,844)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$7,447,119	\$6,991,764	\$6,667,579	\$6,235,536
Pension Contributions as a Percentage of Covered Payroll	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>
Net OPEB Liability:				
Contractually Required Contribution (2)	\$159,630	\$118,683	\$107,412	\$146,348
Contributions in Relation to the Contractually Required Contribution	(159,630)	(118,683)	(107,412)	(146,348)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>2.14%</u>	<u>1.70%</u>	<u>1.61%</u>	<u>2.35%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.64%</u>	<u>15.70%</u>	<u>15.61%</u>	<u>15.53%</u>

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

(2) Includes Surcharge

See accompanying notes to the Required Supplementary Information

2014	2013	2012	2011	2010	2009
\$816,237	\$594,492	\$561,336	\$657,171	\$749,657	\$642,855
(816,237)	(594,492)	(561,336)	(657,171)	(749,657)	(642,855)
\$0	\$0	\$0	\$0	\$0	\$0
\$6,230,817	\$4,538,107	\$4,419,969	\$5,564,530	\$5,865,861	\$7,072,112
13.10%	13.10%	12.70%	11.81%	12.78%	9.09%
\$107,461	\$80,325	\$95,472	\$169,162	\$121,423	\$390,452
(107,461)	(80,325)	(95,472)	(169,162)	(121,423)	(390,452)
\$0	\$0	\$0	\$0	\$0	\$0
1.72%	1.77%	2.16%	3.04%	2.07%	5.52%
14.82%	14.87%	14.86%	14.85%	14.85%	14.61%

Nordonia Hills City School District, Ohio

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

	2018	2017	2016	2015
Net Pension Liability:				
Contractually Required Contribution	\$2,695,340	\$2,576,591	\$2,551,310	\$2,403,988
Contributions in Relation to the Contractually Required Contribution	(2,695,340)	(2,576,591)	(2,551,310)	(2,403,988)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
School District Covered Payroll (1)	\$19,252,429	\$18,404,221	\$18,223,643	\$17,171,343
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability:				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

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

See accompanying notes to the Required Supplementary Information

2014	2013	2012	2011	2010	2009
\$2,079,229	\$2,211,294	\$2,237,670	\$2,146,476	\$2,248,179	\$2,289,109
(2,079,229)	(2,211,294)	(2,237,670)	(2,146,476)	(2,248,179)	(2,289,109)
\$0	\$0	\$0	\$0	\$0	\$0
\$15,994,071	\$17,009,954	\$17,212,846	\$16,511,354	\$17,293,685	\$17,608,531
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$159,941	\$170,100	\$172,128	\$165,114	\$172,937	\$176,085
(159,941)	(170,100)	(172,128)	(165,114)	(172,937)	(176,085)
\$0	\$0	\$0	\$0	\$0	\$0
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Nordonia Hills City School District, Ohio

*Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018*

Net Pension Liability

Changes in Assumptions – SERS

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

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

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

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

Changes in Assumptions – STRS

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

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

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

Nordonia Hills City School District, Ohio

*Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018*

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

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

Net OPEB Liability

Changes in Assumptions – SERS

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

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

Changes in Assumptions – STRS

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

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

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Following is a description of the School District's nonmajor special revenue funds:

Food Service Fund – To account for and report restricted grants and charges for services related to the food service operations of the School District.

Other Grants Fund – To account for and report restricted donations to the School District for miscellaneous purposes.

High School Bookstore Fund – To account for and report committed funds received from and for the use of the activities of the high school bookstore.

District Managed Activities Fund – To account for and report gate receipts and other restricted revenues from athletic events and all costs (except supplemental coaching contracts) of the School District's Athletic Program and transportation of the band to and from athletic events.

Auxiliary Services Fund – To account for and report services to non-public schools within the School District which are provided for in State law. Restricted funds are primarily for educational supplies, materials, and testing.

Data Communication Fund – To account for and report restricted grant monies appropriated for Ohio Educational Computer Network Connections.

Miscellaneous State Grants Fund – To account for and report restricted grant monies from the State appropriated for miscellaneous purposes.

Title VI-B Fund – To account for and report restricted Federal revenues that assist states in identification of handicapped children and provide full educational opportunities to handicapped children at the preschool, elementary and secondary levels. It also accounts for Federal monies used to implement a variety of programs intended to provide instruction for early childhood education.

Limited English Proficiency Fund – To account for and report restricted monies used for elementary and secondary school programs with the purpose of meeting the educational needs of students with limited English proficiency.

Title I Fund – To account for and report restricted Federal monies used to assist the School District in meeting the special needs of educationally deprived children.

Reducing Class Size Fund – To account for and report restricted grant monies to hire additional classroom teachers so the number of students per teacher will be reduced.

Miscellaneous Federal Grants Fund – To account for and report restricted grant monies from federal sources appropriated for miscellaneous purposes.

Public School Support Fund – To account for and report school site sales revenue and expenditure for field trips, assemblies and other activity costs. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Capital Projects Funds

The Capital Projects Funds are used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary fund or for assets that will be held in trust. Following is a description of the nonmajor capital projects funds:

Permanent Improvement Fund – To account for and report all restricted transactions related to the acquiring, construction, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

Building Fund – To account for and report restricted monies used for the building, restoration or improvement of the School District property.

Nordonia Hills City School District

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$420,994	\$292,638	\$713,632
Intergovernmental Receivable	228,222	0	228,222
Inventory Held for Resale	13,828	0	13,828
Materials and Supplies Inventory	4,930	0	4,930
Prepaid Items	1,636	0	1,636
<i>Total Assets</i>	<u>\$669,610</u>	<u>\$292,638</u>	<u>\$962,248</u>
Liabilities			
Accounts Payable	\$22,055	\$0	\$22,055
Accrued Wages and Benefits	71,265	0	71,265
Intergovernmental Payable	72,384	0	72,384
Interfund Payable	42,380	0	42,380
<i>Total Liabilities</i>	<u>208,084</u>	<u>0</u>	<u>208,084</u>
Deferred Inflows of Resources			
Unavailable Revenue	<u>188,364</u>	<u>0</u>	<u>188,364</u>
Fund Balances			
Nonspendable	6,566	0	6,566
Restricted	334,602	292,638	627,240
Committed	7,702	0	7,702
Unassigned (Deficit)	<u>(75,708)</u>	<u>0</u>	<u>(75,708)</u>
<i>Total Fund Balances</i>	<u>273,162</u>	<u>292,638</u>	<u>565,800</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$669,610</u>	<u>\$292,638</u>	<u>\$962,248</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$1,850,905	\$0	\$1,850,905
Interest	87	0	87
Tuition and Fees	1,834	0	1,834
Charges for Services	721,518	0	721,518
Extracurricular Activities	430,467	0	430,467
Contributions and Donations	46,717	55,000	101,717
Rentals	77	8,088	8,165
Miscellaneous	0	258	258
<i>Total Revenues</i>	<u>3,051,605</u>	<u>63,346</u>	<u>3,114,951</u>
Expenditures			
Current:			
Instruction:			
Regular	283,269	0	283,269
Special	443,829	0	443,829
Support Services:			
Pupils	165,620	0	165,620
Instructional Staff	54,812	0	54,812
Administration	5,000	0	5,000
Pupil Transportation	198,350	0	198,350
Central	10,800	0	10,800
Operation of Non-Instructional Services	477,410	0	477,410
Food Service Operations	1,011,612	0	1,011,612
Extracurricular Activities	426,129	0	426,129
Capital Outlay	0	510,824	510,824
<i>Total Expenditures</i>	<u>3,076,831</u>	<u>510,824</u>	<u>3,587,655</u>
<i>Excess of Revenues Under Expenditures</i>	(25,226)	(447,478)	(472,704)
Other Financing Sources			
Transfers In	15,000	0	15,000
<i>Net Change in Fund Balances</i>	(10,226)	(447,478)	(457,704)
<i>Fund Balances Beginning of Year</i>	<u>283,388</u>	<u>740,116</u>	<u>1,023,504</u>
<i>Fund Balances End of Year</i>	<u><u>\$273,162</u></u>	<u><u>\$292,638</u></u>	<u><u>\$565,800</u></u>

Nordonia Hills City School District

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2018

	Food Service	Other Grants	High School Bookstore	District Managed Activities	Auxiliary Services
Assets					
Equity in Pooled Cash and Cash Equivalents	\$62,208	\$43,552	\$7,702	\$243,517	\$55,854
Intergovernmental Receivable	0	0	0	0	0
Inventory Held for Resale	13,828	0	0	0	0
Materials and Supplies Inventory	4,930	0	0	0	0
Prepaid Items	1,358	0	0	0	0
<i>Total Assets</i>	<u>\$82,324</u>	<u>\$43,552</u>	<u>\$7,702</u>	<u>\$243,517</u>	<u>\$55,854</u>
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$10,637	\$4,785
Accrued Wages and Benefits	69,234	0	0	0	0
Intergovernmental Payable	34,409	0	0	0	1,080
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>103,643</u>	<u>0</u>	<u>0</u>	<u>10,637</u>	<u>5,865</u>
Deferred Inflows of Resources					
Unavailable Revenue	0	0	0	0	0
Fund Balances					
Nonspendable	6,288	0	0	0	0
Restricted	0	43,552	0	232,880	49,989
Committed	0	0	7,702	0	0
Unassigned (Deficit)	(27,607)	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>(21,319)</u>	<u>43,552</u>	<u>7,702</u>	<u>232,880</u>	<u>49,989</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$82,324</u>	<u>\$43,552</u>	<u>\$7,702</u>	<u>\$243,517</u>	<u>\$55,854</u>

Miscellaneous State Grants	Title VI-B	Limited English Proficiency	Title I	Reducing Class Size	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$0	\$0	\$8,161	\$0	\$0	\$0	\$420,994
1,705	85,275	23,422	39,749	72,192	5,879	228,222
0	0	0	0	0	0	13,828
0	0	0	0	0	0	4,930
0	0	0	102	176	0	1,636
<u>\$1,705</u>	<u>\$85,275</u>	<u>\$31,583</u>	<u>\$39,851</u>	<u>\$72,368</u>	<u>\$5,879</u>	<u>\$669,610</u>
\$0	\$5,033	\$0	\$210	\$1,390	\$0	\$22,055
0	0	0	0	2,031	0	71,265
0	36,362	0	0	533	0	72,384
0	21,038	0	6,164	15,178	0	42,380
0	62,433	0	6,374	19,132	0	208,084
<u>1,705</u>	<u>64,187</u>	<u>23,402</u>	<u>34,683</u>	<u>58,508</u>	<u>5,879</u>	<u>188,364</u>
0	0	0	102	176	0	6,566
0	0	8,181	0	0	0	334,602
0	0	0	0	0	0	7,702
0	(41,345)	0	(1,308)	(5,448)	0	(75,708)
0	(41,345)	8,181	(1,206)	(5,272)	0	273,162
<u>\$1,705</u>	<u>\$85,275</u>	<u>\$31,583</u>	<u>\$39,851</u>	<u>\$72,368</u>	<u>\$5,879</u>	<u>\$669,610</u>

Nordonia Hills City School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2018

	Food Service	Other Grants	High School Bookstore	District Managed Activities	Auxiliary Services
Revenues					
Intergovernmental	\$297,925	\$989	\$0	\$0	\$405,215
Interest	16	0	0	0	71
Tuition and Fees	0	0	1,834	0	0
Charges for Services	721,518	0	0	0	0
Extracurricular Activities	0	0	0	430,467	0
Contributions and Donations	0	46,717	0	0	0
Rentals	0	0	0	77	0
<i>Total Revenues</i>	<u>1,019,459</u>	<u>47,706</u>	<u>1,834</u>	<u>430,544</u>	<u>405,286</u>
Expenditures					
Current:					
Instruction:					
Regular	0	5,211	1,292	0	0
Special	0	3,607	0	0	0
Support Services:					
Pupils	0	0	0	0	0
Instructional Staff	0	981	0	0	0
Administration	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	16,550	0	0	393,956
Food Service Operations	1,011,612	0	0	0	0
Extracurricular Activities	0	20,615	0	405,514	0
<i>Total Expenditures</i>	<u>1,011,612</u>	<u>46,964</u>	<u>1,292</u>	<u>405,514</u>	<u>393,956</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	7,847	742	542	25,030	11,330
Other Financing Sources					
Transfers In	0	0	0	15,000	0
<i>Net Change in Fund Balances</i>	7,847	742	542	40,030	11,330
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(29,166)</u>	<u>42,810</u>	<u>7,160</u>	<u>192,850</u>	<u>38,659</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$21,319)</u></u>	<u><u>\$43,552</u></u>	<u><u>\$7,702</u></u>	<u><u>\$232,880</u></u>	<u><u>\$49,989</u></u>

Data Communication	Miscellaneous State Grants	Title VI-B	Limited English Proficiency	Title I	Reducing Class Size	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$10,800	\$25,000	\$771,959	\$4,955	\$287,158	\$42,783	\$4,121	\$1,850,905
0	0	0	0	0	0	0	87
0	0	0	0	0	0	0	1,834
0	0	0	0	0	0	0	721,518
0	0	0	0	0	0	0	430,467
0	0	0	0	0	0	0	46,717
0	0	0	0	0	0	0	77
10,800	25,000	771,959	4,955	287,158	42,783	4,121	3,051,605
0	0	0	4,761	267,884	0	4,121	283,269
0	0	440,222	0	0	0	0	443,829
0	25,000	140,620	0	0	0	0	165,620
0	0	9,051	0	3,867	40,913	0	54,812
0	0	0	0	5,000	0	0	5,000
0	0	198,350	0	0	0	0	198,350
10,800	0	0	0	0	0	0	10,800
0	0	32,834	0	26,730	7,340	0	477,410
0	0	0	0	0	0	0	1,011,612
0	0	0	0	0	0	0	426,129
10,800	25,000	821,077	4,761	303,481	48,253	4,121	3,076,831
0	0	(49,118)	194	(16,323)	(5,470)	0	(25,226)
0	0	0	0	0	0	0	15,000
0	0	(49,118)	194	(16,323)	(5,470)	0	(10,226)
0	0	7,773	7,987	15,117	198	0	283,388
\$0	\$0	(\$41,345)	\$8,181	(\$1,206)	(\$5,272)	\$0	\$273,162

Nordonia Hills City School District

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2018

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$14,654</u>	<u>\$277,984</u>	<u>\$292,638</u>
Fund Balances			
Restricted	<u>\$14,654</u>	<u>\$277,984</u>	<u>\$292,638</u>

Nordonia Hills City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2018

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Revenues			
Contributions and Donations	\$0	\$55,000	\$55,000
Rentals	0	8,088	8,088
Miscellaneous	258	0	258
<i>Total Revenues</i>	258	63,088	63,346
Expenditures			
Capital Outlay	486,307	24,517	510,824
<i>Excess of Revenues Over (Under) Expenditures</i>	(486,049)	38,571	(447,478)
<i>Fund Balances Beginning of Year</i>	500,703	239,413	740,116
<i>Fund Balances End of Year</i>	\$14,654	\$277,984	\$292,638

Combining Statement – Fiduciary Fund

Agency Fund

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 therefore not available to support the School District's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results or operations. A description of the School District's agency fund follows:

Student Managed Activities Fund – This fund reflects resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

Nordonia Hills City School District
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2018

	Balance 06/30/17	Additions	Deductions	Balance 06/30/18
<i>Student Managed Activities</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$99,483	\$241,608	\$243,455	\$97,636
Liabilities				
Due to Students	\$99,483	\$241,608	\$243,455	\$97,636

**Individual Fund Schedules of Revenues, Expenditures/Expenses
and Changes in Fund Balance/Fund Equity – Budget (Non-GAAP Basis) and Actual**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property Taxes	\$30,121,534	\$30,921,042	\$30,854,686	(\$66,356)
Payments in Lieu of Taxes	1,316,449	1,316,449	1,316,449	0
Intergovernmental	8,737,571	9,533,909	9,525,584	(8,325)
Interest	142,023	202,981	202,981	0
Tuition and Fees	1,274,958	1,280,366	1,247,587	(32,779)
Charges for Services	28,979	34,372	34,372	0
Extracurricular Activities	369,579	304,004	293,529	(10,475)
Contributions and Donations	2,522	2,740	2,740	0
Rentals	43,186	43,787	43,787	0
Miscellaneous	97,759	153,086	154,946	1,860
<i>Total Revenues</i>	<u>42,134,560</u>	<u>43,792,736</u>	<u>43,676,661</u>	<u>(116,075)</u>
Expenditures				
Current:				
Instruction:				
Regular				
Salaries	13,639,446	13,044,092	13,037,031	7,061
Fringe Benefits	4,629,826	4,756,346	4,749,525	6,821
Purchased Services	958,996	934,386	927,488	6,898
Materials and Supplies	902,195	879,043	878,004	1,039
Capital Outlay	717,053	698,652	698,551	101
Other	1,676	1,631	1,631	0
<i>Total Regular</i>	<u>20,849,192</u>	<u>20,314,150</u>	<u>20,292,230</u>	<u>21,920</u>
Special				
Salaries	4,219,832	4,091,442	4,090,044	1,398
Fringe Benefits	1,730,714	1,706,398	1,705,687	711
Purchased Services	1,819,184	1,772,499	1,772,499	0
Materials and Supplies	60,190	58,645	58,611	34
Capital Outlay	31,829	31,012	29,395	1,617
<i>Total Special</i>	<u>7,861,749</u>	<u>7,659,996</u>	<u>7,656,236</u>	<u>3,760</u>
Vocational				
Salaries	163,998	155,425	155,420	5
Fringe Benefits	55,694	58,629	58,556	73
<i>Total Vocational</i>	<u>219,692</u>	<u>214,054</u>	<u>213,976</u>	<u>78</u>
Student Intervention Services				
Purchased Services	113,139	110,236	110,236	0
<i>Total Instruction</i>	<u>\$29,043,772</u>	<u>\$28,298,436</u>	<u>\$28,272,678</u>	<u>\$25,758</u>

(continued)

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Support Services:				
Pupils				
Salaries	\$1,878,945	\$1,800,356	\$1,799,597	\$759
Fringe Benefits	627,503	641,771	638,925	2,846
Purchased Services	927,034	903,244	903,130	114
Materials and Supplies	58,335	56,838	56,836	2
Total Pupils	3,491,817	3,402,209	3,398,488	3,721
Instructional Staff				
Salaries	631,351	606,814	606,352	462
Fringe Benefits	216,003	218,794	217,590	1,204
Purchased Services	20,414	19,891	19,891	0
Materials and Supplies	82,843	80,717	78,823	1,894
Capital Outlay	28,590	27,856	27,856	0
Other	7,105	6,923	6,923	0
Total Instructional Staff	986,306	960,995	957,435	3,560
Board of Education				
Salaries	13,006	11,625	11,625	0
Fringe Benefits	1,852	2,852	2,568	284
Purchased Services	2,095	2,041	1,873	168
Materials and Supplies	5,139	5,007	5,007	0
Other	14,474	14,103	14,103	0
Total Board of Education	36,566	35,628	35,176	452
Administration				
Salaries	1,879,329	1,826,152	1,825,608	544
Fringe Benefits	833,110	816,679	815,762	917
Purchased Services	326,438	318,061	317,072	989
Materials and Supplies	23,128	22,534	22,192	342
Capital Outlay	31,101	30,303	30,303	0
Other	43,869	42,743	42,734	9
Total Administration	3,136,975	3,056,472	3,053,671	2,801
Fiscal				
Salaries	393,250	398,949	398,789	160
Fringe Benefits	200,126	179,199	178,358	841
Purchased Services	42,265	41,180	41,155	25
Materials and Supplies	3,368	3,282	3,082	200
Capital Outlay	1,717	1,673	1,673	0
Other	536,241	522,480	522,480	0
Total Fiscal	\$1,176,967	\$1,146,763	\$1,145,537	\$1,226

(continued)

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Business				
Salaries	\$150,874	\$149,585	\$149,579	\$6
Fringe Benefits	45,957	42,195	42,152	43
Purchased Services	106,439	103,708	101,169	2,539
Materials and Supplies	3,314	3,229	3,229	0
Capital Outlay	678	661	661	0
Other	5,829	5,679	5,679	0
Total Business	313,091	305,057	302,469	2,588
Operation and Maintenance of Plant				
Salaries	1,586,118	1,504,808	1,501,244	3,564
Fringe Benefits	581,914	607,587	607,583	4
Purchased Services	1,409,912	1,373,730	1,372,609	1,121
Materials and Supplies	298,813	291,145	291,067	78
Capital Outlay	84,152	81,992	81,992	0
Other	22,814	22,229	22,229	0
Total Operation and Maintenance of Plant	3,983,723	3,881,491	3,876,724	4,767
Pupil Transportation				
Purchased Services	3,063,786	2,985,162	2,984,295	867
Materials and Supplies	200,104	194,969	194,969	0
Total Pupil Transportation	3,263,890	3,180,131	3,179,264	867
Central				
Purchased Services	234,326	228,313	227,852	461
Materials and Supplies	75,359	73,425	70,841	2,584
Capital Outlay	46,498	45,305	45,305	0
Total Central	356,183	347,043	343,998	3,045
Total Support Services	16,745,518	16,315,789	16,292,762	23,027
Extracurricular Activities:				
Academic and Subject Oriented Activities				
Salaries	51,655	53,549	53,480	69
Fringe Benefits	12,783	9,236	8,631	605
Purchased Services	51,605	50,281	50,281	0
Materials and Supplies	6,949	6,771	6,771	0
Capital Outlay	28,910	450	450	0
Other	462	28,168	28,162	6
Total Academic and Subject Oriented Activities	\$152,364	\$148,455	\$147,775	\$680

(continued)

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Sport Oriented Activities				
Salaries	\$564,929	\$573,993	\$573,981	\$12
Fringe Benefits	134,886	107,863	106,685	1,178
Purchased Services	35,524	34,612	34,612	0
Materials and Supplies	5,254	5,119	5,119	0
Capital Outlay	12,156	7,722	7,721	1
Other	7,925	11,844	11,844	0
Total Sport Oriented Activities	760,674	741,153	739,962	1,191
School and Public Service Co-Curricular Activities				
Salaries	70,650	65,031	64,953	78
Fringe Benefits	7,525	11,138	10,402	736
Total School and Public Service Co-Curricular Activities	78,175	76,169	75,355	814
Total Extracurricular Activities	991,213	965,777	963,092	2,685
<i>Total Expenditures</i>	<u>46,780,503</u>	<u>45,580,002</u>	<u>45,528,532</u>	<u>51,470</u>
<i>Excess of Revenues Under Expenditures</i>	(4,645,943)	(1,787,266)	(1,851,871)	(64,605)
Other Financing Uses				
Transfers Out	(77,604)	(77,604)	(77,604)	0
<i>Net Change in Fund Balance</i>	(4,723,547)	(1,864,870)	(1,929,475)	(64,605)
<i>Fund Balance Beginning of Year</i>	20,810,804	20,810,804	20,810,804	0
Prior Year Encumbrances Appropriated	728,107	728,107	728,107	0
<i>Fund Balance End of Year</i>	<u>\$16,815,364</u>	<u>\$19,674,041</u>	<u>\$19,609,436</u>	<u>(\$64,605)</u>

Nordonia Hills City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property Taxes	\$3,052,573	\$3,053,487	\$914
Intergovernmental	407,391	407,391	0
<i>Total Revenues</i>	<u>3,459,964</u>	<u>3,460,878</u>	<u>914</u>
Expenditures			
Current:			
Support Services:			
Fiscal			
Other	44,219	44,219	0
Debt Service:			
Principal Retirement	2,412,445	2,412,445	0
Interest and Fiscal Charges	872,337	872,337	0
Total Debt Service	<u>3,284,782</u>	<u>3,284,782</u>	<u>0</u>
<i>Total Expenditures</i>	<u>3,329,001</u>	<u>3,329,001</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	130,963	131,877	914
Other Financing Sources			
Transfers In	62,604	62,604	0
<i>Net Change in Fund Balance</i>	193,567	194,481	914
<i>Fund Balance Beginning of Year</i>	<u>1,087,656</u>	<u>1,087,656</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,281,223</u></u>	<u><u>\$1,282,137</u></u>	<u><u>\$914</u></u>

Nordonia Hills City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$317,852	\$317,851	(\$1)
Interest	10	16	6
Charges for Services	713,870	721,518	7,648
<i>Total Revenues</i>	<u>1,031,732</u>	<u>1,039,385</u>	<u>7,653</u>
Expenditures			
Current:			
Food Service Operations:			
Salaries	453,905	453,905	0
Fringe Benefits	206,070	206,070	0
Purchased Services	11,447	11,447	0
Materials and Supplies	350,894	350,894	0
Other	4,089	4,089	0
<i>Total Expenditures</i>	<u>1,026,405</u>	<u>1,026,405</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	5,327	12,980	7,653
<i>Fund Balance Beginning of Year</i>	<u>47,469</u>	<u>47,469</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$52,796</u>	<u>\$60,449</u>	<u>\$7,653</u>

Nordonia Hills City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Other Grants Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$989	\$989	\$0
Contributions and Donations	46,717	46,717	0
<i>Total Revenues</i>	47,706	47,706	0
Expenditures			
Current:			
Instruction:			
Regular			
Materials and Supplies	5,733	5,613	120
Special			
Materials and Supplies	4,177	3,857	320
Total Instruction	9,910	9,470	440
Support Services:			
Instructional Staff			
Materials and Supplies	981	981	0
Operation of Non-Instructional Services:			
Community Services			
Other	16,550	16,550	0
Extracurricular Activities:			
Academic and Subject Oriented Activities			
Purchased Services	114	114	0
School and Public Service Co-Curricular Activities			
Purchased Services	15,998	15,998	0
Materials and Supplies	4,503	4,503	0
Total School and Public Service Co-Curricular Activities	20,501	20,501	0
Total Extracurricular Activities	20,615	20,615	0
<i>Total Expenditures</i>	48,056	47,616	440
<i>Net Change in Fund Balance</i>	(350)	90	440
<i>Fund Balance Beginning of Year</i>	42,374	42,374	0
Prior Year Encumbrances Appropriated	436	436	0
<i>Fund Balance End of Year</i>	\$42,460	\$42,900	\$440

Nordonia Hills City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
High School Bookstore Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Tuition and Fees	\$1,835	\$1,834	(\$1)
Expenditures			
Current:			
Instruction:			
Regular			
Materials and Supplies	1,292	1,292	0
<i>Net Change in Fund Balance</i>	543	542	(1)
<i>Fund Balance Beginning of Year</i>	7,160	7,160	0
<i>Fund Balance End of Year</i>	<u>\$7,703</u>	<u>\$7,702</u>	<u>(\$1)</u>

Nordonia Hills City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
District Managed Activities Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Extracurricular Activities	\$438,235	\$431,072	(\$7,163)
Rentals	77	77	0
<i>Total Revenues</i>	<u>438,312</u>	<u>431,149</u>	<u>(7,163)</u>
Expenditures			
Current:			
Extracurricular Activities:			
Academic and Subject Oriented Activities			
Other	1,728	1,728	0
Sport Oriented Activities			
Salaries	8,462	8,382	80
Fringe Benefits	135,486	123,093	12,393
Purchased Services	11,805	11,801	4
Materials and Supplies	256,703	255,761	942
Capital Outlay	243	243	0
Total Sport Oriented Activities	<u>412,699</u>	<u>399,280</u>	<u>13,419</u>
School and Public Service Co-Curricular Activities			
Purchased Services	3,700	2,607	1,093
Materials and Supplies	3,100	2,190	910
Other	15,604	15,601	3
Total School and Public Service Co-CurricularActivities	<u>22,404</u>	<u>20,398</u>	<u>2,006</u>
<i>Total Expenditures</i>	<u>436,831</u>	<u>421,406</u>	<u>15,425</u>
<i>Excess of Revenues Over Expenditures</i>	1,481	9,743	8,262
Other Financing Sources			
Transfers In	15,000	15,000	0
<i>Net Change in Fund Balance</i>	16,481	24,743	8,262
<i>Fund Balance Beginning of Year</i>	184,658	184,658	0
Prior Year Encumbrances Appropriated	8,500	8,500	0
<i>Fund Balance End of Year</i>	<u>\$209,639</u>	<u>\$217,901</u>	<u>\$8,262</u>

Nordonia Hills City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$408,053	\$405,215	(\$2,838)
Interest	60	71	11
<i>Total Revenues</i>	<u>408,113</u>	<u>405,286</u>	<u>(2,827)</u>
Expenditures			
Current:			
Operation of Non-Instructional Services:			
Community Services			
Purchased Services	289,228	278,779	10,449
Materials and Supplies	148,376	108,498	39,878
Capital Outlay	8,176	8,176	0
Other	16,322	16,322	0
<i>Total Expenditures</i>	<u>462,102</u>	<u>411,775</u>	<u>50,327</u>
<i>Net Change in Fund Balance</i>	(53,989)	(6,489)	47,500
<i>Fund Balance Beginning of Year</i>	0	0	0
Prior Year Encumbrances Appropriated	<u>53,989</u>	<u>53,989</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$47,500</u></u>	<u><u>\$47,500</u></u>

Nordonia Hills City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Data Communication Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$10,800	\$10,800	\$0
Expenditures			
Current:			
Support Services:			
Central			
Purchased Services	10,800	10,800	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

Nordonia Hills City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Miscellaneous State Grants Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$26,705	\$25,000	(\$1,705)
Expenditures			
Current:			
Instruction:			
Special			
Materials and Supplies	1,705	1,460	245
Support Services:			
Pupils			
Purchased Services	24,820	24,820	0
Materials and Supplies	180	180	0
Total Support Services	25,000	25,000	0
<i>Total Expenditures</i>	26,705	26,460	245
<i>Net Change in Fund Balance</i>	0	(1,460)	(1,460)
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance (Deficit) End of Year</i>	\$0	(\$1,460)	(\$1,460)

Nordonia Hills City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI-B Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$956,217	\$870,942	(\$85,275)
Expenditures			
Current:			
Instruction:			
Special			
Salaries	9,000	3,750	5,250
Purchased Services	456,289	452,879	3,410
Total Instruction	465,289	456,629	8,660
Support Services:			
Pupils			
Purchased Services	140,620	140,620	0
Instructional Staff			
Purchased Services	10,166	10,101	65
Pupil Transportation			
Purchased Services	200,000	200,000	0
Total Support Services	350,786	350,721	65
Operation of Non-Instructional Services:			
Community Services			
Purchased Services	32,858	32,834	24
<i>Total Expenditures</i>	848,933	840,184	8,749
<i>Net Change in Fund Balance</i>	107,284	30,758	(76,526)
<i>Fund Deficit Beginning of Year</i>	(120,024)	(120,024)	0
Prior Year Encumbrances Appropriated	12,787	12,787	0
<i>Fund Balance (Deficit) End of Year</i>	\$47	(\$76,479)	(\$76,526)

Nordonia Hills City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Limited English Proficiency Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$28,677	\$4,935	(\$23,742)
Expenditures			
Current:			
Instruction:			
Regular			
Salaries	22,887	2,710	20,177
Fringe Benefits	3,775	565	3,210
Materials and Supplies	1,500	1,486	14
<i>Total Expenditures</i>	28,162	4,761	23,401
<i>Net Change in Fund Balance</i>	515	174	(341)
<i>Fund Balance Beginning of Year</i>	7,987	7,987	0
<i>Fund Balance End of Year</i>	\$8,502	\$8,161	(\$341)

Nordonia Hills City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title I Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$436,059	\$310,780	(\$125,279)
Expenditures			
Current:			
Instruction:			
Regular			
Salaries	49,323	32,192	17,131
Fringe Benefits	7,100	4,238	2,862
Purchased Services	235,679	235,261	418
Materials and Supplies	8,000	285	7,715
Total Instruction	300,102	271,976	28,126
Support Services:			
Instructional Staff			
Purchased Services	5,000	3,867	1,133
Administration			
Purchased Services	9,800	9,800	0
Total Support Services	14,800	13,667	1,133
Operation of Non-Instructional Services:			
Community Services			
Purchased Services	24,502	24,502	0
Materials and Supplies	3,611	3,098	513
Total Operation of Non-Instructional Services	28,113	27,600	513
<i>Total Expenditures</i>	343,015	313,243	29,772
<i>Net Change in Fund Balance</i>	93,044	(2,463)	(95,507)
<i>Fund Deficit Beginning of Year</i>	(28,470)	(28,470)	0
Prior Year Encumbrances Appropriated	19,914	19,914	0
<i>Fund Balance (Deficit) End of Year</i>	\$84,488	(\$11,019)	(\$95,507)

Nordonia Hills City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Reducing Class Size Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$100,304	\$31,294	(\$69,010)
Expenditures			
Current:			
Support Services:			
Instructional Staff			
Salaries	75,557	35,457	40,100
Fringe Benefits	16,375	5,308	11,067
Total Support Services	91,932	40,765	51,167
Operation of Non-Instructional Services:			
Community Services			
Purchased Services	8,615	8,615	0
<i>Total Expenditures</i>	100,547	49,380	51,167
<i>Net Change in Fund Balance</i>	(243)	(18,086)	(17,843)
<i>Fund Balance Beginning of Year</i>	243	243	0
<i>Fund Balance (Deficit) End of Year</i>	\$0	(\$17,843)	(\$17,843)

Nordonia Hills City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Miscellaneous Federal Grants Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$10,000	\$4,121	(\$5,879)
Expenditures			
Current:			
Instruction:			
Regular			
Materials and Supplies	5,000	772	4,228
Capital Outlay	3,925	3,349	576
Total Instruction	8,925	4,121	4,804
Operation of Non-Instructional Services:			
Community Services			
Materials and Supplies	1,075	0	1,075
<i>Total Expenditures</i>	10,000	4,121	5,879
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0

Nordonia Hills City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public School Support Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Extracurricular Activities	\$71,706	\$71,604	(\$102)
Contributions and Donations	6,179	6,179	0
Miscellaneous	19,248	19,247	(1)
<i>Total Revenues</i>	<u>97,133</u>	<u>97,030</u>	<u>(103)</u>
Expenditures			
Current:			
Support Services:			
Instructional Staff			
Other	35	35	0
Extracurricular Activities:			
Academic and Subject Oriented Activities			
Purchased Services	4,607	4,590	17
Materials and Supplies	65,894	64,369	1,525
Other	24,708	24,708	0
Total Extracurricular Activities	<u>95,209</u>	<u>93,667</u>	<u>1,542</u>
<i>Total Expenditures</i>	<u>95,244</u>	<u>93,702</u>	<u>1,542</u>
<i>Net Change in Fund Balance</i>	1,889	3,328	1,439
<i>Fund Balance Beginning of Year</i>	123,892	123,892	0
Prior Year Encumbrances Appropriated	<u>1,254</u>	<u>1,254</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$127,035</u>	<u>\$128,474</u>	<u>\$1,439</u>

Nordonia Hills City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Miscellaneous	\$258	\$258	\$0
Expenditures			
Capital Outlay:			
Site Improvement Services			
Capital Outlay	486,307	486,307	0
<i>Net Change in Fund Balance</i>	(486,049)	(486,049)	0
<i>Fund Balance Beginning of Year</i>	500,703	500,703	0
<i>Fund Balance End of Year</i>	\$14,654	\$14,654	\$0

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

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Contributions and Donations	\$55,000	\$55,000	\$0
Rentals	8,088	8,088	0
<i>Total Revenues</i>	63,088	63,088	0
Expenditures			
Capital Outlay:			
Site Improvement Services			
Capital Outlay	27,509	24,517	2,992
<i>Net Change in Fund Balance</i>	35,579	38,571	2,992
<i>Fund Balance Beginning of Year</i>	236,421	236,421	0
Prior Year Encumbrances Appropriated	2,992	2,992	0
<i>Fund Balance End of Year</i>	\$274,992	\$277,984	\$2,992



Statistical Section

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Statistical Section

This part of School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	S2 - S11
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source, the property tax.	S12 - S21
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	S22 - S25
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	S26 - S27
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	S28 - S37

Sources: Unless otherwise noted, the information in these schedules is derived from annual financial reports for the relevant year.

Nordonia Hills City School District

Net Position by Component

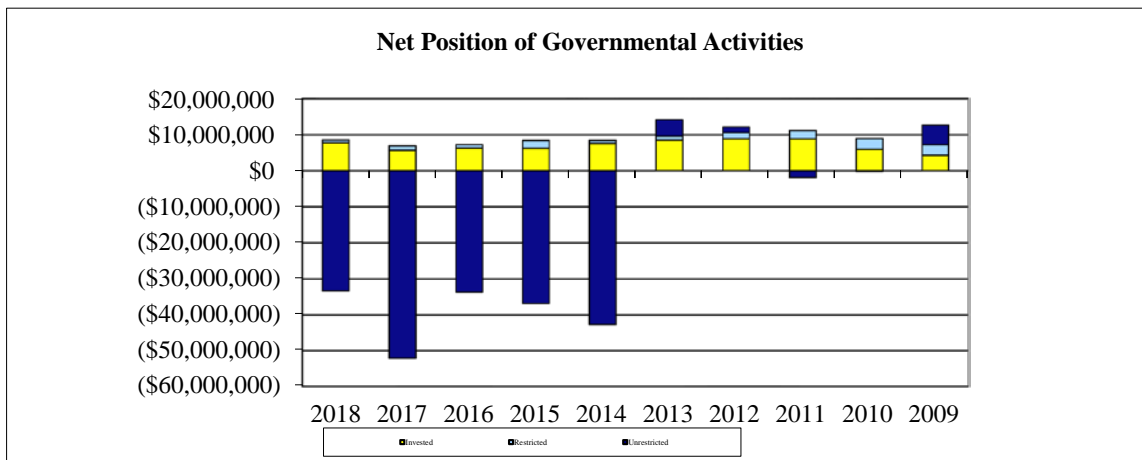
Last Ten Fiscal Years

(accrual basis of accounting)

	2018	2017 (1)	2016	2015
Governmental Activities:				
Net Investment in Capital Assets	\$7,763,011	\$5,670,558	\$6,288,133	\$6,204,815
Restricted for:				
Debt Service	1,676,239	1,412,544	1,958,030	2,096,504
Capital Projects	292,638	740,116	343,234	1,717,079
Other Purposes	474,620	504,800	614,083	478,775
Unrestricted (Deficit)	<u>(33,276,776)</u>	<u>(52,040,309)</u>	<u>(33,622,185)</u>	<u>(36,780,435)</u>
Total Governmental Activities Net Position	<u><u>(\$23,070,268)</u></u>	<u><u>(\$43,712,291)</u></u>	<u><u>(\$24,418,705)</u></u>	<u><u>(\$26,283,262)</u></u>

(1) The School District reported the impact of GASB Statement No. 75 beginning in fiscal year 2017.

(2) The School District reported the impact of GASB Statement No. 68 beginning in fiscal year 2014.



2014 (2)	2013	2012	2011	2010	2009
\$7,581,884	\$8,509,093	\$8,850,162	\$8,840,009	\$5,953,017	\$4,296,352
1,739,717	1,328,964	1,369,449	1,349,882	1,311,046	1,675,185
398,112	692,565	1,233,186	1,479,226	2,355,266	2,424,827
442,212	379,531	526,632	836,109	594,543	530,496
(42,634,928)	4,586,389	1,529,032	(1,857,846)	(181,594)	5,391,879
<u>(\$32,473,003)</u>	<u>\$15,496,542</u>	<u>\$13,508,461</u>	<u>\$10,647,380</u>	<u>\$10,032,278</u>	<u>\$14,318,739</u>

Nordonia Hills City School District

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2018 (1)	2017	2016	2015 (2)
Expenses				
Governmental Activities:				
Regular Instruction	\$7,156,800	\$21,336,416	\$20,056,808	\$18,550,105
Special Instruction	4,517,844	8,386,796	6,446,142	6,108,542
Vocational Instruction	77,172	245,654	145,074	138,542
Adult/Continuing	0	0	0	0
Student Intervention Services	110,236	28,330	85,845	85,303
Other	0	0	0	0
Pupils	2,131,254	3,653,397	3,374,388	3,164,056
Instructional Staff	879,975	1,062,066	959,523	911,162
Board of Education	34,898	29,157	28,803	26,999
Administration	2,079,175	3,006,711	2,839,587	2,601,135
Fiscal	1,148,960	1,331,423	1,388,959	1,157,432
Business	294,688	296,297	333,196	310,434
Operation and Maintenance of Plant	3,990,039	4,010,472	4,091,712	3,927,891
Pupil Transportation	3,328,068	3,173,180	2,935,119	2,338,284
Central	321,506	339,210	637,809	383,035
Operation of Non-Instructional Services	449,093	1,034,359	567,067	703,621
Food Service Operations	960,011	969,192	1,221,780	1,193,894
Extracurricular Activities	1,405,852	1,840,343	1,471,574	1,868,849
Interest and Fiscal Charges	731,377	1,005,373	1,391,929	1,475,149
<i>Total Governmental Activities Expenses</i>	<i>29,616,948</i>	<i>51,748,376</i>	<i>47,975,315</i>	<i>44,944,433</i>
Program Revenues				
Governmental Activities:				
Charges for Services				
Regular Instruction	517,743	560,033	428,931	450,421
Special Instruction	171,102	198,768	122,222	129,215
Vocational Instruction	5,117	5,529	2,375	2,545
Student Intervention Services	2,583	780	1,750	1,911
Pupils Support	78,943	88,538	66,184	70,390
Instructional Staff Support	22,613	24,430	17,926	17,594
Board of Education	818	803	587	605
Administration	70,714	78,349	57,939	59,596
Fiscal	26,817	34,377	27,273	24,995
Business	7,109	7,743	6,740	6,982
Operation and Maintenance of Plant	89,615	98,335	73,458	80,923
Pupil Transportation	72,619	81,927	53,391	46,945
Central	7,477	7,612	10,240	8,165
Operation of Non-Instructional Services	0	0	0	0
Food Service Operations	721,518	720,936	761,374	762,755
Extracurricular Activities	870,419	871,033	749,118	1,155,459
Operating Grants and Contributions				
Regular Instruction	199,972	324,244	336,331	349,410
Special Instruction	751,822	815,286	732,920	860,647
Vocational Instruction	14,798	15,216	1,309	1,761
Student Intervention Services	0	0	0	0
Other	0	0	0	0
Pupil Support	169,467	177,408	135,089	109,746
Instructional Staff Support	92,218	63,413	58,300	95,779
Administration	3,286	0	0	2,541
Fiscal	0	0	0	0
Pupil Transportation	360,136	260,239	310,512	254,253
Central	10,800	10,800	10,800	10,800
Operation of Non-Instructional Services	472,999	688,038	693,368	672,218
Food Service Operations	297,941	343,876	367,246	354,439
Extracurricular Activities	27,119	25,019	2,889	96,966

2014	2013	2012	2011	2010	2009
\$18,738,003	\$18,249,173	\$17,230,661	\$18,569,476	\$19,909,252	\$18,341,443
6,036,343	5,390,882	4,092,913	4,347,481	5,114,678	4,765,679
140,339	127,008	105,638	270,211	341,786	382,247
0	0	17,990	0	0	0
87,536	133,867	941,216	955,132	1,025,787	0
0	0	0	0	0	644,108
3,084,212	2,836,378	3,679,370	3,968,792	3,999,333	3,736,451
891,630	693,943	868,221	1,567,498	1,282,487	1,294,769
25,382	16,058	101,811	95,436	101,028	86,547
2,751,025	2,581,795	2,659,546	2,654,376	2,844,324	2,760,485
1,455,160	1,482,023	1,182,471	1,140,067	1,150,873	1,113,388
322,065	289,958	259,360	241,543	286,306	285,569
3,849,829	3,725,872	3,747,786	3,974,307	4,024,975	5,162,153
2,391,133	2,370,306	2,355,359	2,579,917	3,349,773	2,684,699
695,317	1,001,531	907,526	871,639	217,227	173,619
656,335	724,346	592,258	608,161	491,588	719,252
1,295,629	1,239,531	1,276,824	1,395,875	1,520,020	1,501,302
1,925,689	1,740,542	1,468,048	1,227,122	1,578,579	1,528,821
1,704,189	1,906,793	1,799,548	1,947,120	1,928,133	1,699,038
46,049,816	44,510,006	43,286,546	46,414,153	49,166,149	46,879,570

379,065	420,685	324,125	154,798	189,538	123,761
114,168	117,356	65,386	31,899	41,449	110,889
2,245	2,273	1,320	1,975	2,982	0
1,732	3,135	16,412	7,851	8,809	0
56,043	47,347	42,553	24,301	29,158	0
20,350	13,211	12,401	7,463	10,360	0
502	376	1,775	784	966	0
92,575	59,400	45,934	21,547	26,955	0
35,730	32,659	19,609	12,628	10,562	0
9,620	6,715	4,465	2,133	2,664	0
95,187	78,452	58,482	29,789	34,980	126,771
42,364	51,324	37,611	17,743	26,353	0
12,464	18,264	12,285	6,983	2,049	0
10	7	0	0	0	20,430
827,776	882,968	982,010	991,621	971,663	978,924
1,237,833	1,194,487	842,616	834,568	788,327	795,044
318,550	627,752	126,809	849,761	238,718	219,985
557,684	3,984	0	48,197	23,272	0
1,733	0	0	0	0	0
0	0	0	0	115,162	0
0	0	0	0	0	29,402
441,240	767,682	883,376	1,075,762	998,643	801,786
127,103	73,047	92,750	643,875	145,861	136,728
2,083	2,174	71	167	0	2,723
0	1,109	1,103	2,034	8,659	2,120
232,679	30,555	14,198	220,711	1,026,383	21,069
10,800	122,593	48,335	19,192	2,934	0
658,284	671,230	590,809	582,107	569,154	608,624
406,274	428,304	391,662	333,884	433,045	426,036
1,720	0	0	0	10,034	5,547

(continued)

Nordonia Hills City School District

Changes in Net Position (continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	2018 (1)	2017	2016	2015 (2)
Capital Grants and Contributions				
Operation and Maintenance of Plant	\$55,000	\$20,700	\$0	\$0
Pupil Transportation	0	0	0	0
<i>Total Governmental Activities Program Revenues</i>	<u>5,120,765</u>	<u>5,523,432</u>	<u>5,028,272</u>	<u>5,627,061</u>
Net (Expense)/Revenue	<u>(24,496,183)</u>	<u>(46,224,944)</u>	<u>(42,947,043)</u>	<u>(39,317,372)</u>
General Revenues				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	31,014,273	26,549,659	29,664,006	29,871,761
Debt Service	3,113,957	2,550,927	2,908,269	3,052,809
Capital Projects	0	0	0	0
Payments in Lieu of Taxes	1,316,449	1,723,253	1,285,013	968,477
Grants and Entitlements not				
Restricted to Specific Programs	9,330,679	10,577,845	10,557,986	10,770,864
Unrestricted Contributions and Donations	2,740	3,357	3,106	0
Investment Earnings	186,390	74,557	158,769	39,382
Gain on Sale of Capital Assets	0	0	0	526,951
Miscellaneous	173,718	121,611	234,451	276,869
<i>Total Governmental Activities General Revenues</i>	<u>45,138,206</u>	<u>41,601,209</u>	<u>44,811,600</u>	<u>45,507,113</u>
<i>Total Primary Government Change in Net Position</i>	<u>\$20,642,023</u>	<u>(\$4,623,735)</u>	<u>\$1,864,557</u>	<u>\$6,189,741</u>

(1) Expenses are first impacted by the implementation of GASB Statement No. 75 beginning in fiscal year 2018.

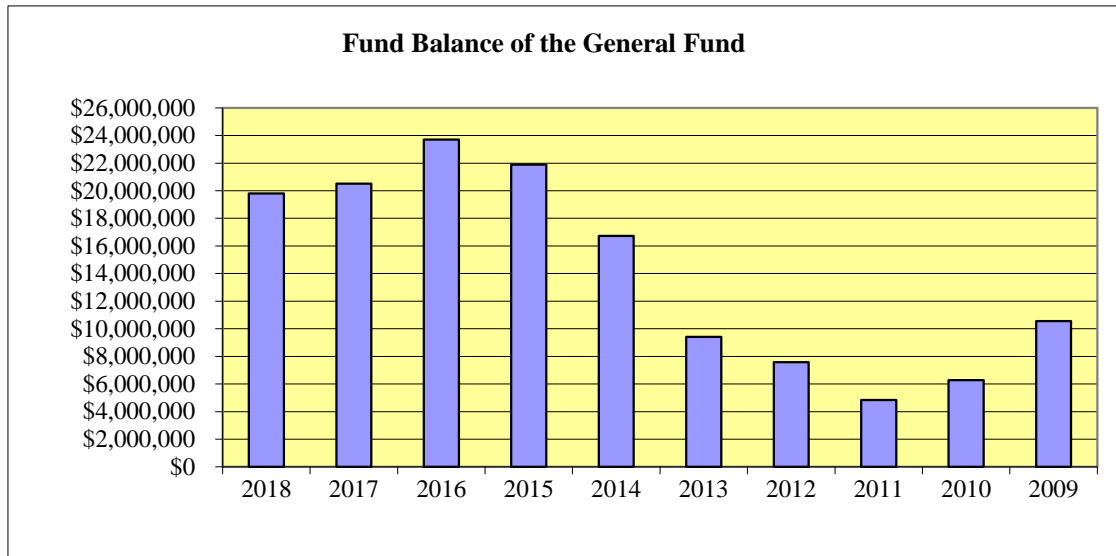
(2) Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in fiscal year 2015.

2014	2013	2012	2011	2010	2009
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	51,990
5,685,814	5,657,089	4,616,097	5,921,773	5,718,680	4,461,829
(40,364,002)	(38,852,917)	(38,670,449)	(40,492,380)	(43,447,469)	(42,417,741)
32,584,461	26,454,225	26,954,060	25,143,381	23,858,467	26,064,562
3,394,591	2,785,818	2,994,057	3,058,893	2,905,888	3,045,139
0	15	165,583	609,596	581,552	635,900
483,379	225,094	0	0	0	0
11,160,608	11,278,886	11,269,425	12,200,323	11,522,079	11,796,620
0	0	0	0	0	0
19,396	13,741	11,240	16,087	140,532	423,624
0	5,295	0	0	0	0
79,252	77,924	137,165	79,202	152,490	65,648
47,721,687	40,840,998	41,531,530	41,107,482	39,161,008	42,031,493
\$7,357,685	\$1,988,081	\$2,861,081	\$615,102	(\$4,286,461)	(\$386,248)

Nordonia Hills City School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2018	2017	2016	2015
General Fund				
Nonspendable	\$139,668	\$116,888	\$50,363	\$50,158
Committed	0	0	0	0
Assigned	6,436,382	4,761,158	363,379	2,317,045
Unassigned	13,221,534	15,628,682	23,297,679	19,523,941
Reserved	N/A	N/A	N/A	N/A
Unreserved	N/A	N/A	N/A	N/A
Total General Fund	19,797,584	20,506,728	23,711,421	21,891,144
All Other Governmental Funds				
Nonspendable	6,566	5,192	3,067	4,103
Restricted	2,309,209	2,424,211	2,694,944	4,231,489
Committed	7,702	7,160	6,247	9,235
Unassigned (Deficit)	(75,708)	(34,358)	(148,381)	(21,654)
Reserved	N/A	N/A	N/A	N/A
Unreserved, Undesignated, Reported in:				
Special Revenue Funds (Deficit)	N/A	N/A	N/A	N/A
Debt Service Funds	N/A	N/A	N/A	N/A
Capital Projects Funds	N/A	N/A	N/A	N/A
Total All Other Governmental Funds	2,247,769	2,402,205	2,555,877	4,223,173
Total Governmental Funds	\$22,045,353	\$22,908,933	\$26,267,298	\$26,114,317

Note: GASB 54 was implemented in fiscal year 2011.



2014	2013	2012	2011	2010	2009
\$44,951	\$44,626	\$46,854	\$154,800	N/A	N/A
0	63,370	0	0	N/A	N/A
676,253	371,891	1,498,652	1,379,104	N/A	N/A
16,007,826	8,942,703	6,042,002	3,310,508	N/A	N/A
N/A	N/A	N/A	N/A	3,349,527	814,768
N/A	N/A	N/A	N/A	2,928,982	9,747,311
16,729,030	9,422,590	7,587,508	4,844,412	6,278,509	10,562,079
5,307	5,693	5,541	5,237	N/A	N/A
2,538,172	2,434,029	3,142,173	3,389,399	N/A	N/A
8,498	0	0	0	N/A	N/A
(534)	(1,911)	(126,885)	(731,389)	N/A	N/A
N/A	N/A	N/A	N/A	2,128,717	826,436
N/A	N/A	N/A	N/A	(45,507)	108,401
N/A	N/A	N/A	N/A	1,200,690	1,705,131
N/A	N/A	N/A	N/A	804,559	7,437,335
2,551,443	2,437,811	3,020,829	2,663,247	4,088,459	10,077,303
\$19,280,473	\$11,860,401	\$10,608,337	\$7,507,659	\$10,366,968	\$20,639,382

Nordonia Hills City School District
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2018	2017	2016	2015
Revenues				
Property Taxes	\$34,990,039	\$28,293,069	\$32,552,871	\$34,061,836
Payments in Lieu of Taxes	1,316,449	1,723,253	1,285,013	968,477
Intergovernmental	11,656,375	13,415,941	12,924,308	13,471,493
Interest	186,477	74,561	158,872	39,424
Tuition and Fees	1,049,516	1,156,757	847,909	882,819
Charges for Services	755,890	761,172	801,077	798,975
Extracurricular Activities	795,600	785,626	665,540	1,073,115
Contributions and Donations	110,636	79,288	32,246	116,221
Rentals	52,004	51,588	64,982	63,592
Miscellaneous	173,718	121,611	234,451	276,869
<i>Total Revenues</i>	<u>51,086,704</u>	<u>46,462,866</u>	<u>49,567,269</u>	<u>51,752,821</u>
Expenditures				
Current:				
Instruction:				
Regular	20,623,937	18,906,080	18,959,543	18,323,735
Special	7,725,688	7,731,546	6,426,639	6,285,801
Vocational	215,505	189,556	114,941	111,564
Adult/Continuing	0	0	0	0
Student Intervention Services	110,236	28,330	85,845	85,303
Other	0	0	0	0
Support Services:				
Pupils	3,524,260	3,382,997	3,379,899	3,262,075
Instructional Staff	1,012,074	945,230	920,225	877,676
Board of Education	34,898	29,157	28,803	26,999
Administration	3,014,475	2,847,845	2,845,145	2,647,209
Fiscal	1,187,415	1,292,407	1,402,148	1,164,884
Business	301,735	291,832	330,318	308,746
Operation and Maintenance of Plant	3,812,387	3,586,958	3,602,490	3,618,716
Pupil Transportation	3,297,146	3,112,260	2,842,202	2,230,451
Central	329,840	287,165	512,959	375,334
Operation of Non-Instructional Services	477,410	789,126	583,740	703,940
Food Service Operations	1,011,612	1,041,862	1,163,509	1,164,548
Extracurricular Activities	1,476,060	1,751,942	1,420,704	1,733,527
Capital Outlay	510,824	122,427	1,358,976	377,378
Debt Service:				
Principal Retirement	2,412,445	611,314	730,031	983,125
Current Refunding	0	0	0	0
Interest and Fiscal Charges	872,337	949,810	1,135,871	1,003,019
Capital Appreciation Bonds Interest	0	1,669,738	1,589,676	1,269,963
Payment to Refunded Bond Escrow Agent	0	253,649	0	0
Issuance Costs	0	60,000	0	242,101
<i>Total Expenditures</i>	<u>51,950,284</u>	<u>49,881,231</u>	<u>49,433,664</u>	<u>46,796,094</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(863,580)</u>	<u>(3,418,365)</u>	<u>133,605</u>	<u>4,956,727</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	19,376	1,631,721
Energy Conservation Bonds Issued	0	0	0	0
General Obligation Bonds Issued	0	0	0	0
Refunding Bonds Issued	0	9,805,000	0	14,975,000
Premium on Debt Issuance	0	0	0	2,057,168
Payment to Refunded Bond Escrow Agent	0	(9,745,000)	0	(16,786,772)
Purchase Agreement	0	0	0	0
Transfers In	77,604	577,545	79,417	72,565
Transfers Out	(77,604)	(577,545)	(79,417)	(72,565)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>60,000</u>	<u>19,376</u>	<u>1,877,117</u>
<i>Net Change in Fund Balances</i>	<u>(\$863,580)</u>	<u>(\$3,358,365)</u>	<u>\$152,981</u>	<u>\$6,833,844</u>
Debt Service as a Percentage of				
Noncapital Expenditures	6.5%	7.0%	7.1%	7.0%

2014	2013	2012	2011	2010	2009
\$36,013,119	\$29,178,336	\$30,004,522	\$28,635,403	\$26,949,636	\$29,667,748
483,379	225,094	0	0	0	0
13,842,819	14,029,617	14,278,190	15,004,291	15,140,010	13,987,982
19,450	13,801	11,240	16,087	140,759	425,552
849,545	859,882	652,259	315,869	396,038	232,712
858,560	906,856	982,010	991,756	971,663	978,924
1,154,818	1,100,659	737,382	734,504	678,783	805,725
23,216	16,451	16,349	32,371	26,215	51,767
64,741	61,262	95,333	103,954	100,331	126,771
79,252	77,924	137,165	79,202	152,490	77,335
53,388,899	46,469,882	46,914,450	45,913,437	44,555,925	46,354,516
17,559,996	17,638,813	16,641,266	18,264,469	19,113,434	17,668,722
5,996,400	5,359,158	4,132,807	4,345,719	4,678,469	4,603,102
119,812	109,137	107,582	250,052	329,357	347,015
0	0	17,990	0	0	0
87,536	133,867	941,216	955,132	1,025,787	0
0	0	0	0	0	644,108
3,128,396	2,917,631	3,601,348	4,001,128	3,968,206	3,610,833
843,635	665,126	848,390	1,549,434	1,227,438	1,224,654
25,382	16,058	101,811	95,436	101,028	86,547
2,730,787	2,607,202	2,641,865	2,649,260	2,772,107	2,645,607
1,442,065	1,501,536	1,176,202	1,149,480	1,267,239	1,105,859
324,923	277,533	256,689	285,158	274,430	282,062
3,459,711	3,385,584	3,409,811	3,652,873	3,659,000	4,682,669
2,248,140	2,223,398	2,250,946	2,391,540	2,772,215	2,447,298
641,237	920,197	741,414	871,639	217,227	173,619
651,988	719,999	587,911	603,814	486,620	713,415
1,243,968	1,190,548	1,220,781	1,336,248	1,459,847	1,440,136
1,775,336	1,664,849	1,286,482	1,446,343	1,525,697	1,473,627
1,054,531	547,984	503,239	1,572,578	6,481,645	1,030,569
1,004,223	1,215,683	1,297,917	2,138,497	2,123,497	1,773,412
0	1,145,335	0	0	0	0
1,151,783	0	1,117,525	1,213,946	1,345,096	1,202,699
1,210,777	984,317	930,580	0	0	0
0	0	0	0	0	0
0	0	0	0	0	117,168
46,700,626	45,223,955	43,813,772	48,772,746	54,828,339	47,273,121
6,688,273	1,245,927	3,100,678	(2,859,309)	(10,272,414)	(918,605)
2,055	6,137	0	0	0	0
729,744	0	0	0	0	0
0	0	0	0	0	5,999,998
0	0	0	0	0	0
0	0	0	0	0	226,735
0	0	0	0	0	0
0	0	0	0	0	173,988
43,277	15,000	78,089	20,530	35,520	37,860
(43,277)	(15,000)	(78,089)	(20,530)	(35,520)	(37,860)
731,799	6,137	0	0	0	6,400,721
\$7,420,072	\$1,252,064	\$3,100,678	(\$2,859,309)	(\$10,272,414)	\$5,482,116
7.2%	7.5%	7.7%	7.1%	7.2%	6.4%

Nordonia Hills City School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Collection Year	Real Property			Estimated Actual Value	Tangible Personal Property	
	Assessed Value				General	Business
	Residential/ Agricultural	Commercial/ Industrial	Total		Assessed Value	Estimated Actual Value
2018	\$799,832,360	\$162,755,520	\$962,587,880	\$2,750,251,086	\$0	\$0
2017	743,988,280	182,791,410	926,779,690	2,647,941,971	0	0
2016	741,670,770	154,195,850	895,866,620	2,559,618,914	0	0
2015	738,025,160	155,684,700	893,709,860	2,553,456,743	0	0
2014	752,937,530	154,814,340	907,751,870	2,593,576,771	0	0
2013	750,842,030	153,156,060	903,998,090	2,582,851,686	0	0
2012	748,050,370	157,943,220	905,993,590	2,588,553,114	0	0
2011	812,050,720	176,758,250	988,808,970	2,825,168,486	0	0
2010	809,996,680	177,939,220	987,935,900	2,822,674,000	1,556,470	24,903,520
2009	807,250,520	177,175,180	984,425,700	2,812,644,857	18,156,820	290,509,120

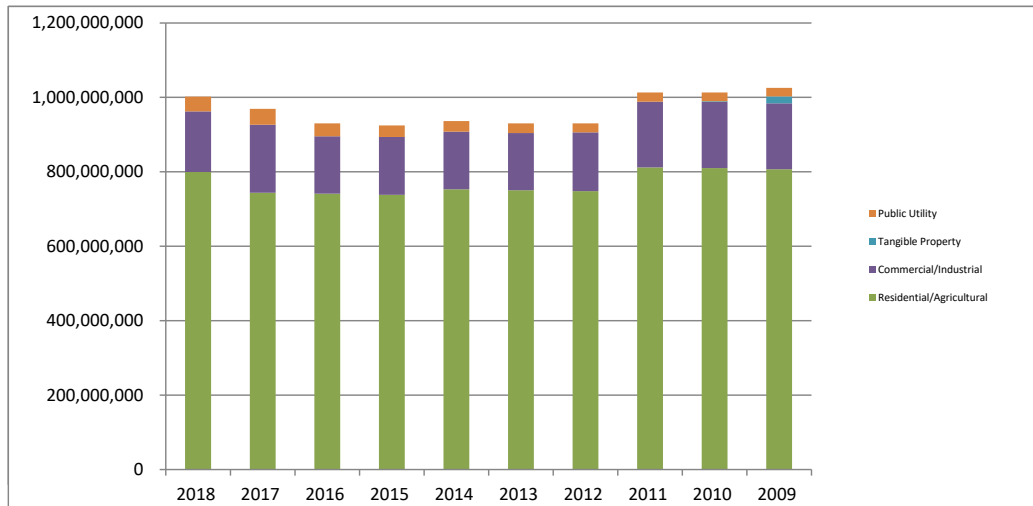
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property has been phased out and, during the phase out period, all general business tangible personal property was assessed at 6.25 percent for 2008 and zero percent for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began four year phase out of the tangible personal property tax on local and inter-exchange telephone companies, at 5 percent for 2010. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax was 2010).

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by a 10 percent and a 2 1/2 percent rollback, and homestead exemptions before being billed.

Source: Office of the County Fiscal Officer, Summit County, Ohio

Tangible Personal Property		Total			
Public Utility					
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Total Tax Rate	Weighted Average Tax Rate
\$39,815,860	\$45,245,295	\$1,002,403,740	\$2,795,496,381	\$68.800000	\$37.802340
42,394,450	48,175,511	969,174,140	2,696,117,483	68.790000	41.241140
34,148,290	38,804,875	930,014,910	2,598,423,789	68.770000	39.259212
31,124,800	35,369,091	924,834,660	2,588,825,834	68.940000	39.036940
28,468,580	32,350,659	936,220,450	2,625,927,431	68.920000	38.803260
26,459,950	30,068,125	930,458,040	2,612,919,811	68.990000	38.775410
24,400,460	27,727,795	930,394,050	2,616,280,910	69.100000	30.419110
24,399,910	27,727,170	1,013,208,880	2,852,895,656	62.600000	30.083520
23,600,380	26,818,614	1,013,092,750	2,874,396,134	62.600000	30.969500
23,272,230	26,445,716	1,025,854,750	3,129,599,693	62.670000	31.252290



Nordonia Hills City School District
Property Tax Rates - Direct and Overlapping Governments
(per \$1,000 of assessed value)
Last Ten Years

	2018	2017	2016	2015
Unvoted Millage				
Operating	\$4.970000	\$4.970000	\$4.970000	\$4.970000
Voted Millage - by levy				
1976 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	6.697100	7.173914	7.167948	7.165100
Commercial/Industrial and Public Utility Real	7.300800	7.348098	7.295958	7.204600
General Business and Public Utility Personal	26.280000	26.280000	26.280000	26.280000
1978 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	1.146800	1.228410	1.227388	1.226900
Commercial/Industrial and Public Utility Real	1.250100	1.258236	1.249308	1.233700
General Business and Public Utility Personal	4.500000	4.500000	4.500000	4.500000
1984 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	2.147000	2.299827	2.297916	2.297000
Commercial/Industrial and Public Utility Real	2.464700	2.480716	2.463112	2.432300
General Business and Public Utility Personal	5.400000	5.400000	5.400000	5.400000
1987 Permanent Improvement				
Effective Millage Rates				
Residential/Agricultural Real	0.000000	0.000000	0.000000	0.000000
Commercial/Industrial and Public Utility Real	0.000000	0.000000	0.000000	0.000000
General Business and Public Utility Personal	0.000000	0.000000	0.000000	0.000000
1988 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	2.031900	2.176566	2.174759	2.173900
Commercial/Industrial and Public Utility Real	2.632700	2.649748	2.630946	2.598000
General Business and Public Utility Personal	4.450000	4.450000	4.450000	4.450000
1993 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	3.817900	4.089736	4.086338	4.084700
Commercial/Industrial and Public Utility Real	4.937900	4.969929	4.934671	4.872900
General Business and Public Utility Personal	7.200000	7.200000	7.200000	7.200000
2000 Bond (\$38,500,000)	3.050000	3.040000	3.020000	3.140000
2004 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	6.068000	6.500000	6.500000	6.500000
Commercial/Industrial and Public Utility Real	6.391700	6.433102	6.387459	6.307500
General Business and Public Utility Personal	6.500000	6.500000	6.500000	6.500000
2008 Bond (\$6,000,000)	0.450000	0.450000	0.450000	0.500000
2011 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	5.601200	6.000000	6.000000	6.000000
Commercial/Industrial and Public Utility Real	5.961300	6.000000	6.000000	5.954400
General Business and Public Utility Personal	6.000000	6.000000	6.000000	6.000000

2014	2013	2012	2011	2010	2009
\$4.970000	\$4.970000	\$4.970000	\$4.970000	\$4.970000	\$4.970000
6.988088	6.981019	6.973700	6.395200	6.401900	6.388300
7.233386	7.259797	7.158600	6.338400	6.300800	6.219100
26.280000	26.280000	26.280000	26.280000	26.280000	26.280000
1.196590	1.195380	1.194100	1.095100	1.096200	1.093900
1.238593	1.243116	1.225800	1.085300	1.078900	1.064900
4.500000	4.500000	4.500000	4.500000	4.500000	4.500000
2.240254	2.237986	2.235600	2.050200	2.052300	2.048000
2.441988	2.450908	2.416800	2.139800	2.127200	2.099600
5.400000	5.400000	5.400000	5.400000	5.400000	5.400000
0.000000	0.000000	0.000000	0.000000	0.608100	0.606800
0.000000	0.000000	0.000000	0.000000	0.749600	0.739900
0.000000	0.000000	0.000000	0.000000	1.490000	1.490000
2.120189	2.118044	2.115800	2.285600	1.942300	1.938200
2.608380	2.617908	2.581400	1.940300	2.272100	2.242600
4.450000	4.450000	4.450000	4.450000	4.450000	4.450000
3.983796	3.979771	3.975600	3.645800	3.649600	3.641900
4.892342	4.910220	4.841800	4.287000	4.261600	4.206400
7.200000	7.200000	7.200000	7.200000	7.200000	7.200000
3.150000	3.150000	3.300000	2.900000	2.900000	2.910000
6.432101	6.425601	6.418800	5.886400	5.892500	5.880000
6.332677	6.355817	6.267200	5.549100	5.516300	5.444800
6.500000	6.500000	6.500000	6.500000	6.500000	6.500000
0.470000	0.540000	0.500000	0.400000	0.400000	0.460000
6.000000	6.000000	6.000000	0.000000	0.000000	0.000000
5.978154	6.000000	6.000000	0.000000	0.000000	0.000000
6.000000	6.000000	6.000000	0.000000	0.000000	0.000000

(continued)

Nordonia Hills City School District
Property Tax Rates - Direct and Overlapping Governments (continued)
(per \$1,000 of assessed value)
Last Ten Years

	2018	2017	2016	2015
Total Voted Millage by type of Property				
Residential/Agricultural Real	\$31.009900	\$32.958453	\$32.924349	\$33.087600
Commercial/Industrial and Public Utility Real	34.439200	34.629829	34.431454	34.243400
General Business and Public Utility Personal	63.830000	63.820000	63.800000	63.970000
Total Millage by type of Property				
Residential/Agricultural Real	\$35.979900	\$37.928453	\$37.894349	\$38.057600
Commercial/Industrial and Public Utility Real	39.409200	39.599829	39.401454	39.213400
General Business and Public Utility Personal	68.800000	68.790000	68.770000	68.940000
Total Weighted Average Tax Rate				
	\$37.802340	\$41.241140	\$39.259212	\$39.036940
Overlapping Rates by Taxing District				
Boston Heights Village				
Effective Millage Rates				
Residential/Agricultural Real	\$5.705500	\$6.092567	\$6.100000	\$6.100000
Commercial/Industrial and Public Utility Real	4.941200	5.748903	6.048834	6.100000
General Business and Public Utility Personal	6.100000	6.100000	6.100000	6.100000
City of Macedonia				
Effective Millage Rates				
Residential/Agricultural Real	4.870900	5.030383	5.028937	5.029500
Commercial/Industrial and Public Utility Real	5.166100	5.174041	5.172557	5.135800
General Business and Public Utility Personal	8.900000	8.900000	8.900000	8.900000
Northfield Center Township				
Effective Millage Rates				
Residential/Agricultural Real	11.806200	12.277210	12.276020	12.276000
Commercial/Industrial and Public Utility Real	12.085200	12.106803	11.969610	11.937400
General Business and Public Utility Personal	17.150000	17.150000	17.150000	17.150000
Northfield Village				
Effective Millage Rates				
Residential/Agricultural Real	7.042100	7.233849	7.225914	7.223000
Commercial/Industrial and Public Utility Real	6.958500	6.954032	6.953771	6.920300
General Business and Public Utility Personal	7.480000	7.480000	7.480000	7.480000
Sagamore Hills Township				
Effective Millage Rates				
Residential/Agricultural Real	10.886900	10.802814	10.802442	10.801000
Commercial/Industrial and Public Utility Real	11.127500	10.416645	10.416645	10.416600
General Business and Public Utility Personal	11.930000	11.180000	11.180000	11.180000
Twinsburg Township				
Effective Millage Rates				
Residential/Agricultural Real	12.034200	12.550799	9.856698	9.926700
Commercial/Industrial and Public Utility Real	13.473600	14.578775	11.797730	11.762800
General Business and Public Utility Personal	17.370000	17.370000	14.610000	14.610000

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

Real property tax rates for continuing operating levies are reduced so that inflationary increases in value do not generate additional taxes.

Overlapping rates are those of local and county governments that apply to property owners within the School District.

Source: Ohio Department of Taxation

Note: Emergency and Debt Service levies are designed to raise a fixed amount of revenue each year. A rate is set each year so that when it is applied to the total assessed value, that fixed amount is generated.

2014	2013	2012	2011	2010	2009
\$32.581018	\$32.627801	\$32.713600	\$24.658300	\$24.334800	\$24.360300
34.345520	34.527766	34.291600	24.639900	24.856900	24.647400
63.950000	64.020000	64.130000	57.630000	57.630000	57.700000
\$37.551018	\$37.597801	\$37.683600	\$29.628300	\$29.304800	\$29.330300
39.315520	39.497766	39.261600	29.609900	29.826900	29.617400
68.920000	68.990000	69.100000	62.600000	62.600000	62.670000
\$38.803260	\$38.775410	\$30.419110	\$30.083520	\$30.969500	\$31.252290
6.100000	6.100000	5.583600	\$6.081400	\$6.025600	\$6.065100
6.100000	6.100000	5.336700	6.100000	6.280300	6.135900
6.100000	6.100000	5.600000	6.100000	6.600000	6.600000
4.998792	4.997900	4.879700	4.887800	4.883000	4.100300
5.173519	5.164700	4.944700	4.927900	4.909300	4.265000
8.900000	8.900000	8.900000	8.900000	8.900000	8.700000
9.192819	9.187500	8.825300	8.821900	8.814300	8.812300
8.802501	8.761300	8.382000	8.406300	8.136600	8.401600
14.150000	14.150000	14.150000	14.150000	14.150000	14.150000
7.138902	7.137600	6.905400	6.902800	5.401000	5.381700
7.130170	6.914500	6.548500	6.493200	5.120500	5.345000
7.480000	7.480000	7.480000	7.480000	5.980000	5.980000
10.748034	9.401100	8.844500	8.839100	8.823600	8.839600
10.484373	8.699200	7.984700	7.986700	7.965100	7.932400
11.180000	10.180000	10.180000	10.180000	10.180000	10.180000
10.074887	10.074400	7.981500	7.973800	7.966100	8.179000
11.935621	11.733700	9.021600	9.020600	8.944700	9.799100
14.610000	14.610000	12.860000	12.860000	12.860000	12.860000

Nordonia Hills City School District
Property Tax Levies and Collections (1)
Last Ten Years

Collection Year	Current Tax Levy	Delinquent Tax Levy	Total Tax Levy	Current Tax Collections
2018	\$38,197,841	\$1,466,067	\$39,663,908	\$37,355,389
2017	38,378,008	1,472,313	39,850,321	36,820,009
2016	36,529,179	1,495,532	38,024,711	35,848,545
2015	36,340,072	1,796,630	38,136,702	35,639,623
2014	36,108,198	1,913,728	38,021,926	35,562,444
2013	36,108,198	2,983,077	39,091,275	35,319,692
2012	36,076,774	2,735,125	38,811,899	34,934,389
2011	31,220,858	2,502,617	33,723,475	30,028,940
2010	31,228,709	2,387,010	33,615,719	30,307,223
2009	31,138,340	2,734,649	33,872,989	30,255,260

Source: Office of the Fiscal Officer, Summit County, Ohio

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.

Note: The County's current reporting system does not track delinquency tax collections by tax year. Outstanding delinquencies are tracked in total by the date the parcel is first certified delinquent. Penalties and interest are applied to the total outstanding delinquent balance. The presentation will be updated as new information becomes available.

Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
97.79%	\$679,666	\$38,035,055	95.89%
95.94	688,725	37,508,734	94.12
98.14	864,584	36,713,129	96.55
98.07	844,615	36,484,238	95.67
98.49	896,938	36,459,382	95.89
97.82	1,258,776	36,578,468	93.57
96.83	1,118,557	36,052,946	92.89
96.18	803,118	30,832,058	91.43
97.05	842,887	31,150,110	92.67
97.16	1,373,400	31,628,660	93.37

Nordonia Hills City School District

Principal Taxpayers

Real Estate Tax

2018 and 2009

Name of Taxpayer	2018	
	Assessed Valuation	Percent of Real Assessed Value
DOTRS, LLC	\$7,944,000	0.82 %
AERC Williamsburg, Incorporated	4,221,090	0.44
HGG Eaton Ridge, LLC	4,136,190	0.43
Vista Springs Macedonia Properties, LLC	3,862,900	0.40
GW Macedonia, LLC	3,473,470	0.36
Northfield Park Associates, LLC	2,952,700	0.31
Musca Properties, LLC	2,702,600	0.28
Enclave Macedonia One, LLC	2,567,940	0.27
Sagamore Square Enterprises, LTD	2,491,350	0.26
Sagamore Hills Nominee, LP	2,432,800	0.25
Total	\$36,785,040	3.82 %
Total Real Estate Valuation	\$962,587,880	

Name of Taxpayer	2009	
	Assessed Valuation	Percent of Real Assessed Value
DOTRS, LLC	\$5,656,480	0.57 %
Eaton Ridge, LTD	4,676,430	0.48
AERC Williamsburg, Incorporated	4,659,550	0.47
Lowe's Home Center, Incorporated	4,123,020	0.42
Cleveland Steel Warehouse, LTD	3,039,550	0.31
Northfield Park Associates, LLC	2,810,640	0.29
Sagamore Hills Nominee, LP	2,764,650	0.28
Sacco of Macedonia, LLC	2,720,920	0.27
New Plaza Management, LLC	2,584,040	0.26
WW Grainger, Incorporated	2,314,520	0.24
Total	\$35,349,800	3.59 %
Total Real Estate Valuation	\$984,425,700	

Source: Office of the Fiscal Officer, Summit County, Ohio

Nordonia Hills City School District

Principal Taxpayers

Public Utilities Tax

2018 and 2009

Name of Taxpayer	2018	
	Assessed Valuation	Percent of Public Utility Assessed Value
American Transmission	\$18,604,280	46.73 %
Ohio Edison	13,367,080	33.57
Cleveland Electric Illuminating	4,122,160	10.35
East Ohio Gas	3,493,120	8.77
Aqua Ohio, Incorporated	204,880	0.51
Orwell Natural Gas Company	13,330	0.03
Buckeye Pipe Line Company, LP	9,990	0.03
Total	<u>\$39,814,840</u>	<u>99.99 %</u>
Total Public Utility Valuation	<u>\$39,815,860</u>	

Name of Taxpayer	2009	
	Assessed Valuation	Percent of Public Utility Assessed Value
Ohio Edison	\$9,328,530	40.08 %
American Transmission	8,226,320	35.35
Cleveland Electric Illuminating	2,887,560	12.41
East Ohio Gas	2,240,710	9.63
Norfolk Southern	318,380	1.37
Aqua Ohio, Incorporated	262,960	1.13
Total	<u>\$23,264,460</u>	<u>99.97 %</u>
Total Public Utility Valuation	<u>\$23,272,230</u>	

Source: Office of the Fiscal Officer, Summit County, Ohio

Nordonia Hills City School District
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2018*

	Governmental Activities Debt Outstanding	Percentage Applicable to School District (1)	Amount of Direct and Overlapping Debt
Direct:			
Nordonia Hills City School District General Obligation Bonds	\$24,355,244	100.00 %	\$24,355,244
Overlapping:			
City of Macedonia			
General Obligation Bonds	4,105,000	97.70	4,010,585
Special Assessment Bonds	785,600	97.70	767,531
ODOT Loans	414,195	97.70	404,669
OPWC Loans	322,503	97.70	315,085
Northfield Village			
OPWC Loans	1,822,549	100.00	1,822,549
Capital Lease Obligations	85,362	100.00	85,362
Summit County			
General Obligation Bonds	71,735,214	7.18	5,150,588
Capital Appreciation Bonds	449,531	7.18	32,276
Capital Lease Obligations	1,468,456	7.18	105,435
Total Overlapping	81,188,410		12,694,081
Total	\$105,543,654		\$37,049,325

Source: Office of the Fiscal Officer, Summit County, Ohio

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2018 collection year.

Nordonia Hills City School District
Ratio of Outstanding Debt
to Estimated Actual Value, Personal Income, and Population
Last Ten Fiscal Years

Fiscal Year	Estimated Population	Estimated Actual Value	General Bonded Debt		General Bonded Debt per Capita	Percentage of Personal Income (1)
			General Bonded Debt	Ratio of General Bonded Debt to Estimated Actual Value		
2018	32,247	\$2,795,496,381	\$24,355,244	0.87%	\$755	1.77 %
2017	32,247	2,696,117,483	26,937,866	1.00	835	1.95
2016	32,247	2,598,423,789	29,646,181	1.14	919	2.15
2015	32,247	2,588,825,834	31,771,931	1.23	985	2.30
2014	32,247	2,625,927,431	32,624,796	1.24	1,012	2.37
2013	32,247	2,612,919,811	33,559,133	1.28	1,041	2.43
2012	32,247	2,616,280,910	35,146,548	1.34	1,090	2.55
2011	32,247	2,852,895,656	36,674,521	1.29	1,137	2.66
2010	27,835	2,874,396,134	38,128,165	1.33	1,370	3.17
2009	27,835	3,129,599,693	39,632,608	1.27	1,424	3.30

(1) Personal income for this calculation is from the Demographic and Economic Statistics table on S26.

Sources: Office of the Treasurer, Nordonia Hills City School District and the U.S. Census Bureau (Census 2010) 2011 - 2018; (Census 2000) 2009 - 2010

Note: Although the general obligation bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

Nordonia Hills City School District
Computation of Legal Debt Margin
Last Ten Fiscal Years

	2018	2017	2016	2015
Total Assessed Valuation	\$1,002,403,740	\$969,174,140	\$930,014,910	\$924,834,660
Less Railroad and Telephone Property Valuation	(961,390)	(1,006,360)	(1,124,980)	(1,186,610)
Less General Business Tangible Personal Property Valuation	0	0	0	0
Total Assessed Valuation used to Calculate Legal Debt Margin (1)	<u>\$1,001,442,350</u>	<u>\$968,167,780</u>	<u>\$928,889,930</u>	<u>\$923,648,050</u>
Debt Limit - 9% of Assessed Value (2)	\$90,129,812	\$87,135,100	\$83,600,094	\$83,128,325
Amount of Debt Outstanding				
General Obligation Bonds	22,933,451	25,345,896	25,391,949	25,476,656
Capital Appreciation Bonds	0	0	565,261	1,210,585
Less Amount Available in Bond Retirement Fund	(1,681,969)	(1,378,701)	(1,980,577)	(2,118,713)
Amount of Debt Subject to Limit	<u>21,251,482</u>	<u>23,967,195</u>	<u>23,976,633</u>	<u>24,568,528</u>
Overall Debt Margin	<u>\$68,878,330</u>	<u>\$63,167,905</u>	<u>\$59,623,461</u>	<u>\$58,559,797</u>
Legal Debt Margin as a Percentage of Debt Limit	76.42%	72.49%	71.32%	70.45%
Unvoted Legal Debt Limit - .10% of Assessed Value	\$1,001,442	\$968,168	\$928,890	\$923,648
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Debt Margin	<u>\$1,001,442</u>	<u>\$968,168</u>	<u>\$928,890</u>	<u>\$923,648</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	100.00%	100.00%	100.00%
Additional Limit for Unvoted Energy Conservation Bonds/Loans				
Debt Limit - 1% of Assessed Valuation	<u>\$10,014,424</u>	<u>\$9,681,678</u>	<u>\$9,288,899</u>	<u>\$9,236,481</u>
Additional Unvoted Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	100.00%	100.00%	100.00%

Source: Summit County Fiscal Officer and School District Financial Records

- (1) HB530 changed the assessed valuation utilized in the legal debt margin calculation to exclude tangible personal property as well as railroad and telephone tangible property.
- (2) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.

2014	2013	2012	2011	2010	2009
\$936,220,450	\$930,458,040	\$930,394,050	\$1,013,208,880	\$1,013,092,750	\$1,025,854,750
(1,128,840)	(1,053,220)	(923,780)	(862,670)	(876,450)	(786,660)
0	0	0	0	(1,556,470)	(18,156,820)
<u>\$935,091,610</u>	<u>\$929,404,820</u>	<u>\$929,470,270</u>	<u>\$1,012,346,210</u>	<u>\$1,010,659,830</u>	<u>\$1,006,911,270</u>
\$84,158,245	\$83,646,434	\$83,652,324	\$91,111,159	\$90,959,385	\$90,622,014
26,149,744	25,650,000	26,150,000	26,635,000	28,730,000	30,810,000
1,925,622	2,699,845	3,415,528	4,184,948	4,184,948	4,184,948
(1,773,260)	(1,369,260)	(1,582,617)	(1,577,251)	(1,200,690)	(1,705,131)
<u>26,302,106</u>	<u>26,980,585</u>	<u>27,982,911</u>	<u>29,242,697</u>	<u>31,714,258</u>	<u>33,289,817</u>
<u>\$57,856,139</u>	<u>\$56,665,849</u>	<u>\$55,669,413</u>	<u>\$61,868,462</u>	<u>\$59,245,127</u>	<u>\$57,332,197</u>
68.75%	67.74%	66.55%	67.90%	65.13%	63.27%
\$935,092	\$929,405	\$929,470	\$1,012,346	\$1,010,660	\$1,006,911
0	0	0	0	0	0
<u>\$935,092</u>	<u>\$929,405</u>	<u>\$929,470</u>	<u>\$1,012,346</u>	<u>\$1,010,660</u>	<u>\$1,006,911</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<u>\$9,350,916</u>	<u>\$9,294,048</u>	<u>\$9,294,703</u>	<u>\$10,123,462</u>	<u>\$10,106,598</u>	<u>\$10,069,113</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Nordonia Hills City School District
Demographic and Economic Statistics
Last Ten Years

Year	Population	Total Personal Income	Per Capita Personal Income	Summit County Unemployment Rate
2018	32,247	\$1,378,623,744	42,752	5.2%
2017	32,247	1,378,623,744	42,752	5.3
2016	32,247	1,378,623,744	42,752	5.0
2015	32,247	1,378,623,744	42,752	5.0
2014	32,247	1,378,623,744	42,752	4.8
2013	32,247	1,378,623,744	42,752	7.0
2012	32,247	1,378,623,744	42,752	6.4
2011	32,247	1,378,623,744	42,752	8.1
2010	27,835	1,201,525,610	43,166	9.2
2009	27,835	1,201,525,610	43,166	9.9

Sources: U.S. Census Bureau
Summit County Fiscal Officer's Office
Ohio Department of Job and Family Services

Nordonia Hills City School District
Principal Employers
2018 and 2009

2018			
Employer	Nature of Business or Activity	Number of Employees	Percentage of Total County Employment
Hard Rock Rocksino	Gaming/Entertainment	778	0.30 %
Nordonia Hills City School District	Public Education	468	0.18
City of Macedonia	Government	231	0.09
Great Day Improvements, LLC	Patio Enclosures	208	0.08
Empire Die Casting Company, Incorporated	Manufacturing	200	0.08
IER Fujikura, Incorporated	Custom Molded Rubber	175	0.07
Ohio State Home Services, Incorporated	Special Trades Contractor	170	0.07
TPC Wire and Cable Corporation	Supplies of Industrial Wire and Cable	160	0.06
Ohio Materials Handling, Incorporated	Equipment Dealership	131	0.05
Design Molded Plastics, Incorporated	Manufacturing	117	0.04
Total		<u>2,638</u>	<u>1.02 %</u>
Total Employment within County		<u>258,300</u>	

2009			
Employer	Nature of Business or Activity	Number of Employees	Percentage of Total County Employment
Nordonia Hills City School District	Public Education	525	0.19 %
Graco Children's Products	Children's Automotive Seats	370	0.13
Acme Arsenia Company, Incorporated	Drywall Contracting	300	0.11
Empire Die Casting Company, Incorporated	Manufacturing	200	0.07
Patio Enclosures, Incorporated	Retail Furniture	185	0.06
Brentwood Enterprises, LLC	Retirement Community with Nursing	135	0.05
IER Fujikura, Incorporated	Custom Molded Rubber	128	0.05
AGS Custom Graphics, Incorporated	Printing Services	120	0.04
Polyone Corporation	Powder and Pellet Plastic Compounds	100	0.04
Total		<u>2,063</u>	<u>0.74 %</u>
Total Employment within County		<u>280,600</u>	

Source: Summit County Fiscal Officer's Office

Nordonia Hills City School District
Building Statistics by School Building/Facility
Last Ten Fiscal Years

	2018	2017	2016	2015
Lee Eaton Elementary				
Constructed in 1953				
Total Building Square Footage	64,719	64,719	64,719	64,719
Enrollment - Grades 5 - 6	576	541	519	543
Ledgeview Elementary				
Constructed in 1963				
Total Building Square Footage	66,438	66,438	66,438	66,438
Enrollment - Grades K - 4	467	470	488	470
Northfield Elementary				
Constructed in 1963				
Total Building Square Footage	63,072	63,072	63,072	63,072
Enrollment - Grades K - 4	397	413	386	419
Rushwood Elementary				
Constructed in 1970				
Total Building Square Footage	49,194	49,194	49,194	49,194
Enrollment - Grades K - 4	400	418	407	390
Nordonia Middle School				
Constructed in 1928				
Total Building Square Footage	115,067	115,067	115,067	115,067
Enrollment - Grades 7 - 8	544	564	569	587
Nordonia High School				
Constructed in 1960				
Total Building Square Footage	227,862	227,862	227,862	227,862
Enrollment - Grades 9 - 12	1,237	1,223	1,239	1,164

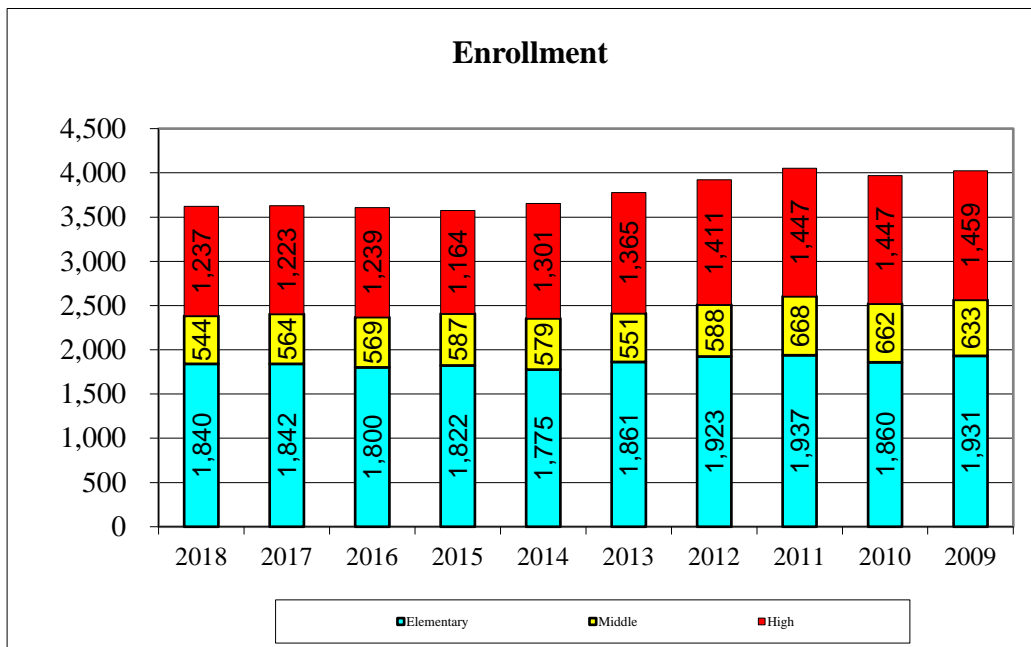
Source: School District Records

2014	2013	2012	2011	2010	2009
64,719 564	64,719 566	64,719 578	64,719 545	64,719 561	64,719 614
66,438 468	66,438 487	66,438 506	66,438 538	66,438 463	66,438 499
63,072 374	63,072 421	63,072 437	63,072 440	63,072 423	63,072 396
49,194 369	49,194 387	49,194 402	49,194 414	49,194 413	49,194 422
115,067 579	115,067 551	115,067 588	115,067 668	115,067 662	115,067 633
227,862 1,301	227,862 1,365	227,862 1,411	227,862 1,447	227,862 1,447	227,862 1,459

Nordonia City School District

*Enrollment Statistics
Last Ten Fiscal Years*

Fiscal Year	Elementary Schools	Middle Schools	High School	Total
2018	1,840	544	1,237	3,621
2017	1,842	564	1,223	3,629
2016	1,800	569	1,239	3,608
2015	1,822	587	1,164	3,573
2014	1,775	579	1,301	3,655
2013	1,861	551	1,365	3,777
2012	1,923	588	1,411	3,922
2011	1,937	668	1,447	4,052
2010	1,860	662	1,447	3,969
2009	1,931	633	1,459	4,023



Sources: Ohio Department of Education Local Report Cards and Data Warehouse Reports

Nordonia Hills City School District

Attendance and Graduation Rates

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Nordonia Hills City School District Attendance Rate</u>	<u>State Average</u>	<u>Nordonia Hills City School District Graduation Rate</u>	<u>State Average</u>
2018	95.80%	93.90%	96.90%	84.10%
2017	95.90	93.90	97.20	83.40
2016	96.00	94.00	95.20	83.00
2015	96.20	94.50	94.60	81.30
2014	96.20	95.20	96.40	81.30
2013	95.60	94.50	96.40	82.20
2012	95.60	94.50	94.60	81.30
2011	95.40	94.50	91.60	79.70
2010	95.40	94.30	96.20	84.30
2009	95.80	94.30	95.60	83.00

Sources: Ohio Department of Education Local Report Cards and Data Warehouse Reports

Nordonia Hills City School District

*Per Pupil Cost
Last Ten Fiscal Years*

Fiscal Year	Student Enrollment		General Governmental	
	Average Enrollment	Percentage of Change	Total Expenditures (1)	Per Pupil Cost
2018	3,621	(0.22) %	\$48,665,502	\$13,440
2017	3,629	0.58	46,336,720	12,768
2016	3,608	0.98	45,978,086	12,743
2015	3,573	(2.24)	43,297,886	12,118
2014	3,655	(3.23)	43,333,843	11,856
2013	3,777	(3.70)	41,878,620	11,088
2012	3,922	(3.21)	40,467,750	10,318
2011	4,052	2.09	45,420,303	11,209
2010	3,969	(1.34)	51,359,746	12,940
2009	4,023	5.18	44,179,842	10,982

(1) Debt Service totals have been excluded.

Source: School District Records

Governmental Activities		Students Receiving Free and Reduced Lunches		
Total Expenses (1)	Per Pupil Cost	Number of Lunches Served	Percentage of Free Lunches	Percentage of Reduced Lunches
\$28,885,571	\$7,977	209,605	27.74 %	6.11 %
50,743,003	13,983	220,581	28.51	6.06
46,532,870	12,897	237,396	27.35	6.99
43,469,284	12,166	233,603	28.44	8.59
44,345,627	12,133	259,260	29.30	9.37
42,603,213	11,280	287,858	25.10	8.43
41,486,998	10,578	331,201	23.40	9.62
44,467,033	10,974	345,289	23.10	9.36
47,238,016	11,902	352,905	20.81	9.10
45,180,532	11,231	328,901	17.67	9.15

Nordonia Hills City School District
School District Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2018	2017	2016	2015	2014
Regular Instruction					
Elementary Classroom Teachers	77.0	77.0	78.0	81.0	75.0
Middle School Classroom Teachers	23.0	22.0	21.0	20.0	20.0
High School Classroom Teachers	54.0	54.0	56.0	55.0	55.0
Special Teachers (Art, Music, PE)	28.0	28.0	27.0	28.0	28.0
Tutors/Small Group Instructors	2.8	2.8	3.0	3.0	2.0
Special Instruction					
Gifted Education Teachers	2.0	2.0	2.0	2.0	2.0
Special Education Teachers	33.5	32.5	31.0	31.0	30.0
Vocational Instruction					
	2.0	2.0	1.0	1.0	1.0
Pupil Support Services					
Guidance Counselors	10.0	10.0	10.0	10.0	10.0
Psychologist	4.6	4.0	5.0	5.0	5.0
Speech Pathologists	4.0	4.6	4.0	4.0	4.0
Community Intervention	1.0	1.0	1.0	1.0	1.0
Instructional Staff Support Services					
Teacher Aides	6.0	8.0	11.0	13.0	13.0
Attendants	76.0	66.0	58.0	55.0	60.0
Monitors	32.0	30.0	34.0	31.0	21.0
Technicians	1.0	1.0	1.0	1.0	1.0
Media Specialist/Librarian	1.0	1.0	1.0	1.0	1.0
Library Aides	9.0	9.0	9.0	8.0	8.0
Administration Support Services					
Elementary Schools	5.0	5.0	5.0	5.0	5.0
Middle School	2.0	2.0	2.0	2.0	2.0
High School	4.0	4.0	4.0	4.0	4.0
Districtwide	6.0	6.0	6.0	6.0	6.0
Clerical	18.0	18.0	18.0	18.0	17.0
Fiscal Staff	7.0	7.0	7.0	7.0	7.0
Operation of Plant					
Supervisor	1.0	1.0	1.0	1.0	1.0
Custodians	25.0	25.0	25.0	25.0	28.0
Part-Time Cleaners	2.0	3.0	0.0	0.0	0.0
Maintenance	4.0	4.0	3.5	4.0	4.0
Courier	1.0	1.0	1.0	1.0	1.0
Pupil Transportation					
Bus Drivers	0.0	0.0	0.0	0.0	0.0
Mechanics	0.0	0.0	0.0	0.0	0.0
Food Service Program					
Supervisor	1.0	1.0	1.0	1.0	1.0
Food Service Workers	25.0	25.0	31.0	28.0	28.0
Total	<u>467.9</u>	<u>456.9</u>	<u>457.5</u>	<u>452.0</u>	<u>441.0</u>

Method: The amounts are based on a headcount by function including both full and part-time employees, as of June 30.

Source: School District Payroll Records

2013	2012	2011	2010	2009
75.0	72.0	82.0	84.0	80.0
20.0	19.0	27.0	28.0	29.0
54.0	53.0	62.0	64.0	65.0
27.0	26.0	29.0	25.0	27.0
2.0	3.0	8.0	8.0	8.0
2.0	2.0	2.0	2.0	2.0
29.0	31.0	31.0	31.0	32.0
1.0	1.0	3.0	3.0	4.0
10.0	10.0	10.0	10.0	10.0
5.0	5.0	5.0	4.0	5.0
4.0	4.0	4.0	4.0	4.0
1.0	1.0	1.0	1.0	1.0
13.0	13.0	26.0	26.0	26.0
54.0	51.0	64.0	65.0	64.0
20.0	20.0	23.0	21.0	22.0
0.0	0.0	0.0	0.0	0.0
1.0	1.0	2.0	2.0	2.0
8.0	8.0	7.0	7.0	7.0
4.0	4.0	5.0	5.0	5.0
2.0	2.0	2.0	2.0	2.0
4.0	4.0	4.0	4.0	4.0
6.0	7.0	8.0	8.0	9.0
17.0	18.0	18.0	20.0	20.0
7.0	7.0	7.0	7.0	7.0
1.0	1.0	0.0	0.0	0.0
26.0	26.0	27.0	33.0	33.0
0.0	0.0	0.0	0.0	0.0
3.0	3.0	3.0	3.0	3.0
1.0	1.0	1.0	1.0	1.0
0.0	0.0	30.0	47.0	49.0
0.0	0.0	11.0	10.0	10.0
1.0	1.0	1.0	1.0	1.0
27.0	28.0	30.0	34.0	32.0
<u>425.0</u>	<u>422.0</u>	<u>533.0</u>	<u>560.0</u>	<u>564.0</u>

Nordonia Hills City School District
Full-Time Equivalent Certified School District Employees by Education
Last Ten Fiscal Years

Degree	2018	2017	2016	2015
Bachelor	22.00	21.00	18.00	19.50
Bachelor + 15	8.00	6.00	8.00	4.00
Bachelor + 30	22.50	24.50	28.00	31.00
Master	77.00	77.00	89.00	97.00
Master + 15	51.00	53.00	49.00	43.79
Master + 30	58.40	55.40	43.00	40.60
PhD	4.00	4.00	4.00	3.00
Total	<u>242.90</u>	<u>240.90</u>	<u>239.00</u>	<u>238.89</u>

Source: School District Records

2014	2013	2012	2011	2010	2009
15.00	9.00	5.00	25.00	24.94	32.94
6.00	6.00	5.00	23.00	20.00	18.00
31.00	32.00	26.00	31.15	31.55	35.55
101.50	103.40	99.40	103.90	99.50	99.10
38.76	37.60	38.60	35.60	34.00	29.60
37.00	40.00	48.00	44.00	46.00	48.00
2.00	3.00	3.00	2.00	2.00	2.00
<u>231.26</u>	<u>231.00</u>	<u>225.00</u>	<u>264.65</u>	<u>257.99</u>	<u>265.19</u>

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OHIO AUDITOR OF STATE
KEITH FABER



NORDONIA HILLS CITY SCHOOL DISTRICT

SUMMIT 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 15, 2019**