NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY
JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Northridge Local School District
Montgomery County
2008 Timber Lane
Dayton, Ohio 45414

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 Northridge Local School District, Montgomery County, Ohio (the School District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School 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 School 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 School 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 Northridge Local School District, Montgomery 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 2018, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2019, on our consideration of the School 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 School District’s internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

April 2, 2019

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

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- Net pension liability and total expenses decreased due to the state-wide pension plans' changes in assumptions.

- In May of 2015, the School District passed a Bond Levy in the amount of $13,680,000 as well as a half mill maintenance levy for 23 years. The passage of the bond issue and half mill maintenance levy allowed the School District to enter into an agreement with The Ohio School Facilities Commission to design and construct one new elementary/middle/high school to house grades PK thru 12 along with integrating the 2005 Esther Dennis Middle School Gymnasium addition into the design. The School District will receive $41,809,672 in State funds for the project. The project is scheduled to be complete in fiscal year 2020.

Using the Basic Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

These two statements report the School District's net position and change in that 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, and some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District only reports governmental activities. Governmental activities are the activities where all of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements 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, School Improvement Bond, and Classroom Facilities – State Funds.

Governmental Funds

All of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the 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

The School District's only fiduciary funds are a private purpose trust fund and an agency fund. All of the School District's fiduciary activities are reported in a separate statement of fiduciary Net Position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

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

Table 1
Net Position
Governmental Activities

	2018	Restated 2017	Change
Assets:			
Current and Other Assets	$68,189,437	$79,234,639	($11,045,202)
Capital Assets	27,512,981	14,927,665	12,585,316
Total Assets	95,702,418	94,162,304	1,540,114
Deferrred Outflows of Resources:			
Deferred Charge on Refunding	240,568	267,802	(27,234)
Pension	7,819,021	6,973,917	845,104
OPEB	262,097	52,804	209,293
Total Deferred Outflows of Resources	8,321,686	7,294,523	1,027,163
Liabilities:			
Other Liabilities	3,793,432	3,539,082	254,350
Long-Term Liabilities:			
Due Within One Year	5,198,725	750,022	4,448,703
Due In More Than One Year:			
Net Pension Liability	25,080,805	34,176,938	(9,096,133)
Net OPEB Liability	5,843,940	7,177,509	(1,333,569)
Other Amounts	18,462,516	23,239,456	(4,776,940)
Total Liabilities	$58,379,418	68,883,007	(10,503,589)

(continued)

Table 1
Net Position
Governmental Activities
(Continued)

	2018	Restated 2017	Change
Deferred Inflows of Resources:			
Property Taxes	$7,464,735	$7,093,506	$371,229
Pension	813,537	0	813,537
OPEB	672,328	0	672,328
Total Deferred Inflows or Resources	8,950,600	7,093,506	1,857,094
Net Position:			
Net Investment in Capital Assets	17,531,747	7,164,561	10,367,186
Restricted	32,122,630	41,825,145	(9,702,515)
Unrestricted (Deficit)	(12,960,291)	(23,509,392)	10,549,101
Total Net Position	$36,694,086	$25,480,314	$11,213,772

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 below, 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.

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 healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

In accordance with GASB 68 and GASB 75, the 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.

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 in combination with the change in fund classification had the effect of restating net position at June 30, 2017, from $32,605,019 to $25,480,314.

Capital Assets increased $12,585,316, due to construction in progress relating to the Ohio School

Facility Project. Current and Other Assets decreased $11,045,202 due to a decrease in intergovernmental receivable related to the Ohio School Facility Project.

Net Investment in Capital Assets increased $10,367,186 due to construction in progress related to the Ohio School Facility Project. Restricted net position decreased $9,702,515 mainly due a decrease in the intergovernmental receivable related to the Ohio School Facility Project.

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

Table 2
Changes in Net Position
Governmental Activities

	2018	2017	Change
Revenues:			
Program Revenues:			
Charges for Services	$1,285,097	$1,927,139	($642,042)
Operating Grants, Interest and Contributions	4,794,798	4,610,739	184,059
Total Program Revenues	6,079,895	6,537,878	(457,983)
General Revenues:			
Property Taxes	7,916,830	7,704,156	212,674
Grants and Entitlements not Restricted to Specific Programs	12,939,962	13,305,898	(365,936)
Investment Earnings	540,604	296,934	243,670
Payments in Lieu of Taxes	12,225	0	12,225
Gifts and Donations	30,000	3,351	26,649
Miscellaneous	22,289	78,628	(56,339)
Total General Revenues	21,461,910	21,388,967	72,943
Total Revenues	$27,541,805	$27,926,845	($385,040)

(continued)

Table 2
Changes in Net Position
Governmental Activities

	2018	2017	Change
Program Expenses:			
Instruction:			
Regular	4,369,328	9,967,989	(5,598,661)
Special	2,768,301	4,089,364	(1,321,063)
Vocational	146	147	(1)
Student Intervention Services	134,299	267,554	(133,255)
Support Services:			
Pupils	1,130,583	1,613,551	(482,968)
Instructional Staff	860,058	906,287	(46,229)
Board of Education	53,707	41,679	12,028
Administration	1,553,371	2,617,563	(1,064,192)
Fiscal	543,139	522,489	20,650
Business	6,745	6,252	493
Operation and Maintenance of Plant	1,639,678	3,591,486	(1,951,808)
Pupil Transportation	1,039,651	1,542,520	(502,869)
Central	156,354	182,219	(25,865)
Operation of Non-Instructional Services	1,034,925	1,203,571	(168,646)
Extracurricular Activities	296,792	880,650	(583,858)
Interest and Fiscal Charges	740,956	736,411	4,545
Total Expenses	16,328,033	28,169,732	(11,841,699)
Change in Net Position	11,213,772	(242,887)	$11,456,659
Net Position at Beginning of Year, Restated See Note 3	25,480,314	N/A	
Net Position at End of Year	$36,694,086	$25,480,314	

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 $52,804 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 $802,786. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	$16,328,033
Negative OPEB expense under GASB 75	802,786
2018 contractually required contribution	67,748
Adjusted 2018 program expenses	17,198,567
Total 2017 program expenses under GASB 45	28,169,732
Decrease in program expenses not related to OPEB	($10,971,165)

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 11). As a result of these changes, pension expense decreased from $2,971,643 in fiscal year 2017 to a negative pension expense of $7,374,485 for fiscal year 2018. The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows:

Program Expenses:	2018 Program Expenses Related to Negative Pension Expense
Instruction:	
Regular	($4,000,498)
Special	(1,419,933)
Student Intervention Services	(72,530)
Support Services:	
Pupils	(296,531)
Instructional Staff	(226,743)
Board of Education	(704)
Administration	(878,732)
Fiscal	(10,347)
Operation and Maintenance of Plant	(37,759)
Pupil Transportation	(29,485)
Central	(38,191)
Operation of Non-Instructional Services	(17,328)
Extracurricular Activities	(345,704)
Total Expenses	($7,374,485)

Governmental Activities

In total, revenues decreased by $385,040 and expenses decreased $11,841,699. The decrease in expenditures is related to the change in assumptions and benefits terms by the pension systems.

The School District's Funds

The School District's major funds are the General Fund, School Improvement Bond and Classroom Facilities – State Fund. These funds are accounted for using the modified accrual basis of accounting. The General Fund accounts for 56.9 percent of total revenues and 55.3 percent of total expenditures. The General Fund balance increased $1,339,070 due to revenues exceeding expenditures for the year. The School improvement Bond Fund decreased $682,269 due to expenditures related to the Ohio School Facilities Project. The Classroom Facilities – State Fund increased $536,651 due to intergovernmental revenue related to the Ohio School Facilities Project.

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.

The Board of Education and the administration make dollars available to offer a comprehensive academic curriculum with a wide range of academic choices such as gifted education, vocational programs, and college preparatory classes. The School District also provides speech and language therapy, as well as psychological services and counseling. The School District offers opportunities for students to participate in a wide range of extracurricular activities. The School District's mission is "Educating Today for Tomorrow's Success." This goal is kept in mind at the time budgets are created and when final expenditures are made. This mission statement guides the School District in all phases of operation.

For the General Fund, the final budget basis revenue and other financing sources increased by $1,700 from the original budgeted estimates.

During the course of fiscal year 2018, the School District amended its appropriations several times. Final appropriations increased $2,059,609 over original appropriations due increase costs of doing business. Actual expenditures were $2,187,804 less than final appropriations due to the School District closely monitoring expenditures.

Capital Assets

Table 3 shows fiscal year 2018 balances compared to fiscal year 2017.

Table 3
Capital Assets (Net of Depreciation) at June 30,

	2018	2017
Land	$1,966,576	$1,793,574
Construction in Progress	17,609,743	4,692,100
Land Improvements	723,025	787,228
Buildings and Improvements	6,461,290	7,011,798
Furniture and Equipment	419,244	393,377
Vehicles	333,103	249,588
Totals	$27,512,981	$14,927,665

Overall capital assets increased $12,585,316 from fiscal year 2017. The increase is due to construction in progress related to the Ohio School Facilities Project. For more information on capital assets, refer to Note 9 of the basic financial statements.

Debt Administration

At June 30, 2018, the School District had $16,910,000 in bonds outstanding, as well as premium on bonds in the amount of $697,393. $505,000 represents the amount of debt principal payments made during fiscal year 2018 and $530,000 represents the amount of debt principal due during fiscal year 2019. The School District also had capital leases payable at fiscal year-end of $4,500,000.

During fiscal year 2004, the School District entered into a lease-purchase agreement with Chase Leasing Corporation for the financing of $4,500,000 for building renovations. The School District makes annual interest payments to the lessor in the amount of $30,600 and annual sinking fund payments to the escrow agent in the amount of $229,555. On November 19, 2018, the $4,500,000 principal is due. For more information on debt administration, refer to Notes 14 and 15 of the basic financial statements.

Current Financial Issues and Concerns

The School District is proud of its community support of the public schools. The Board of Education and administration work together to provide a stable and safe environment for students to learn. The Board of Education recognizes the expectations of the community and has allocated the resources to meet these expectations.

The community overwhelmingly approved a bond issue in May of 2015 for the construction of a new PK-12 school building, which will enable the School District to receive $41,809,672 in State funds for the project. The passage of the bond issue will help to solidify the financial stability of the School District going forward. It will alleviate the burden of costly repairs to older buildings and out of date designs. It will help to enhance the quality of teaching and learning and provide updated health and safety designs to aid in student achievement.

The Northridge Local School District has committed itself to financial excellence for many years. The School District's system of financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future and to provide the best educational opportunities to its children.

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 questions about this report or need additional financial information contact Jennifer Ashbaugh, Treasurer, at Northridge Local School District, 2008 Timber Lane, Dayton, Ohio 45414, or email at jashbaugh@northridgeschools.org.

Northridge Local School District
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	$36,040,417
Accrued Interest Receivable	20,352
Intergovernmental Receivable	18,316,327
Accounts Receivable	3,663
Prepaid Items	22,549
Materials and Supplies Inventory	9,864
Inventory Held for Resale	6,981
Property Taxes Receivable	8,949,355
Investments with Escrow Agents	4,819,929
Nondepreciable Capital Assets	19,576,319
Depreciable Capital Assets, Net	7,936,662
Total Assets	95,702,418
Deferred Outflows of Resources:	
Deferred Charge on Refunding	240,568
Pension	7,819,021
OPEB	262,097
Total Deferred Outflows of Resources	8,321,686
Liabilities:	
Accounts Payable	204,615
Retainage Payable	454,233
Contracts Payable	1,370,926
Accrued Wages and Benefits Payable	1,403,125
Accrued Interest Payable	72,890
Intergovernmental Payable	287,643
Long-Term Liabilities:	
Due Within One Year	5,198,725
Due in More Than One Year:	
Net Pension Liability (See Note 11)	25,080,805
Net OPEB Liability (See Note 12)	5,843,940
Other Liabilities	18,462,516
Total Liabilities	58,379,418
Deferred Inflows of Resources:	
Property Taxes	7,464,735
Pension	813,537
OPEB	672,328
Total Deferred Inflows of Resources	8,950,600
Net Position:	
Net Investment in Capital Assets	17,531,747
Restricted for:	
Debt Service	5,323,706
Capital Outlay	25,540,961
Food Service	895,128
District Managed Activities	3,409
State and Local Grants	37,200
Classroom Maintenance	269,279
Special Education	310
Set-Asides	52,637
Unrestricted (Deficit)	(12,960,291)
Total Net Position	$36,694,086

See Accompanying Notes to the Basic Financial Statements

Northridge Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues		*Net (Expense)* Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants, Interest and Contributions	Total Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$4,369,328	$640,415	$989,334	($2,739,579)
Special	2,768,301	238,049	1,525,663	(1,004,589)
Vocational	146	0	16,409	16,263
Student Intervention Services	134,299	0	133,915	(384)
Support Services:				
Pupils	1,130,583	5,932	31,259	(1,093,392)
Instructional Staff	860,058	0	327,919	(532,139)
Board of Education	53,707	0	0	(53,707)
Administration	1,553,371	26,835	44,090	(1,482,446)
Fiscal	543,139	0	0	(543,139)
Business	6,745	0	0	(6,745)
Operation and Maintenance of Plant	1,639,678	0	0	(1,639,678)
Pupil Transportation	1,039,651	83,146	597,952	(358,553)
Central	156,354	0	0	(156,354)
Operation of Non-Instructional Services	1,034,925	76,535	1,124,149	165,759
Extracurricular Activities	296,792	214,185	4,108	(78,499)
Interest and Fiscal Charges	740,956	0	0	(740,956)
Total Governmental Activities	$16,328,033	$1,285,097	$4,794,798	($10,248,138)

General Revenues:	
Property Taxes Levied for:	
General Purposes	6,795,499
Debt Service	1,055,871
Classroom Facilities	65,460
Grants and Entitlements not Restricted to Specific Programs	12,939,962
Investment Earnings	540,604
Payments in Lieu of Taxes	12,225
Gifts and Donations	30,000
Miscellaneous	22,289
Total General Revenues	21,461,910
Change in Net Position	11,213,772
Net Position at Beginning of Year - Restated (See Note 3)	25,480,314
Net Position at End of Year	$36,694,086

See Accompanying Notes to the Basic Financial Statements

Northridge Local School District
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	School Improvement Bond Fund	Classroom Facilities - State Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	$12,963,489	$3,365,535	$17,490,547	$2,167,425	$35,986,996
Receivables:					
Property Taxes	7,679,287	0	0	1,270,068	8,949,355
Accounts	3,578	0	0	85	3,663
Intergovernmental	81,782	0	17,871,907	362,638	18,316,327
Interfund	142,855	0	0	0	142,855
Accrued Interest	4,912	5,082	10,358	0	20,352
Materials and Supplies Inventory	4,611	0	0	5,253	9,864
Inventory Held for Resale	0	0	0	6,981	6,981
Prepaid Items	21,890	0	0	659	22,549
Restricted Assets:					
Investments with Escrow Agents	4,819,929	0	0	0	4,819,929
Equity in Pooled Cash and Cash Equivalents	53,421	0	0	0	53,421
Total Assets	$25,775,754	$3,370,617	$35,372,812	$3,813,109	$68,332,292
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	$150,189	$187	$3,286	$50,953	$204,615
Contracts Payable	0	79,061	1,291,865	0	1,370,926
Retainage Payable	0	26,191	428,042	0	454,233
Interfund Payable	0	0	0	142,855	142,855
Accrued Wages and Benefits Payable	1,222,670	0	0	180,455	1,403,125
Intergovernmental Payable	256,426	0	0	31,217	287,643
Total Liabilities	1,629,285	105,439	1,723,193	405,480	3,863,397
Deferred Inflows of Resources:					
Property Taxes	6,407,931	0	0	1,056,804	7,464,735
Unavailable Revenue	1,075,188	2,414	17,876,827	409,028	19,363,457
Total Deferred Inflows of Resources	7,483,119	2,414	17,876,827	1,465,832	26,828,192
Fund Balances:					
Nonspendable	27,285	0	0	5,912	33,197
Restricted	4,872,876	3,262,764	15,772,792	2,156,481	26,064,913
Committed	111,258	0	0	0	111,258
Assigned	362,517	0	0	0	362,517
Unassigned (Deficit)	11,289,414	0	0	(220,596)	11,068,818
Total Fund Balances	16,663,350	3,262,764	15,772,792	1,941,797	37,640,703
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$25,775,754	$3,370,617	$35,372,812	$3,813,109	$68,332,292

See Accompanying Notes to the Basic Financial Statements

Northridge Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balances		$37,640,703
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	1,966,576	
Construction in Progress	17,609,743	
Land Improvements	2,342,499	
Buildings and Improvements	19,706,062	
Furniture and Equipment	4,841,091	
Vehicles	1,421,793	
Accumulated Depreciation	(20,374,783)	
Total Capital Assets		27,512,981
Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.		
Property Taxes	1,253,516	
Interest	8,901	
Intergovernmental Grants	18,101,040	
Total		19,363,457
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(72,890)
Deferred Outflows of Resources represent deferred charges on refundings which do not provide current financial resources and therefore are not reported in the funds.		240,568
The net pensionand net OPEB liability is 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	7,819,021	
Deferred Outflows - OPEB	262,097	
Deferred Inflows - Pension	(813,537)	
Deferred Inflows - OPEB	(672,328)	
Net Pension Liability	(25,080,805)	
Net OPEB Liabilty	(5,843,940)	
Total		(24,329,492)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
Premium on Bonds	(697,393)	
Accretion on Capital Appreciation Bonds	(432,647)	
General Obligation Bonds	(16,630,000)	
Capital Appreciation Bonds	(280,000)	
Capital Leases	(4,500,000)	
Compensated Absences	(1,121,201)	
Total Liabilities		(23,661,241)
Net Position of Governmental Activities		$36,694,086

See Accompanying Notes to the Basic Financial Statements

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

	General Fund	School Improvement Bond Fund	Classroom Facilities - State Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	$6,935,172	$0	$0	$1,139,839	$8,075,011
Intergovernmental	14,549,023	0	12,579,013	3,364,464	30,492,500
Interest	367,763	52,877	126,641	0	547,281
Tuition and Fees	961,610	0	0	0	961,610
Extracurricular Activities	32,767	0	0	84,828	117,595
Charges for Services	0	0	0	80,215	80,215
Rent	125,677	0	0	0	125,677
Gifts and Donations	13,490	0	0	37,080	50,570
Payments in Lieu of Taxes	12,225	0	0	0	12,225
Miscellaneous	20,986	0	0	1,303	22,289
Total Revenues	23,018,713	52,877	12,705,654	4,707,729	40,484,973
Expenditures:					
Current:					
Instruction:					
Regular	8,979,787	0	0	318,994	$9,298,781
Special	3,353,490	0	0	1,336,956	4,690,446
Student Intervention Services	60,734	0	0	168,888	229,622
Support Services:					
Pupils	1,488,930	0	0	36,195	1,525,125
Instructional Staff	753,728	0	0	352,321	1,106,049
Board of Education	32,156	0	0	0	32,156
Administration	2,686,552	0	0	36,435	2,722,987
Fiscal	551,946	0	0	19,375	571,321
Business	6,745	0	0	0	6,745
Operation and Maintenance of Plant	1,704,971	0	0	0	1,704,971
Pupil Transportation	1,178,762	0	0	0	1,178,762
Central	193,718	0	0	0	193,718
Operation of Non-Instructional Services	0	0	0	1,101,296	1,101,296
Extracurricular Activities	441,025	0	0	98,778	539,803
Capital Outlay	220,497	735,146	12,169,003	0	13,124,646
Debt Service:					
Principal Retirement	0	0	0	505,000	505,000
Interest and Fiscal Charges	26,602	0	0	655,398	682,000
Total Expenditures	21,679,643	735,146	12,169,003	4,629,636	39,213,428
Net Change in Fund Balances	1,339,070	(682,269)	536,651	78,093	1,271,545
Fund Balances at Beginning of Year	15,324,280	3,945,033	15,236,141	1,863,704	36,369,158
Fund Balances at End of Year	$16,663,350	$3,262,764	$15,772,792	$1,941,797	$37,640,703

See Accompanying Notes to the Basic Financial Statements

Northridge Local School District

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

Net Change in Fund Balances - Total Governmental Funds		$1,271,545
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. In the current period, these amounts are:		
Capital Outlay	13,368,672	
Current Year Depreciation Expense	(768,837)	
Excess of Capital Outlay over Depreciation Expense		12,599,835
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.		
Loss on Disposal of Capital Assets		(14,519)
Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position These amounts consist of:		
General Obligation Bond Principal Payments		505,000
Accretion and amortization of bond premiums, the deferred loss on refunding debt, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities		
Amortization of Premium on Bonds	68,658	
Amortization of Loss on Refunding	(27,234)	
Accretion on Capital Appreciation Bonds	(101,222)	
Decrease in Accrued Interest Payable	842	
Total		(58,956)
Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the governmental funds. Deferred inflows of resources changed by these amounts this fiscal year:		
Property Taxes	(158,181)	
Intergovernmental Grants	(12,778,310)	
Interest	(6,677)	
Total		(12,943,168)
Contractually required contributions are reported as expenditures in governmental funds; however, the Statement on Net Position reports these amounts as deferred outflows.		
Pension	1,753,215	
OPEB	67,748	
		1,820,963
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
Pension	7,374,485	
OPEB	802,786	
		8,177,271
Some items 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. These activities consist of:		
Increase in Compensated Absences		(144,199)
Change in Net Position of Governmental Activities		$11,213,772

See Accompanying Notes to the Basic Financial Statements

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

	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$7,717,500	$6,983,400	$7,117,125	$133,725
Intergovernmental	13,814,429	14,382,187	14,511,924	129,737
Interest	81,645	85,000	240,459	155,459
Tuition and Fees	1,554,235	1,618,112	961,960	(656,152)
Extracurricular Activities	25,419	25,200	32,964	7,764
Rent	96,052	100,000	125,603	25,603
Gifts and Donations	24,318	25,100	13,490	(11,610)
Payments in Lieu of Taxes	0	0	12,225	12,225
Miscellaneous	11,001	31,000	8,739	(22,261)
Total Revenues	23,324,599	23,249,999	23,024,489	(225,510)
Expenditures:				
Current:				
Instruction:				
Regular	9,268,266	9,118,405	9,053,218	65,187
Special	3,229,827	4,704,936	3,356,729	1,348,207
Student Intervention Service	56,166	62,196	61,898	298
Support Services:				
Pupils	1,469,083	2,028,017	1,469,336	558,681
Instructional Staff	622,705	736,299	731,767	4,532
Board of Education	33,894	35,722	34,594	1,128
Administration	2,425,576	2,724,528	2,716,892	7,636
Fiscal	523,262	556,491	552,643	3,848
Business	9,362	14,867	10,977	3,890
Operation and Maintenance of Plant	1,755,289	1,959,984	1,954,929	5,055
Pupil Transportation	1,338,256	1,330,452	1,327,738	2,714
Central	177,864	207,459	204,653	2,806
Operation of Non-Instructional Services	9,949	10,486	1,240	9,246
Extracurricular Activities	477,838	500,616	432,751	67,865
Capital Outlay	1,116,877	327,130	220,497	106,633
Debt Service:				
Interest and Fiscal Charges	0	26,602	26,602	0
Total Expenditures	22,514,214	24,344,190	22,156,464	2,187,726
Excess of Revenues Over Expenditures	810,385	(1,094,191)	868,025	1,962,216
Other Financing Sources (Uses):				
Transfers - In	0	500	0	(500)
Payment to Escrow Agent	0	(229,633)	(229,555)	78
Refund of Prior Year Expenditures	0	75,800	5,382	(70,418)
Total Other Financing Sources (Uses)	0	(153,333)	(224,173)	(70,840)
Net Change in Fund Balance	810,385	(1,247,524)	643,852	1,891,376
Fund Balance at Beginning of Year	11,547,144	11,547,144	11,547,144	0
Prior Year Encumbrances Appropriated	386,347	386,347	386,347	0
Fund Balance at End of Year	$12,743,876	$10,685,967	$12,577,343	$1,891,376

See Accompanying Notes to the Basic Financial Statements

Northridge Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust Fund	Agency Fund
Assets:		
Equity in Pooled Cash and Cash Equivalents	$4,268	$18,798
Accounts Receivable	75	0
Total Assets	$4,343	$18,798
Liabilities:		
Due To Students	0	$18,798
Net Position:		
Held in Trust for Scholarships	$4,343	

See Accompanying Notes to the Basic Financial Statements

Northridge Local School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust Fund
Additions:	
Contributions and Donations	$3,775
Total Additions	3,775
Deductions:	
Payment in Accordance With Trust Agreements	4,575
Change in Net Position	(800)
Net Position at Beginning of Year	5,143
Net Position at End of Year	$4,343

See Accompanying Notes to the Basic Financial Statements

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1931 through the consolidation of existing land areas and school districts. The School District serves an area of approximately seven square miles. It is located in Montgomery County.

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 are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Northridge Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the 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 the 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 School District. The School District has no component units.

The School District participates in three jointly governed organizations, two insurance purchasing pools, and one public entity shared risk pool. These organizations are discussed in Note 17 to the basic financial statements. These organizations are:

Jointly Governed Organizations:
- Metropolitan Educational Technology Association
- Southwestern Ohio Educational Purchasing Council
- Miami Valley Career Technology Center

Insurance Purchasing Pool:
- Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan
- Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program

Public Entity Shared Risk Pool:
Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Northridge Local 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 body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

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 School District, except for fiduciary funds. The government-wide financial statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type; however, the School District 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 are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, 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 function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions of the School District 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 operating fund of the School District and is used to account for all financial resources except those required to be accounted for 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.
>
> School Improvement Bond Fund – The School Improvement Bond Fund accounts for and reports restricted receipts and expenditures related to all special bond funds in the School District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund to be used for the costs of acquiring capital facilities including real property.
>
> Classroom Facilities – State Fund – The Classroom Facilities - State Fund accounts for and reports restricted monies received and expended in connection with constructing improvements, renovations, and additions to the School District’s buildings, including equipment, furniture, and fixtures.

The nonmajor governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District’s own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has two fiduciary funds: a private purpose trust fund, used to account for college scholarship programs for students; and an agency fund, used to account for student managed activity programs.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and 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 (e.g., revenues) and decreases (e.g., 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.

The private purpose trust fund is reported using the flow of economic resources measurement focus.

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible 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 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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 charge on refunding and pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its requisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. 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 fund on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12)

Expenses/Expenditures

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

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

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 positon 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.

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled, except cash held in a segregated bank account separate from the School District's central bank account as petty cash for School District managed activities. Monies for all funds are maintained in the pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

The School District holds money in a sinking fund to be used for the payment of the capital lease for the building renovation project. The balance in this account is presented on the financial statements as "Restricted Assets: Investments with Escrow Agents."

During fiscal year 2018, the School District invested in the State Treasury Asset Reserve of Ohio (STAROhio), Federal Home Loan Bank Notes, Federal Home Loan Mortgage Notes, Federal National Mortgage Association Notes, Commercial Paper, and Negotiable Certificates of Deposit. Investments, except for STAROhio, and Commercial paper are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price. 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 a year. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2018 amounted to $367,763, which includes $233,368 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 presented on the financial statements as cash equivalents.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or are imposed by law through constitutional provisions. Restricted assets in the General Fund represent cash and cash equivalents legally required by statute to be set aside by the School District to create a reserve for budget stabilization and debt service payments required by the lease agreement.

Inventory

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

Capital Assets

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets usually result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of $1,500. 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 capitalized.

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:

Description	Estimated Lives
Land Improvements	15-20 years
Buildings and Improvements	20-40 years
Furniture and Equipment	6-15 years
Vehicles	8 years

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the 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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after 10 years of current service with the School District.

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

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 governmental funds. However, 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. Net pension/OPEB liability 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. Long-term bonds and capital leases are recognized as a liability in the governmental fund financial statements when due.

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 the highest level of 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. These amounts are assigned by the Board of Education. In the General Fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or by State Statute. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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 fund 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 through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the appropriation resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been given the authority to allocate the Board's appropriations to the function and object level.

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

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

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable.

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.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

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.

NOTE 3 – CHANGE 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.

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	$32,605,019
Adjustments:	
Net OPEB Liability	(7,177,509)
Deferred Outflow - Payments Subsequent to Measurement Date	52,804
Restated Net Position June 30, 2017	$25,480,314

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 - ACCOUNTABILITY

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

Funds	Amounts
Special Revenue:	
Title VI-B	$17,064
Title I	184,393
Title VI-R	16,040
Miscellaneous Federal Grants	3,099
Total	$220,596

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balances 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 is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

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

3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

4. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

Net Change in Fund Balance

	General
GAAP Basis	$1,339,070
Revenue Accruals	11,158
Expenditure Accruals	109,346
Encumbrances	(586,167)
Sinking Fund Payment to Escrow Agent	(229,555)
Change in Fair Value of Investments Fiscal Year 2018	3,745
Change in Fair Value of Investments Fiscal Year 2017	(3,745)
Budget Basis	$643,852

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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

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

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. Investments may only be made through specified dealers and institutions.

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.

Investments

As of June 30, 2018, the School District had the following investments. Except for the investments held by escrow agents for the lease agreement, all investments are in an internal investment pool.

Measurement/Investment	Measurement Amount	Maturity Less Than One Year	Due in 1-3 Years	Due in 3-5 Years	Rating *	Percent of Total Investments
Net Asset Value Per Share:						
STAROhio	$ 12,975,954	$12,975,954	$0	$0	AAAm	N/A
Fair Value - Level Two Inputs						
Federal Home Loan Bank Notes	1,235,697	1,107,947	127,750	0	Aaa	N/A
Federal Home Loan Mortgage Notes	665,267	499,675	68,937	96,655	Aaa	N/A
Federal National Mortgage Association Notes	1,575,807	1,143,407	336,191	96,209	Aaa	5%
Commercial Paper	10,838,343	10,838,343	0	0	P-1	37%
Negotiable Certificates of Deposit	2,320,688	2,221,537	99,151	0	N/A	8%
	$29,611,756	$28,786,863	$632,029	$192,864		

*All investment ratings are Moody's ratings except for STAROhio, which is Standard and Poor's rating.

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 above chart identifies the School District’s recurring fair value measurements as of June 30, 2018. The School District’s remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District’s investment policy requires that, to the extent possible, investments will match anticipated cash flow requirements. No investment shall be made unless the Treasurer, at the time of making the investment, reasonably expects it can be held to its maturity. Unless matched to a specific obligation or debt of the School District, the School District will not directly invest in securities maturing more than five years from the date of investment.

Credit Risk

The School District's investment policy limits investments to those authorized by State statute, which restricts investments to those that are highly rated or issued by United States Government sponsored enterprises.

Concentration of Credit Risk

The School District's investment policy places no limit on the amount it may invest in any one issuer; however, State statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The percentage that each investment represents of the total investments is listed in the table above.

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

Accrued property taxes receivable includes real property and public utility property taxes that are measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows - property taxes.

The amount available as an advance at June 30, 2018, was $231,104 and is recognized as revenue: $197,735 in the General Fund, $31,465 in the Bond Retirement Fund, and $1,904 in the Classroom Facility Maintenance Fund. The amount available as an advance at June 30, 2017, was $441,390 and is recognized as revenue: $379,688 in the General Fund, $58,125 in the Bond Retirement Fund, and $3,577 in the Classroom Facility Maintenance Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, the revenue 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	$134,714,800	96%	$136,604,060	96%
Public Utility Personal	5,227,740	4%	5,346,010	4%
Total Assessed Value	$139,942,540	100%	$141,950,070	100%
Tax Rate per $1,000 of Assessed Valuation	$76.42		$76.42	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2018 consisted of property taxes, accounts, intergovernmental grants, interfund, and accrued interest. 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. Ohio School Facilities Commission (OSFC) Grant monies will be collected over the life of the construction of new facilities. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	Amount
Early Childhood Education	$21,695
Workers Compensation Refund	46,785
Title I	291,504
Title VI-B	46,279
SERS	36,333
OSFC Grant	17,871,907
Title IV-A	1,824
Total Intergovernmental Receivable	$18,316,327

NOTE 9 - CAPITAL ASSETS

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

	Balance 6/30/17	Additions	Deductions	Balance 6/30/18
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	$1,793,574	$173,002	$0	$1,966,576
Construction in Progress	4,692,100	12,917,643	0	17,609,743
Total Capital Assets, not Being Depreciated	6,485,674	13,090,645	0	19,576,319
Capital Assets, Being Depreciated:				
Land Improvements	2,342,499	0	0	2,342,499
Buildings and Improvements	19,706,062	0	0	19,706,062
Furniture and Equipment	4,877,287	111,340	(147,536)	4,841,091
Vehicles	1,255,106	166,687	0	1,421,793
Total Capital Assets, Being Depreciated	28,180,954	278,027	(147,536)	28,311,445
Less Accumulated Depreciation:				
Land Improvements	(1,555,271)	(64,203)	0	(1,619,474)
Buildings and Improvements	(12,694,264)	(550,508)	0	(13,244,772)
Furniture and Equipment	(4,483,910)	(70,954)	133,017	(4,421,847)
Vehicles	(1,005,518)	(83,172)	0	(1,088,690)
Total Accumulated Depreciation	(19,738,963)	(768,837) *	133,017	(20,374,783)
Capital Assets, Being Depreciated, Net	8,441,991	(490,810)	(14,519)	7,936,662
Total Governmental Activities Capital Assets, Net	$14,927,665	$12,599,835	($14,519)	$27,512,981

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$314,228
Special	412
Vocational	146
Support Services:	
Pupils	16,521
Board of Education	23,750
Administration	2,038
Fiscal	392
Operation and Maintenance of Plant	48,529
Pupil Transportation	111,755
Central	8,660
Operation of Non-Instructional Services	21,311
Extracurricular Activities	221,095
Total Depreciation Expense	$768,837

NOTE 10 - RISK MANAGEMENT

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District contracted with the Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program (Note 17) for general liability, property, and fleet insurance.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior fiscal year.

Medical Benefits

The School District participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust), a public entity shared risk pool consisting of 55 school districts (Note 17). The School District pays monthly premiums to the Trust for employee medical, dental, life, and vision insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

Workers' Compensation

The School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience, and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Corporation provides administrative, cost control, and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension/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 healthcare 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 12 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 publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

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

The remaining 0.5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was $444,477 for fiscal year 2018. Of this amount $138,628 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 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 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 $1,308,738 for fiscal year 2018. Of this amount $20,493 is reported as an intergovernmental payable.

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

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

Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.10007060%	0.08022192%	
Proportion of the Net Pension Liability			
Current Measurement Date	0.09969250%	0.08050611%	
Change in Proportionate Share	-0.00037810%	0.00028419%	
Proportionate Share of the Net			
Pension Liability	$5,956,406	$19,124,399	$25,080,805
Pension Expense	($166,969)	($7,207,516)	($7,374,485)

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

	SERS	STRS	Total
Deferred Outflows of Resources:			
Differences between expected and			
actual experience	$256,343	$738,494	$994,837
Changes of assumptions	308,010	4,182,716	4,490,726
Changes in proportionate share and			
difference between School District contributions			
and proportionate share of contributions	144,620	435,623	580,243
School District contributions subsequent to the			
measurement date	444,477	1,308,738	1,753,215
Total Deferred Outflows of Resources	$1,153,450	$6,665,571	$7,819,021
Deferred Inflows of Resources:			
Differences between expected and			
actual experience	$0	$154,135	$154,135
Net difference between projected and			
actual earnings on pension plan investments	28,274	631,128	659,402
Total Deferred Inflows of Resources	$28,274	$785,263	$813,537

$1,753,215 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$305,202	$1,037,519	$1,342,721
2020	403,670	1,896,071	2,299,741
2021	110,684	1,302,316	1,413,000
2022	(138,857)	335,664	196,807
Total	$680,699	$4,571,570	$5,252,269

Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation	3.00 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. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

Discount Rate The total pension liability was calculated using the discount rate of 7.50 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 net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$8,265,945	$5,956,406	$4,021,698

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 below:

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

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

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

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

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

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

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

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	$27,414,175	$19,124,399	$12,141,505

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2018, four members of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 12 – DEFINED BENEFITS OPEB PLANS

See note 11 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 healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 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-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 $51,286.

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 $67,748 for fiscal year 2018. Of this amount $56,420 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System of Ohio (STRS)

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

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

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

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The 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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.10129280%	0.08022192%	
Proportion of the Net OPEB Liability			
Current Measurement Date	0.10071360%	0.08050611%	
Change in Proportionate Share	-0.00057920%	0.00028419%	
Proportionate Share of the Net			
OPEB Liability	$2,702,888	$3,141,052	$5,843,940
OPEB Expense	$153,522	($956,308)	($802,786)

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	$181,321	$181,321
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	0	13,028	13,028
School District contributions subsequent to the measurement date	67,748	0	67,748
Total Deferred Outflows of Resources	$67,748	$194,349	$262,097
Deferred Inflows of Resources:			
Changes of assumptions	$256,490	$253,022	$509,512
Net difference between projected and actual earnings on OPEB plan investments	7,138	134,256	141,394
Changes in proportionate share and Difference between School District contributions and proportionate share of contributions	21,422	0	21,422
Total Deferred Inflows of Resources	$285,050	$387,278	$672,328

$67,748 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	($102,478)	($43,344)	($145,822)
2020	(102,478)	(43,344)	(145,822)
2021	(78,310)	(43,344)	(121,654)
2022	(1,784)	(43,344)	(45,128)
2023	0	(9,780)	(9,780)
Thereafter	0	(9,773)	(9,773)
Total	($285,050)	($192,929)	($477,979)

Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation	3.00 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 11.

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

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	$3,264,082	$2,702,888	$2,258,280

	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	$2,193,191	$2,702,888	$3,377,481

Actuarial Assumptions – STRS

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

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

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

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

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 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 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 net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	$4,216,811	$3,141,052	$2,290,850

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	$2,182,268	$3,141,052	$4,402,923

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 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 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 a maximum of 360 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 90 days for all employees.

NOTE 14 - LEASES - LESSEE DISCLOSURE

During a prior fiscal year, the School District entered into a lease agreement for a renovation project involving the buildings of the School District, which meets the definition of a Qualified Zone Academy debt. The School District makes annual interest payments of 0.68 percent to the lessor and annual sinking fund payments to the escrow agent. The escrow agent is investing the School District's deposits and has guaranteed a return on the investments to meet the School District's lease liability. Chase Leasing Corporation will be repaid in fiscal year 2019 when the $4,500,000 lease payment is due. There are mandatory deposits required to be made with the escrow agent in order to ensure that the lease is paid timely. The School District is current on the deposits.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2018:

Fiscal Year Ending June 30,	Amount
2019	$4,530,600
Less Amount Representing Interest	(30,600)
Present Value of Minimum Lease Payments	$4,500,000

NOTE 15 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2018 were as follows:

Types / Issues	Restated Balance 6/30/17	Issued	Retired	Balance 6/30/18	Due Within One Year
Governmental Activities:					
2012 School Improvement Refunding Bonds:					
Serial Bonds 2.00-3.00%	$3,455,000	$0	$405,000	$3,050,000	$0
Capital Appreciation Bonds 15.49-16.43%	280,000	0	0	280,000	155,000
Accretion on Capital Appreciation Bonds	331,425	101,222	0	432,647	260,000
Premium on Serial Bonds	61,465	0	6,251	55,214	0
Premium on Capital Appreciation Bonds	176,455	0	46,031	130,424	0
2015 School Improvement	13,680,000	0	100,000	13,580,000	115,000
Premium on Bonds	528,131	0	16,376	511,755	0
Total Long-Term Debt	18,512,476	101,222	573,658	18,040,040	530,000
Other Long-Term Obligations:					
Net Pension Liability:					
SERS	7,324,245	0	1,367,839	5,956,406	0
STRS	26,852,693	0	7,728,294	19,124,399	0
Total Net Pension Liability	34,176,938	0	9,096,133	25,080,805	0
Net OPEB Liability:					
SERS	2,887,220	0	184,332	2,702,888	0
STRS	4,290,289	0	1,149,237	3,141,052	0
Total Net OPEB Liability	7,177,509	0	1,333,569	5,843,940	0
Compensated Absences Payable	977,002	638,127	493,928	1,121,201	168,725
Capital Lease Payable	4,500,000	0	0	4,500,000	4,500,000
Total Long-Term Obligations	$65,343,925	$739,349	$11,497,288	$54,585,986	$5,198,725

School Improvement Refunding Bonds – On April 25, 2012, Northridge Local School District issued $5,145,000 in school improvement refunding bonds. Of these bonds, $4,865,000 are serial bonds, and $280,000 are capital appreciation bonds. The bonds were issued for a 15-year period with final maturity during fiscal year 2027. The bonds were issued for the purpose of advance refunding a portion of the School Improvement Bonds. The bonds will be retired from the Bond Retirement Fund with property tax revenues.

The refunding bonds maturing on December 1, 2022 and thereafter are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the Board of Education and by lot within maturity, at the option of the Board of Education on or after December 1, 2021 at the redemption price of 100 percent.

The capital appreciation bonds, issued at $280,000, are not subject to prior redemption. The fiscal year 2018 accretion amount was $101,222. The capital appreciation bonds will mature December 1, 2018 and 2019, in the amount of $830,000.

School Improvement Bonds – On October 7, 2015, Northridge Local School District issued $13,680,000 in school improvement bonds. These bonds were issued for a 34-year period with final maturity on December 1, 2049. The bonds were issued for the construction, improvements and renovations to the school facilities. The bonds have a variable interest rate from 2 to 5 percent. The bonds maturing on December 1, 2035 and thereafter are subject to a mandatory sinking fund redemption price of 100 percent of the principal amount plus accrued interest to the date of redemption. The bonds will be paid from the Debt Service fund. At the end of the fiscal year 2018, the School District has $9,548,677 in unspent proceeds

Due to the magnitude of the school facilities construction project, the debt issued by the School District exceeded the overall debt margin as permitted by Ohio statute by approximately $3.2 million. However, the School District was declared a “special needs” school district, as defined by Section 133.06 of the Ohio Revised Code, by the Superintendent of Public Instruction, therefore the School District’s debt in excess of the overall debt margin was allowable.

The capital lease will be paid from the General Fund. Compensated absences will be paid from the General, Food Service, Title VI-B, Title I, and Title VI-R Funds.

There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the following funds: General, Food Service, Title VI-B, Title I, and Title VI-R For additional information related to the net pension/OPEB liability see Note 11 and 12.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2018, are as follows:

Fiscal Year	Serial Bonds		Capital Appreciation	
Ending June 30	Principal	Interest	Principal	Interest
2019	$115,000	$649,199	$155,000	$260,000
2020	120,000	646,849	125,000	290,000
2021	535,000	638,224	0	0
2022	575,000	622,899	0	0
2023	590,000	607,469	0	0
2024-2028	2,755,000	2,757,949	0	0
2029-2033	1,455,000	2,442,791	0	0
2034-2038	2,010,000	2,122,113	0	0
2039-2043	2,810,000	1,538,250	0	0
2044-2048	3,815,000	771,300	0	0
2049-2050	1,850,000	74,800	0	0
Total	$16,630,000	$12,871,843	$280,000	$550,000

NOTE 16 – INTERFUND ACTIVITY

As of June 30, 2018, receivables and payables that resulted from various interfund transactions were as follows:

		Receivable
		General Fund
Payable	Nonmajor Governmental Funds	$142,855

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receipt of grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance. All advances are expected to be repaid within one year.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS, INSURANCE PURCHASING POOL, AND PUBLIC ENTITY SHARED RISK POOL

Jointly Governed Organizations

Metropolitan Educational Technology Association

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium. META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The Board works with META's Chief Excutive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School paid META $38,612 for services provided during the fiscal year. Financial information can be obtained from David Varda, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Southwestern Ohio Educational Purchasing Council

The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 153 school districts in 18 counties. The purpose of SOEPC is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. The Board exercises total control over the operations of SOEPC including budgeting, appropriating, contracting and designating management. Each school district's degree of control is limited to its representation on the Board. Payments to SOEPC are generally made from the General Fund. During fiscal year 2018, the School District paid $64,888 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Miami Valley Career Technology Center

The Miami Valley Career Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the nine participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following city and/or exempted village school districts: Miamisburg, Milton-Union, Vandalia, Tipp City, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center, and one is appointed from the Miami County Educational Service Center. The Board exercises total control over the operations of the Career Technology Center including budgeting, appropriating, contracting and designating management. Each school district's degree of control is limited to its representation on the Board. The School District did not contribute financially to this organization during fiscal year 2018. To obtain financial information, write to the Miami Valley Career Technology Center, Matt Huffman, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the

Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center, and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program

The School District participates in the Southwestern Ohio Educational Purchasing Council Liability, Fleet and Property Program (LFP). The LFP's business and affairs are conducted by a six-member committee consisting of various LFP representatives that are elected by the general assembly. The purpose of the Property, Fleet, and Liability Program of the SOEPC is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections for participants.

Public Entity Shared Risk Pool

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust

The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of 55 school districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

NOTE 18 - SET-ASIDE CALCULATIONS

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 fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The School District is no longer required to set aside funds in the budget stabilization set aside, with the exception of refunds received from the Bureau of Workers Compensation, which must be spent for specified purposes.

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

	Capital Improvements	Budget Stabilization
Set-aside Restricted Balance as of June 30, 2017	$0	$52,637
Current Fiscal Year Set-aside Requirement	287,433	0
Current Fiscal Year Offsets	(287,433)	0
Set-aside Restricted Balance as of June 30, 2018	$0	$52,637
Set-aside Balances Carried Forward to Future Fiscal Years	$0	$52,637

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

NOTE 19 – SIGNIFICANT COMMITMENTS

Encumbrances

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

General Fund	$586,167
School Improvement Bond Fund	1,639,269
Classroom Facilities - State Fund	28,148,868
Nonmajor Governmental Funds	16,701
Total	$30,391,005

Contractual Commitments

The following table provides a summary of the outstanding contractual commitments as of June 30, 2018:

Project	Contract Amount	Amount Expended	Amount Remaining
K through 12 Building Project	$46,525,928	$17,609,910	$28,916,018

NOTE 20 - FUND BALANCES

Fund balance is classified as nonspendable, restricted, 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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General Fund	School Improvement Bond Fund	Classroom Facilities - State Fund	Nonmajor Governmental Funds	Total
Nonspendable					
Unclaimed Funds	$784	$0	$0	$0	$784
Prepaids	21,890	0	0	659	22,549
Inventory	4,611	0	0	5,253	9,864
Total Nonspendable	27,285	0	0	5,912	33,197
Restricted for					
Lease Payment	$4,819,929	$0	$0	$0	$4,819,929
Special Education	310	0	0	0	310
Set Asides	52,637	0	0	0	52,637
Food Service	0	0	0	938,066	938,066
Other Grants	0	0	0	30,000	30,000
District Managed Activities	0	0	0	3,409	3,409
OECN Network	0	0	0	7,200	7,200
Debt Service	0	0	0	918,797	918,797
Capital Improvements	0	3,262,764	15,772,792	259,009	19,294,565
Total Restricted	4,872,876	3,262,764	15,772,792	2,156,481	26,064,913
Committed to					
Board Approved Purchases	111,258	0	0	0	111,258
Assigned to					
Purchases on Order	329,499	0	0	0	329,499
Principal Fund	33,018	0	0	0	33,018
Total Assigned	362,517	0	0	0	362,517
Unassigned (Deficit)	11,289,414	0	0	(220,596)	11,068,818
Total Fund Balances	$16,663,350	$3,262,764	$15,772,792	$1,941,797	$37,640,703

NOTE 21 - CONTINGENCIES

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the

General Fund or other applicable funds. However, 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. The impact of FTE adjustments on the fiscal year 2018 financial statements did not result in an additional receivable to, or a liability of, the School District.

Litigation

The School District is not currently involved in a legal proceeding as of June 30, 2018.

Northridge Local School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio

*Last Five Fiscal Years (1) **

	2018	2017
School District's Proportion of the Net Pension Liability	0.09969250%	0.10007060%
School District's Proportionate Share of the Net Pension Liability	$5,956,406	$7,324,245
School District's Covered Payroll	$4,107,686	$2,975,971
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	145.01%	246.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%

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

2016	2015	2014
0.09807130%	0.09657400%	0.09657400%
$5,596,044	$4,887,555	$5,742,946
$2,950,171	$2,215,458	$2,207,336
189.69%	220.61%	260.18%
69.16%	71.70%	65.52%

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.10071360%	0.10129280%
School District's Proportionate Share of the Net OPEB Liability	$2,702,888	$2,887,220
School District's Covered Payroll	$4,107,686	$2,975,971
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	65.80%	97.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Information prior to 2017 is not available.

*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

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Northridge Local School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

*Last Five Fiscal Years (1) **

	2018	2017
School District's Proportion of the Net Pension Liability	0.08050611%	0.08022192%
School District's Proportionate Share of the Net Pension Liability	$19,124,399	$26,852,693
School District's Covered Payroll	$8,380,929	$8,205,693
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	228.19%	327.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%

(1) Although this schedule is intended to reflect information for ten years, information prior to 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

2016	2015	2014
0.07863429%	0.07688117%	0.07688117%
$21,732,218	$18,700,161	$22,275,510
$8,178,807	$7,878,071	$7,070,508
265.71%	237.37%	315.05%
72.10%	74.70%	69.30%

Northridge Local School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Liability

State Teachers Retirement System of Ohio

*Last Two Fiscal Years (1) **

	2018	2017
School District's Proportion of the Net OPEB Liability	0.08050611%	0.08022192%
School District's Proportionate Share of the Net OPEB Liability	$3,141,052	$4,290,289
School District's Covered Payroll	$8,380,929	$8,205,693
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	37.48%	52.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

*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

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Northridge Local School District
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Five Fiscal Years (1)

	2018	2017
Net Pension Liability		
Contractually Required Contribution	$444,477	$575,076
Contributions in Relation to the Contractually Required Contribution	(444,477)	(575,076)
Contribution Deficiency (Excess)	$0	$0
School District Covered Payroll (2)	$3,292,422	$4,107,686
Contributions as a Percentage of Covered Payroll	13.50%	14.00%
Net OPEB Liability		
Contractually Required Contribution (3)	$67,748	$52,804
Contributions in Relation to the Contractually Required Contribution	(67,748)	(52,804)
Contribution Deficiency (Excess)	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	2.06%	1.29%
Total Contributions as a Percentage of Covered Payroll (3)	15.56%	15.29%

(1) Information prior to 2014 is not available.
(2) The School District's covered payroll is the same for Pension and OPEB.
(3) Includes Surcharge

See accompanying notes to the required supplementary information

	2016	2015	2014
	$416,636	$388,833	$307,062
	(416,636)	(388,833)	(307,062)
	$0	$0	$0
	$2,975,971	$2,950,171	$2,215,458
	14.00%	13.18%	13.86%
	$50,749	$76,227	$52,038
	(50,749)	(76,227)	(52,038)
	$0	$0	$0
	1.71%	2.58%	2.35%
	15.71%	15.76%	16.21%

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

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$1,308,738	$1,173,330	$1,148,797	$1,145,033
Contributions in Relation to the Contractually Required Contribution	(1,308,738)	(1,173,330)	(1,148,797)	(1,145,033)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll	$9,348,129	$8,380,929	$8,205,693	$8,178,807
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%

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
$1,024,149	$919,166	$991,146	$1,188,148	$1,190,441	$1,135,024
(1,024,149)	(919,166)	(991,146)	(1,188,148)	(1,190,441)	(1,135,024)
$0	$0	$0	$0	$0	$0
$7,878,071	$7,070,508	$7,624,200	$9,139,600	$9,157,238	$8,730,954
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$78,781	$70,705	$76,242	$91,396	$91,572	$87,310
(78,781)	(70,705)	(76,242)	(91,396)	(91,572)	(87,310)
$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%

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 below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
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 below:

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

For fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

NET OPEB LIABILITY

Changes in Assumptions – SERS

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

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

Changes in Assumptions – STRS

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

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

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NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY

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

Federal Grantor/ *Pass Through Grantor* Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture						
Passed through Ohio Department of Education						
Child Nutrition Cluster:						
School Breakfast Program	10.553	N/A	$288,441		$288,441	
National School Lunch Program	10.555	N/A	693,955	$70,852	693,955	$70,852
Summer Food Service Program for Children	10.559	N/A	12,824		12,824	
Total Child Nutrition Cluster			995,220	70,852	995,220	70,852
Fresh Fruit and Vegetable Program	10.582	N/A	29,048	-	8,484	-
Total U.S. Department of Agriculture			**1,024,268**	**70,852**	**1,003,704**	**70,852**
U.S. Department of Education						
Passed through Ohio Department of Education						
Title I Grants to Local Educational Agencies	84.010	S010A170035	1,387,699	-	1,446,034	-
Student Support and Academic Enrichment Program	84.424	S424A170036	4,266	-	4,266	-
Special Education Cluster (IDEA)						
Special Education Grants to States	84.027	H027A170111	350,575	-	389,328	-
Passed through Miami County Educational Service Center						
Special Education Preschool Grants	84.173	H173A170119	5,741	-	5,741	-
Total Special Education Cluster (IDEA)			356,316	-	395,069	-
Passed through Ohio Department of Education						
Supporting Effective Instruction State Grants	84.367	S367A170034	141,855		127,106	-
Total U.S. Department of Education			**1,890,136**	**-**	**1,972,475**	**-**
Total Federal Financial Assistance			**$2,914,404**	**$70,852**	**$2,976,179**	**$70,852**

The accompanying notes are an integral part of this schedule.

NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL 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 Northridge Local School District (the School 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 School District, it is not intended to and does not present the financial position or changes in net position of the School 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 Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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

Northridge Local School District
Montgomery County
2008 Timber Lane
Dayton, Ohio 45414

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 Northridge Local School District, Montgomery County, (the School District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 2, 2019, wherein we noted the School 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 School 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 School 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 School 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the School 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-002 and 2018-003.

School District's Responses to Findings

The School District's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not subject the School District's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

April 2, 2019

OHIO AUDITOR OF STATE
KEITH FABER

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

Northridge Local School District
Montgomery County
2008 Timber Lane
Dayton, Ohio 45414

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited Northridge Local School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Northridge Local 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 School District's major federal programs.

Management's Responsibility

The School 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 School District's compliance for each of the School 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 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on each Major Federal Program

In our opinion, Northridge Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

The School 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 School 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 School District's internal control over compliance.

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

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

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

April 2, 2019

NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY

SCHEDULE OF FINDINGS
2 C.F.R. § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2018-001

Material Weakness – Financial Statement Misstatments

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

FINDING NUMBER 2018-001
(Continued)

The School District's annual financial report for fiscal year 2018 contained the following errors which were material and have been adjusted in the accompanying financial statements:

- The School District improperly included the portion of fiscal year 2018 grants allocated to the fiscal year 2019 grant awards by the Ohio Department of Education as Intergovernmental Receivables at June 30, 2018. As a result, Intergovernmental Receivable and Deferred Inflows of Resources - Unavailable Revenue were overstated by $228,191 in Nonmajor Governmental Funds. Additionally, Intergovernmental Receivable and Operating Grants, Interest, and Contributions were overstated by $228,191 in Governmental Activities. Lastly, Net Position - Restricted for Federal, State, and Local Grants was overstated by $175,645 and Net Position - Unrestricted was understated by the same amount in Governmental Activities.
- The School District opened purchase order number 180060 on July 1, 2017, in the amount of $1,893,921. The School District subsequently determined the purchase order was issued to the incorrect vendor and opened a different purchase order on the same date to replace purchase order number 180060. However, the School District did not cancel/close the incorrect purchase order until after June 30, 2018. As a result, unassigned balance was understated and assigned fund balance was overstated by $1,893,921 in the General fund at June 30, 2018. In addition, actual expenditures were overstated by $1,893,921 on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund.

The School District should implement procedures to verify the completeness and accuracy of amounts reported in the financial statements in accordance with applicable accounting standards. Failure to do so could result in the users of the financial statements basing their conclusions on materially misstated financial data.

Official's Response:
See Corrective Action Plan on page 95.

FINDING NUMBER 2018-002

Noncompliance

Ohio Admin. Code § 117-2-02(C)(1) states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The amounts entered into the School District's accounting system for the original fiscal year 2018 appropriations did not agree to the appropriation measure approved on June 26, 2017. Variances between approved original appropriations and the accounting system ranged from ($1,055,048) to $1,324,509. Further, the amounts entered into the School District's accounting system for the final fiscal year 2018 appropriations did not agree to the appropriation measure approved on June 25, 2018. The District's approved appropriation measures included fiscal year 2017 encumbrances appropriated; however, the District's accounting system already included prior year encumbrances appropriated as available for expenditure, therefore those amounts were double-counted in the accounting system. Variances between approved final appropriations and the accounting system ranged from ($39,703,961) to ($30). In addition, the amounts entered into the accounting system as estimated receipts for the General Fund were $559,582 higher than the receipts set forth by the Official Certificate as received from the County Budget Commission as of August 30, 2017. The School District's accounting system reflected approved estimated receipts at fiscal year-end.

**FINDING NUMBER 2018-002
(Continued)**

The amounts entered as budgeted receipts and appropriations in the accounting system should agree to the official certified receipts and approved appropriation measures. Inaccuracy of the data entered into the accounting system limits the reliability of controls that the budgetary reports provide to School District management. The School District should establish and implement procedures to verify that information entered into the accounting system agrees to legislatively approved amounts.

Official's Response:
See Corrective Action Plan on page 95.

FINDING NUMBER 2018-003

Noncompliance

Ohio Rev. Code § 5705.39 states, in part, the total appropriations from each fund shall not exceed the total of the estimated resources available for expenditure therefrom.

At June 30, 2018, the School District had appropriations in excess of estimated resources in the following funds:

Fund Name	Estimated Resources	Appropriations	Variance
School Improvement	$ 1,719,945	$ 1,886,400	$ (166,455)
Data Communications	-	7,200	(7,200)
Part B - IDEA	567	418,283	(417,716)
Title I	1,299,872	1,838,686	(538,814)
Title II-A	(14,749)	144,540	(159,289)
Title IV	-	20,315	(20,315)

The School District should establish and implement procedures to verify that the Board of Education does not approve appropriations in excess of County Auditor-approved estimated resources. Failure to limit appropriations by the amount of resources available could lead to deficit spending.

Official's Response:
See Corrective Action Plan on page 95.

3. FINDINGS FOR FEDERAL AWARDS

None

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Northridge Local Schools

Educating Today for Tomorrow's Success

Office of the Treasurer

CORRECTIVE ACTION PLAN
2 C.F.R. § 200.511(c)
JUNE 30, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	The School District has a plan to implement procedures to verify the accuracy of amounts reported in the financial statements. The School District will have multiple people look at the open purchase orders to make sure the ones that are no longer needed are closed and or cancelled.	6/30/19	Jennifer Ashbaugh, Treasurer
2018-002	The School District will double check the amounts entered as budgeted receipts and appropriations in the accounting system. These amounts will be verified.	6/30/19	Jennifer Ashbaugh, Treasurer
2018-003	The School District will implement procedures to verify the Board of Education does not approve appropriations in excess of the approved estimated resources. These numbers will be double and triple checked in the future.	6/30/19	Jennifer Ashbaugh, Treasurer

2008 Timber Lane Dayton, Ohio 45414 Telephone (937) 278-5885 Fax (937) 276-8351

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OHIO AUDITOR OF STATE
KEITH FABER

NORTHRIDGE LOCAL SCHOOL DISTRICT

MONTGOMERY 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
APRIL 18, 2019