

**NORWOOD CITY SCHOOL DISTRICT**



**Basic Financial Statements**

**June 30, 2014**





# Dave Yost • Auditor of State

Board of Education  
Norwood City School District  
2132 Williams Avenue  
Norwood, OH 45212

We have reviewed the *Independent Auditor's Report* of the Norwood City School District, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

December 10, 2014

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Norwood City School District

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Norwood City School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matters

As described in Note 16 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
Cincinnati, Ohio  
November 21, 2014

**Norwood City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
**(Unaudited)**

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

**Financial Highlights**

Key financial highlights for 2014 are as follows:

- Net position of governmental activities increased \$2,755,512 which represents a 23% increase from 2013.
- General revenues accounted for \$25,529,216 in revenue or 83% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,238,417 or 17% of total revenues of \$30,767,633.
- The District had \$28,012,121 in expenses related to governmental activities; \$5,238,417 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$25,529,216 were also used to provide for these programs.

**Overview of the Financial Statements**

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

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

**Government-wide Financial Statements**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2014?" The Government-wide Financial Statements answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Norwood City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
**(Unaudited)**

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

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

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

**Fund Financial Statements**

The analysis of the District's major funds begins on the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

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

**The District as a Whole**

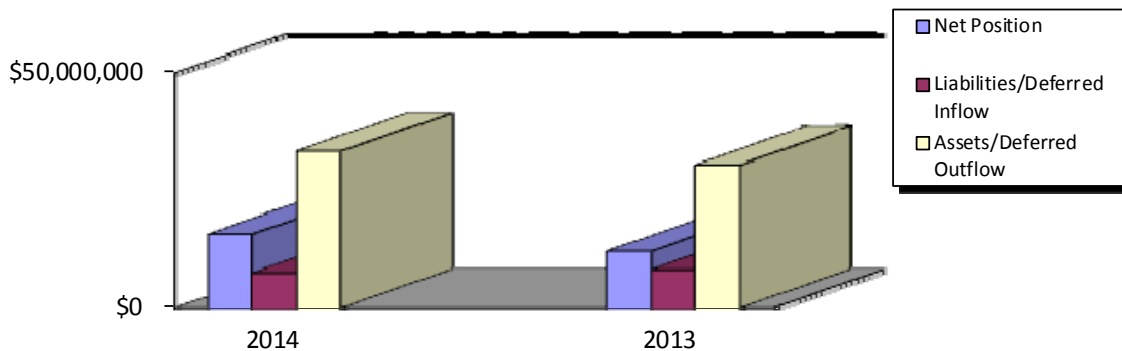
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for fiscal year 2014 compared to fiscal year 2013:



**Norwood City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)**

**Table 1  
Net Position**

	Governmental Activities	
	2014	2013
Assets:		
Current and Other Assets	\$26,052,428	\$24,444,541
Capital Assets	<u>7,261,028</u>	<u>5,967,592</u>
Total Assets	<u>33,313,456</u>	<u>30,412,133</u>
Liabilities:		
Other Liabilities	3,807,759	2,968,773
Long-Term Liabilities	<u>4,539,265</u>	<u>5,166,045</u>
Total Liabilities	<u>8,347,024</u>	<u>8,134,818</u>
Total Deferred Inflows of Resources	<u>10,164,322</u>	<u>10,230,717</u>
Net Position:		
Net Investment in Capital Assets	5,765,678	5,747,415
Restricted	2,420,181	477,494
Unrestricted	<u>6,616,251</u>	<u>5,821,689</u>
Total Net Position	<u>\$14,802,110</u>	<u>\$12,046,598</u>



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets exceeded liabilities and deferred inflows of resources by \$14,802,110.

At year-end, capital assets represented 22% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2014, was \$5,765,678. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**Norwood City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
(Unaudited)

A portion of the District's net position, \$2,420,181 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Net position of governmental activities increased \$2,755,512 from 2013 to 2014. Total assets increased due to an increase in cash from 2013 to 2014. Long-Term liabilities decreased from 2013 to 2014 mainly due to the District making regularly scheduled principal and interest payments.

Table 2 shows the changes in net position for fiscal years 2014 and 2013.

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

	Governmental Activities	
	2014	2013
Revenues:		
Program Revenues		
Charges for Services	\$587,139	\$741,266
Operating Grants, Contributions	4,651,278	2,746,311
General Revenues:		
Property Taxes	14,984,486	13,628,162
Grants and Entitlements	9,563,690	10,831,445
Other	981,040	939,361
Total Revenues	<u>30,767,633</u>	<u>28,886,545</u>
Expenses:		
Instruction	18,016,379	17,786,904
Support Services:		
Pupil and Instructional Staff	2,778,581	2,390,783
School Administrative, General		
Administration and Fiscal	2,140,673	2,305,842
Operations and Maintenance	2,708,066	2,109,948
Pupil Transportation	544,670	573,946
Central	171,667	161,289
Operation of Non-Instructional Services	1,046,595	1,094,630
Extracurricular Activities	521,450	553,231
Interest and Fiscal Charges	84,040	1,157,811
Total Expenses	<u>28,012,121</u>	<u>28,134,384</u>
Changes in Net Position	2,755,512	752,161
Net Position - Beginning of Year	<u>\$12,046,598</u>	<u>\$11,294,437</u>
Net Position - End of Year	<u>\$14,802,110</u>	<u>\$12,046,598</u>

Of the total governmental activities revenues of \$30,767,633, \$5,238,417 is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, \$14,984,486 (59%) comes from property tax levies and \$9,563,690 (37%) is from state funding. This District's operations are reliant upon its property tax levy and the state's foundation program.

**Norwood City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
(Unaudited)

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

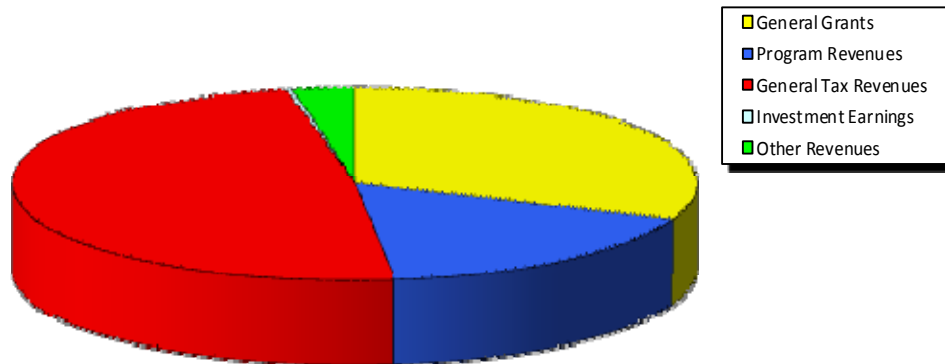
The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner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

Thus Ohio districts do not collect additional property tax revenue on the increased value of homes that is due to appreciation and must regularly return to the voters to maintain a constant level of service. Property taxes made up 49% of revenue for governmental activities for the District in fiscal year 2014.

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

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<u>Revenue Sources</u>	<u>2014</u>	<u>Percentage</u>
General Grants	\$9,563,690	31.08%
Program Revenues	5,238,417	17.03%
General Tax Revenues	14,984,486	48.70%
Investment Earnings	90,265	0.29%
Other Revenues	890,775	2.90%
	<u>\$30,767,633</u>	<u>100.00%</u>



Instruction comprises 64% of governmental program expenses. Support services expenses were 30% of governmental program expenses. All other program expenses including interest expense were 6%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Property tax revenue increased in 2014 compared to 2013. Total expenses decreased from 2013 to 2014 mainly due to the District's ongoing efforts to cut costs throughout the District.

**Norwood City School District**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
(Unaudited)

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**Governmental Activities**

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

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

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	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Instruction	\$18,016,379	\$17,786,904	(\$14,217,771)	(\$15,488,432)
Support Services:				
Pupil and Instructional Staff	2,778,581	2,390,783	(1,943,082)	(1,821,945)
School Administrative, General				
Administration and Fiscal	2,140,673	2,305,842	(2,139,031)	(2,304,590)
Operations and Maintenance	2,708,066	2,109,948	(2,659,268)	(2,066,742)
Pupil Transportation	544,670	573,946	(422,738)	(506,449)
Central	171,667	161,289	(112,885)	(96,270)
Operation of Non-Instructional Services	1,046,595	1,094,630	(817,604)	(821,511)
Extracurricular Activities	521,450	553,231	(377,285)	(383,057)
Interest and Fiscal Charges	84,040	1,157,811	(84,040)	(1,157,811)
Total Expenses	<u>\$28,012,121</u>	<u>\$28,134,384</u>	<u>(\$22,773,704)</u>	<u>(\$24,646,807)</u>

**The District’s Funds**

The District has two major governmental funds: the General Fund and the Capital Projects Fund. Assets of the general fund comprised \$21,141,922 (80%), and assets of the capital projects fund comprised \$4,055,387 (15%) of the total \$26,313,460 governmental funds assets.

**General Fund:** Fund balance at June 30, 2014 was \$7,431,706, an increase in fund balance of \$3,084,762 from 2013. The primary reason for the increase in fund balance was an increase in cash and investments.

**Capital Projects Fund:** Fund balance at June 30, 2014 was \$2,829,878, a decrease in fund balance of \$2,451,826 from 2013. The primary reason for the decrease in fund balance was due to a decrease in cash and investments.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2014, the District amended its general fund budget at times, however none were significant. The District’s budgeting systems are designed to tightly control total site budgets

**Norwood City School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)**

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but provide flexibility for site management. During the course of the year, the District revised the budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, the final budgeted revenue was \$26,690,265 and the original budgeted revenue was \$25,868,599.

The District’s final budgeted revenue and expenditures when compared to the actual revenue and expenditures did not have any significant variances. The District’s ending unobligated actual fund balance for the General fund was \$4,220,216.

**Capital Assets and Long-Term Obligations**

***Capital Assets***

At the fiscal year end, the District had \$7,261,028 invested in land, construction in progress, buildings and improvements, and equipment. Table 4 shows fiscal year 2014 balances compared to fiscal year 2013:

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

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	Governmental Activities	
	2014	2013
Land	\$524,809	\$524,809
Construction In Progress	76,446	4,600
Buildings and Improvements	4,830,322	4,533,628
Equipment	1,829,451	904,555
Total Net Capital Assets	<u>\$7,261,028</u>	<u>\$5,967,592</u>

Overall, capital assets increased due to depreciation expense being less than current fiscal year additions.

See note 5 in the notes to the basic financial statements for further details on the District’s capital assets.

***Long-Term Obligations***

At June 30, 2014, the District had \$3,495,525 in long-term bonds and copier lease outstanding, \$570,525 due within one year. Table 5 summarizes bonds outstanding.

**Norwood City School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)**

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**Table 5  
Outstanding Debt at Year End**

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	Governmental Activities	
	2014	2013
2013 Bonds	\$3,412,500	\$3,900,000
Copier Lease	83,025	193,725
Total	<u>\$3,495,525</u>	<u>\$4,093,725</u>

See note 10 in the notes to the basic financial statements for further details on the District’s outstanding debt.

**For the Future**

Externally, the Ohio Supreme Court found the State of Ohio in March 1997, to be operating an unconstitutional educational system, one that was neither “adequate” nor “equitable.” Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes which are inherently not “equitable” nor “adequate”. The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court’s concerns.

In July, 2009, the Ohio’s Governor signed HB 1, the state biennium budget bill. Included in this bill was a complete overhaul of the school funding model for all school districts in Ohio. The new Ohio Evidence-Based Model (OEBM) replaces the long-standing foundation formula that was declared unconstitutional by the Ohio Supreme Court. If ever fully-funded, the new model has the potential to drive funding based on student needs and could result in additional revenue. However, the current economic crisis has reduced revenue at the state level prompting budget reduction measures across the State. As such, the funding for the OEBM started in FY10 by allocating the funding for each year based on 99% of the FY09 funding and 98% of the FY10 funding, respectively. Federal stimulus funds are being used in Ohio to balance the education budget and as such, funding for public education at the current level is not secure beyond FY11. This uncertainty could have a major impact on our instructional and operational programs. The need for additional revenue and or expenditure reductions will need to be monitored closely.

On June 30, 2013, Ohio’s Governor signed HB 153, the state biennium budget bill. The Governor has indicated that he will prepare a new school funding model for Ohio school districts for fiscal year 2012-13. At this time, we do not know the details of the changes or the impact that these changes may have on our future state funding. This uncertainty could have an impact on our instructional and operational programs. The need for additional revenue and or expenditure reductions will need to be closely monitored.

**Norwood City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)**

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This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. The District cut operating expenses by \$1.7 million in FY2011 and passed a 3.4 mill 10-year emergency levy.

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

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at Norwood City School District, 2132 Williams Avenue, Norwood, Ohio 45212.

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Norwood City School District  
Statement of Net Position  
June 30, 2014

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$8,084,703
Restricted Cash and Investments	20,000
Receivables (Net):	
Taxes	16,342,427
Accounts	363,284
Interest	866
Intergovernmental	1,238,838
Inventory	2,310
Nondepreciable Capital Assets	601,255
Depreciable Capital Assets, Net	<u>6,659,773</u>
 Total Assets	 <u>33,313,456</u>
Liabilities:	
Accounts Payable	1,222,016
Accrued Wages and Benefits	2,466,812
Contracts Payable	113,101
Accrued Interest Payable	5,830
Long-Term Liabilities:	
Due Within One Year	720,184
Due In More Than One Year	<u>3,819,081</u>
 Total Liabilities	 <u>8,347,024</u>
Deferred Inflows of Resources:	
Property Taxes	9,689,322
Grants and Other Taxes	<u>475,000</u>
 Total Deferred Inflows of Resources	 <u>10,164,322</u>
Net Position:	
Net Investment in Capital Assets	5,765,678
Restricted for:	
Local Grants	31,135
District Managed Student Activity	38,664
State Grants	169,377
Federal Grants	88,890
Nonexpendable	20,000
Expendable	26,046
Capital Projects	2,000,175
Other Purposes	45,894
Unrestricted	<u>6,616,251</u>
 Total Net Position	 <u>\$14,802,110</u>

See accompanying notes to the basic financial statements.



Norwood City School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2014

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$12,406,660	\$180,749	\$1,155,110	(\$11,070,801)
Special	4,489,718	67,416	2,238,831	(2,183,471)
Vocational	0	0	3,531	3,531
Other	1,120,001	33,832	119,139	(967,030)
<b>Support Services:</b>				
Pupil	1,940,901	0	450,131	(1,490,770)
Instructional Staff	837,680	0	385,368	(452,312)
General Administration	15,377	0	0	(15,377)
School Administration	1,599,899	0	1,642	(1,598,257)
Fiscal	525,397	0	0	(525,397)
Operations and Maintenance	2,708,066	48,798	0	(2,659,268)
Pupil Transportation	544,670	0	121,932	(422,738)
Central	171,667	0	58,782	(112,885)
Operation of Non-Instructional Services	1,046,595	112,179	116,812	(817,604)
Extracurricular Activities	521,450	144,165	0	(377,285)
Interest and Fiscal Charges	84,040	0	0	(84,040)
<b>Totals</b>	<b>\$28,012,121</b>	<b>\$587,139</b>	<b>\$4,651,278</b>	<b>(22,773,704)</b>

**General Revenues:**

Property Taxes Levied for:

General Purposes	14,984,486
Grants and Entitlements, Not Restricted	9,563,690
Revenue in Lieu of Taxes	539,562
Unrestricted Contributions	118,063
Investment Earnings	90,265
Other Revenues	233,150

Total General Revenues 25,529,216

Change in Net Position 2,755,512

Net Position - Beginning of Year 12,046,598

Net Position - End of Year \$14,802,110

See accompanying notes to the basic financial statements.

Norwood City School District  
Balance Sheet  
Governmental Funds  
June 30, 2014

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$3,997,012	\$3,755,386	\$332,305	\$8,084,703
Restricted Cash and Investments	0	0	20,000	20,000
<b>Receivables (Net):</b>				
Taxes	16,342,427	0	0	16,342,427
Accounts	63,284	300,000	0	363,284
Interest	857	1	8	866
Intergovernmental	475,000	0	763,838	1,238,838
Interfund	261,032	0	0	261,032
Inventory	2,310	0	0	2,310
<b>Total Assets</b>	<b>21,141,922</b>	<b>4,055,387</b>	<b>1,116,151</b>	<b>26,313,460</b>
<b>Liabilities:</b>				
Accounts Payable	179,853	812,408	229,755	1,222,016
Accrued Wages and Benefits	2,252,326	0	214,486	2,466,812
Compensated Absences	70,610	0	0	70,610
Contracts Payable	0	113,101	0	113,101
Interfund Payable	0	0	261,032	261,032
<b>Total Liabilities</b>	<b>2,502,789</b>	<b>925,509</b>	<b>705,273</b>	<b>4,133,571</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	10,732,427	0	0	10,732,427
Grants and Other Taxes	475,000	0	251,810	726,810
Accounts Receivable	0	300,000	0	300,000
<b>Total Deferred Inflows of Resources</b>	<b>11,207,427</b>	<b>300,000</b>	<b>251,810</b>	<b>11,759,237</b>
<b>Fund Balances:</b>				
Nonspendable	0	0	20,000	20,000
Restricted	0	2,000,175	291,587	2,291,762
Assigned	384,266	829,703	26,046	1,240,015
Unassigned	7,047,440	0	(178,565)	6,868,875
<b>Total Fund Balances</b>	<b>7,431,706</b>	<b>2,829,878</b>	<b>159,068</b>	<b>10,420,652</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$21,141,922</b>	<b>\$4,055,387</b>	<b>\$1,116,151</b>	<b>\$26,313,460</b>

See accompanying notes to the basic financial statements.

Norwood City School District  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 June 30, 2014

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Total Governmental Fund Balance \$10,420,652

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

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

    Capital assets used in the operation of Governmental Funds 7,261,028

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

Delinquent Property Taxes	1,043,105	
Intergovernmental	251,810	
Other Receivables	<u>300,000</u>	
		1,594,915

In the statement of net position interest payable is accrued when  
 incurred; whereas, in the governmental funds interest is  
 reported as a liability only when it will require the use of  
 current financial resources. (5,830)

Some liabilities reported in the statement of net position do not  
 require the use of current financial resources and, therefore,  
 are not reported as liabilities in governmental funds.

    Compensated Absences (973,130)

Long-term liabilities are not due and payable in the current  
 period and, therefore, are not reported in the funds. (3,495,525)

Net Position of Governmental Activities \$14,802,110

See accompanying notes to the basic financial statements.

Norwood City School District  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2014

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property and Other Taxes	\$14,875,084	\$0	\$0	\$14,875,084
Tuition and Fees	171,669	0	0	171,669
Investment Earnings	10,158	8	91	10,257
Intergovernmental	11,720,178	0	2,402,089	14,122,267
Extracurricular Activities	130,197	0	92,712	222,909
Charges for Services	146,011	0	0	146,011
Revenue in Lieu of Taxes	539,562	0	0	539,562
Other Revenues	214,425	80,000	78,055	372,480
<b>Total Revenues</b>	<b>27,807,284</b>	<b>80,008</b>	<b>2,572,947</b>	<b>30,460,239</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	11,181,586	1,069,062	355,506	12,606,154
Special	3,265,418	0	1,237,469	4,502,887
Other	1,112,654	0	7,347	1,120,001
<b>Support Services:</b>				
Pupil	1,465,705	0	434,139	1,899,844
Instructional Staff	441,556	0	385,872	827,428
General Administration	15,377	0	0	15,377
School Administration	1,595,024	0	1,948	1,596,972
Fiscal	537,362	0	0	537,362
Operations and Maintenance	2,281,957	469,599	4,131	2,755,687
Pupil Transportation	538,930	0	5,740	544,670
Central	172,988	0	64,447	237,435
Operation of Non-Instructional Services	955,600	0	91,839	1,047,439
Extracurricular Activities	404,366	0	112,697	517,063
Capital Outlay	0	993,173	0	993,173
<b>Debt Service:</b>				
Principal Retirement	110,700	0	487,500	598,200
Interest and Fiscal Charges	0	0	84,799	84,799
<b>Total Expenditures</b>	<b>24,079,223</b>	<b>2,531,834</b>	<b>3,273,434</b>	<b>29,884,491</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,728,061</b>	<b>(2,451,826)</b>	<b>(700,487)</b>	<b>575,748</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	643,299	643,299
Transfers (Out)	(643,299)	0	0	(643,299)
<b>Total Other Financing Sources (Uses)</b>	<b>(643,299)</b>	<b>0</b>	<b>643,299</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>3,084,762</b>	<b>(2,451,826)</b>	<b>(57,188)</b>	<b>575,748</b>
<b>Fund Balance - Beginning of Year</b>	<b>4,346,944</b>	<b>5,281,704</b>	<b>216,256</b>	<b>9,844,904</b>
<b>Fund Balance - End of Year</b>	<b>\$7,431,706</b>	<b>\$2,829,878</b>	<b>\$159,068</b>	<b>\$10,420,652</b>

See accompanying notes to the basic financial statements.

Norwood City School District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2014

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Net Change in Fund Balance - Total Governmental Funds \$575,748

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

Governmental funds report capital asset additions as expenditures.  
 However, in the statement of activities, the cost of those assets is  
 allocated over their estimated useful lives as depreciation  
 expense. This is the amount of the difference between capital  
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	2,242,499	
Depreciation Expense	<u>(949,063)</u>	
		1,293,436

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

Delinquent Property Taxes	109,401	
Intergovernmental	<u>197,993</u>	
		307,394

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

598,200

In the statement of activities interest expense is accrued when incurred;  
 whereas, in governmental funds an interest expenditure is reported  
 when due.

759

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

Compensated Absences		<u>(20,025)</u>
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Change in Net Position of Governmental Activities

\$2,755,512

See accompanying notes to the basic financial statements.

Norwood City School District  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2014

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	Private Purpose Trust	Agency
	<u>          </u>	<u>          </u>
Assets:		
Equity in Pooled Cash and Investments	\$24,015	\$109,786
Receivables (Net):		
Interest	<u>          3</u>	<u>          0</u>
Total Assets	<u>          24,018</u>	<u>          109,786</u>
Liabilities:		
Accounts Payable	0	25
Other Liabilities	<u>          0</u>	<u>          109,761</u>
Total Liabilities	<u>          0</u>	<u>          \$109,786</u>
Net Position:		
Held in Trust	<u>          24,018</u>	
Total Net Position	<u>          \$24,018</u>	

See accompanying notes to the basic financial statements.

Norwood City School District  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2014

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	Private Purpose Trust
Additions:	
Investment Earnings	<u>\$36</u>
Total Additions	<u>36</u>
Deductions:	
Other	<u>0</u>
Total Deductions	<u>0</u>
Change in Net Position	36
Net Position - Beginning of Year	<u>23,982</u>
Net Position - End of Year	<u>\$24,018</u>

See accompanying notes to the basic financial statements.

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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**Note 1 – Summary of Significant Accounting Policies**

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

**Reporting Entity**

The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected Board of Education (five members) and is responsible for the education of the residents of the School District.

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities. 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. The School District has no component units.

Activities for Cornerstone New Christian School are also included in the reporting entity to the extent that state legislation provides funding to this parochial school. The money is received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. This activity is reflected in a special revenue fund for financial reporting purposes.

The School District is associated with three organizations, two of which are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations include Hamilton/Clermont Cooperative Association, Great Oaks Institute of Technology and Career Development and the Greater Cincinnati Insurance Consortium. These organizations are presented in Notes 11.

**Basis of Presentation**

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



**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each 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 identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the 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** Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

**Fund Accounting**

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are grouped into the categories governmental and fiduciary.

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

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

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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**Capital Projects** – Fund used to account for all transactions relating to acquiring, constructing or improving permanent improvements other than those authorized by special bond funds.

**Fiduciary Funds** report on net position and changes in net position. The School District's fiduciary funds consist of a private-purpose trust fund and agency funds. The School District's private-purpose trust fund accounts for scholarship programs for students. These assets are not available for the School District's use. Agency funds, which are used to account for student activities, employee insurance and employee flexible spending are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made.

The modified accrual basis of accounting is used by the governmental funds. On a modified accrual basis, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, student fees, and grants.

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 except for unmatured principal and interest on general long-term debt which is recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Also, private-purpose trust and agency funds utilize accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**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.

Non-exchange transactions, in which the School District receives value without directly giving 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 were levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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.

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and grants and other taxes (which includes tax incremental financing 'TIF'). Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance year 2015 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. TIF's have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements.

**Equity in Pooled Cash and Investments**

Cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the balance sheet.

During fiscal year 2014, the School District's investments were limited to STAR Ohio. Investments are reported at fair value, which is based on quoted market prices.

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

Under existing Ohio statutes, all investment earnings accrue to the General Fund except those specifically related to agency funds, certain trust funds, and those other funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balance.

**Inventory**

Inventories of governmental funds are stated at cost, determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when consumed rather than when purchased.

**Capital Assets**

Capital assets, which include land, buildings, building improvements, and equipment, are reported in the government-wide financial statements. The School District defines capital assets as those with an individual cost of more than \$1,000 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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assets are recorded at their estimated fair values as of the date received. 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.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

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

Buildings and Improvements	10-30 years
Equipment	3-5 years

**Interfund Balances**

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

**Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the 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 entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that have matured, for example, as a result of employee resignations and retirements.

**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 those, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**Net Position**

Net position represent the difference between assets and deferred inflows of resources, and liabilities

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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and deferred outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Of the School District's \$2,420,181 in restricted net position, none were restricted for enabling legislation.

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

**Fund Balance**

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

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

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

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

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

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

The School District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be uses.

**Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other government or imposed by enabling legislation. Restricted assets included the amount for non expendable amount related to the permanent fund.

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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**Estimates**

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

**Note 2 - Deposits and Investments**

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

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current two-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 deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement No. 40 "Deposit and Investment Risk Disclosures":

**Deposits**

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's custodial credit risk policy requires that deposits be collateralized as required by ORC Chapter 135. As of June 30, 2014, \$3,335,975 of the School District's bank balance of \$8,278,213 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name. ORC Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

**Investments**

The School District had no investments at year end.

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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**Note 3 – Property Taxes**

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Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31<sup>st</sup>; 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. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. The School District receives property taxes from Hamilton 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, 2013, are available to finance fiscal year 2015 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2014. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations in the General Fund.

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

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$370,417,720
Public Utility Personal	<u>16,800,110</u>
Total	<u><u>\$387,217,830</u></u>

**Note 4 – Interfund Transactions**

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Interfund transactions at June 30, 2014, consisted of the following fund for interfund receivables, interfund payables, transfers in and transfers out:

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**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$261,032	\$0	\$0	\$643,299
Other Governmental Funds	0	261,032	643,299	0
Total All Funds	<u>\$261,032</u>	<u>\$261,032</u>	<u>\$643,299</u>	<u>\$643,299</u>

The interfund loans (receivable and payables) were made to provide operating capital. These amounts are eliminated in the governmental activities column of the statement of net position.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 5 – Capital Assets**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<b>Capital Assets, not being depreciated:</b>				
Land	\$524,809	\$0	\$0	\$524,809
Constructions in Progress	4,600	181,120	109,274	76,446
<b>Capital Assets, being depreciated:</b>				
Buildings and Improvements	16,280,291	729,263	0	17,009,554
Equipment	5,657,979	1,441,390	0	7,099,369
Totals at Historical Cost	<u>22,467,679</u>	<u>2,351,773</u>	<u>109,274</u>	<u>24,710,178</u>
Less Accumulated Depreciation:				
Buildings and Improvements	11,746,663	432,569	0	12,179,232
Equipment	4,753,424	516,494	0	5,269,918
Total Accumulated Depreciation	<u>16,500,087</u>	<u>949,063</u>	<u>0</u>	<u>17,449,150</u>
Governmental Activities Capital Assets, Net	<u>\$5,967,592</u>	<u>\$1,402,710</u>	<u>\$109,274</u>	<u>\$7,261,028</u>

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**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$654,067
Special	100,030
Support Services:	
Pupil	18,830
Instructional Staff	5,139
School Administration	17,901
Operations and Maintenance	37,495
Central	94,723
Operation of Non-Instructional Services	16,491
Extracurricular Activities	4,387
Total Depreciation Expense	<u>\$949,063</u>

**Note 6 – Risk Management**

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The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the School District contracted with Ohio Casualty for general liability insurance with a \$5,000,000 aggregate limit covering all employees and volunteers of the School District.

Ohio Casualty also provides property and fleet insurance and property holds a \$1,000 deductible and the maintenance vehicles have a \$500 deductible for comprehensive and collision and a \$1,000,000 limit per occurrence. The Ohio Farmer’s Insurance Company maintains a \$20,000 performance bond for the Board President and Superintendent and maintains a \$100,000 public official bond for the Treasurer. Ohio School Plan maintains a \$10,000 employee dishonesty blanket bond for all employees.

Settled claims have not exceeded coverage in any of the past three years. There has been no significant reduction in the coverage from last year.

**Note 7 - Pension Plans**

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**School Employees Retirement System of Ohio**

Plan Description

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10%. The remaining 0.90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the years ended June 30, 2014, 2013, and 2012 were \$492,552, \$470,688, and \$449,856, respectively; 83% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

**State Teachers Retirement System of Ohio**

Plan Description

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution, or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

Plan Options

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits

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

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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DC Plan Benefits

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

Combined Plan Benefits

Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

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

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

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

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

Funding Policy

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2014, were 11% of covered payroll for members and 14% for employers. The School District's contributions to

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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STRS for the years ended June 30, 2014, 2013, and 2012 were \$1,642,404, \$1,584,876, and \$1,582,596, respectively; 84% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

**Note 8 - Post Employment Benefits**

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**School Employees Retirement System of Ohio**

Plan Description

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

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 depending on their income; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation was 0.74%. School District contributions for the year ended June 30, 2014, 2013 and 2012 were \$26,035, \$24,879, and \$24,421, respectively, which equaled the required contributions each year.

Health Care Plan

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

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

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2014, the health care allocation was 0.16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012 were \$5,629, \$5,379, and \$45,950, respectively; 83% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

**State Teachers Retirement System of Ohio**

Plan Description

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

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

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

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

Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2014, 2013 and 2012. The 14% employer contribution rate is the maximum rate established under Ohio law. The School District contributions for the years ended June 30, 2014, 2013, and 2012 were \$117,315, \$113,205, and \$113,043, respectively; 84% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

**Note 9 – Employee Benefits**

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**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, Board resolutions and State laws. Eligible classified employees and administrators earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who are not on a twelve-month contract do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of 15 sick days of leave for each year under contract. During regular employment,

**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

sick leave may be accumulated, up to a maximum of 250 days for teachers, 310 days for administrators and 260 days for classified. Upon retirement, severance pay is based upon one-fourth of the accrual of sick days up to a maximum of 50 days for teachers, 60 days for administrators and 45 days for classified.

**Note 10 – Long-Term Obligations**

The changes in the School District's long-term obligations during fiscal year 2014 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due In One Year
Bonds Payable:					
2013 Bonds	\$3,900,000	\$0	\$487,500	\$3,412,500	\$487,500
Capital Lease Payable:					
Copier Lease	193,725	0	110,700	83,025	83,025
	4,093,725	0	598,200	3,495,525	570,525
Compensated Absences	1,072,320	150,150	178,730	1,043,740	149,659
Total Governmental Activities	<u>\$5,166,045</u>	<u>\$150,150</u>	<u>\$776,930</u>	<u>\$4,539,265</u>	<u>\$720,184</u>

In fiscal year 2013, the School District issued \$3,900,000 in bonds. The bonds have an interest rate of 2.05% and will mature on December 1, 2020.

In prior years, the School District has entered into a capital lease for copiers. The lease for the copiers meet the criteria of a capital lease, which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. The capital assets (equipment) acquired under the capital lease for the copiers totaled \$553,500. The copier lease matures in March 2015.

All general obligation debt is supported by the full faith and credit of the School District. Lease-purchase agreement and copier lease payments will be made from the General Fund. Bond payments (and the payoff for the lease-purchase agreement) will be made from the Debt Service Fund. Compensated absences will be paid from the fund from which the employees' salaries are paid.

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**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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Principal and interest requirements to retire general obligation debt outstanding at year end are as follows:

**General Obligation Bonds**

Fiscal Year Ending June 30	Bond Principal	Bond Interest	Total
2015	\$487,500	\$64,959	\$552,459
2016	487,500	54,965	542,465
2017	487,500	44,972	532,472
2018	487,500	34,979	522,479
2019	487,500	24,985	512,485
2020-2021	975,000	19,987	994,987
<b>Total</b>	<b>\$3,412,500</b>	<b>\$244,847</b>	<b>\$3,657,347</b>

The following is a schedule of future minimum lease payments under the copier lease, together with the net present value of the minimum lease payments as of June 30, 2014:

Fiscal Year Ending June 30	Principal
2015	83,025
Present Value of Minimum Lease Payments	<u>\$83,025</u> *

\*Non-interest bearing lease

**Note 11 – Jointly Governed Organizations / Insurance Purchasing Pool**

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*The Great Oaks Institute of Technology and Career Development*

The Great Oaks Institute of Technology and Career Development (Great Oaks), a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school district's elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Great Oaks was formed for the purpose of providing vocational education opportunities to the students of the member school districts, which includes the students of the School District. The School District has no ongoing financial interest in or responsibility for Great Oaks. To obtain financial information, write to Great Oaks at 3254 East Kemper Road, Cincinnati, Ohio 45241.

*Hamilton/Clermont Cooperative Association*

The Hamilton/Clermont Cooperative Association (HCCA) was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the member schools of the two county consortium supports HCCA based upon per pupil charge dependent upon the software package utilized.



**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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HCCA is governed by a board of directors consisting of the superintendents of member school districts. The degree of control exercised by any participating School District is limited to its representation on the Board. To obtain financial information, write to HCCA, at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

*Greater Cincinnati Insurance Consortium*

The School District is a member of the Greater Cincinnati Insurance Consortium (GCIC) which is a group insurance consortium. The consortium has 14 member schools and provides a wide range of group insurance benefits to each member schools employees and dependents and designated beneficiaries. The purpose of the consortium is to establish and maintain a fund to provide and/or purchase health insurance, dental insurance, life insurance and other insurance benefits to employees, their dependents and designated beneficiaries. The consortium is governed by a Board of Directors made up from one representative of each school district/service center.

**Note 12 – Contingencies**

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**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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2014.

**Litigation**

The School District is party to legal proceedings. The School District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

**Note 13 – Required Set-Asides**

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

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

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**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

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	<u>Capital Acquisition</u>
Set Aside Reserve Balance as of June 30, 2013	\$0
Current Year Set Aside Requirements	357,540
Qualified Disbursements	<u>(1,614,363)</u>
Set Aside Reserve Balance as of June 30, 2014	<u>(\$1,256,823)</u>
Restricted Cash as of June 30, 2014	<u>\$0</u>

Carried Forward to FY2015

Since the School District had offsets and qualifying disbursements during the year that reduced the set aside amount for capital acquisitions to below zero, these extra amounts may not be used to reduce the set aside requirements of future years. The excess qualifying disbursements of the capital improvement set-aside may not be used to reduce the capital improvement set aside requirements of future years.

**Note 14 – Deficit Fund Balances**

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The following governmental funds had deficit fund balances at June 30, 2014:

	<u>Amounts</u>
Other Governmental Funds:	
Title VI-B	54,976
Miscellaneous Federal Grants	49,298
Title I	74,291

These deficit balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Note 15 – Fund Balances**

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

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**Norwood City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2014**

Fund Balances	General	Capital Projects	Other Governmental Funds	Total
<b>Nonspendable:</b>				
Permanent	\$0	\$0	\$20,000	\$20,000
<b>Total Nonspendable</b>	0	0	20,000	20,000
<b>Restricted for:</b>				
Local Grant	0	0	31,135	31,135
District Managed Student Activity	0	0	38,664	38,664
Career Development	0	0	769	769
Educational Management Information Syst	0	0	132,061	132,061
Miscellaneous State Grants	0	0	4,398	4,398
Title III	0	0	131	131
Capital Improvements	0	2,000,175	0	2,000,175
Special Revenue	0	0	45,894	45,894
Auxillary Service	0	0	26,034	26,034
K-12 Network Subsidy	0	0	6,000	6,000
High Schools that Work	0	0	884	884
Race to the Top	0	0	4,417	4,417
Preschool	0	0	1,200	1,200
<b>Total Restricted</b>	0	2,000,175	291,587	2,291,762
<b>Assigned to:</b>				
Encumbrances	384,266	0	0	384,266
Capital Improvements	0	829,703	0	829,703
Permanent	0	0	26,046	26,046
<b>Total Assigned</b>	384,266	829,703	26,046	1,240,015
<b>Unassigned (Deficit)</b>	7,047,440	0	(178,565)	6,868,875
<b>Total Fund Balance</b>	<u>\$7,431,706</u>	<u>\$2,829,878</u>	<u>\$159,068</u>	<u>\$10,420,652</u>

**Note 16 – Change in Accounting Principles**

The District adopted the provisions of GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement Number 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the District.

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Norwood City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2014

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$14,378,247	\$14,834,945	\$14,835,084	\$139
Revenue in lieu of taxes	522,947	539,557	539,562	5
Tuition and Fees	166,383	171,667	171,669	2
Investment Earnings	10,818	11,162	11,162	0
Intergovernmental	10,551,662	10,886,815	10,886,917	102
Extracurricular Activities	49,610	51,186	51,186	0
Other Revenues	188,932	194,933	194,935	2
<b>Total Revenues</b>	<b>25,868,599</b>	<b>26,690,265</b>	<b>26,690,515</b>	<b>250</b>
Expenditures:				
Current:				
Instruction:				
Regular	11,722,658	11,630,246	11,301,318	328,928
Special	3,481,645	3,454,199	3,356,507	97,692
Other	1,149,989	1,140,924	1,108,656	32,268
Support Services:				
Pupil	1,550,454	1,538,231	1,494,727	43,504
Instructional Staff	453,907	450,329	437,593	12,736
General Administration	19,361	19,208	18,665	543
School Administration	1,710,595	1,697,110	1,649,112	47,998
Fiscal	594,236	589,552	572,878	16,674
Operations and Maintenance	2,610,132	2,589,556	2,516,318	73,238
Pupil Transportation	623,815	618,898	601,394	17,504
Central	179,437	178,023	172,988	5,035
Extracurricular Activities	415,697	412,420	400,756	11,664
<b>Total Expenditures</b>	<b>24,511,926</b>	<b>24,318,696</b>	<b>23,630,912</b>	<b>687,784</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,356,673</b>	<b>2,371,569</b>	<b>3,059,603</b>	<b>688,034</b>
Other Financing Sources (Uses):				
Advances In	99,845	103,016	103,017	1
Advances (Out)	(255,206)	(253,194)	(246,033)	7,161
Transfers (Out)	(667,283)	(662,022)	(643,299)	18,723
<b>Total Other Financing Sources (Uses)</b>	<b>(822,644)</b>	<b>(812,200)</b>	<b>(786,315)</b>	<b>25,885</b>
<b>Net Change in Fund Balance</b>	<b>534,029</b>	<b>1,559,369</b>	<b>2,273,288</b>	<b>713,919</b>
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	1,946,928	1,946,928	1,946,928	0
<b>Fund Balance - End of Year</b>	<b>\$2,480,957</b>	<b>\$3,506,297</b>	<b>\$4,220,216</b>	<b>\$713,919</b>

See accompanying notes to the required supplementary information.

**Norwood City School District**  
**Notes to the Required Supplementary Information**  
**For The Year Fiscal Ended June 30, 2014**

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**Note 1 - Budgetary Process**

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All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. During the course of fiscal 2013, the District amended its budget at several times, however none were significant.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2014.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Board during the year. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

**Norwood City School District**  
**Notes to the Required Supplementary Information**  
**For The Year Fiscal Ended June 30, 2014**

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5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$3,084,762
Revenue Accruals	(1,116,769)
Expenditure Accruals	958,029
Advances In	103,017
Advances Out	(246,033)
Encumbrances	(506,751)
Funds Budgeted Elsewhere	<u>(2,967)</u>
Budget Basis	<u><u>\$2,273,288</u></u>

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**NORWOOD CITY SCHOOL DISTRICT**



**Single Audit Reports**

**June 30, 2014**





**NORWOOD CITY SCHOOL DISTRICT**  
**SCHEDULE OF FEDERAL AWARDS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
School Breakfast Program	3L70	10.553	\$170,382	\$0	\$170,382	\$0
National School Lunch Program	3L60	10.555	586,666	20,614	586,666	20,614
Summer Food Service Program for Children	3L60	10.559	37,980	0	37,980	0
Total Nutrition Cluster			<u>795,028</u>	<u>20,614</u>	<u>795,028</u>	<u>20,614</u>
State Administrative Expenses for Child Nutrition	XXXX	10.560	10,105		10,105	
Total U.S. Department of Agriculture			<u>805,133</u>	<u>20,614</u>	<u>805,133</u>	<u>20,614</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Special Education-Grants to States	3M20	84.027	462,801	0	551,234	0
Special Education-Preschool Grants	3C50	84.173	100	0	3,260	0
Total Special Education Cluster			<u>462,901</u>	<u>0</u>	<u>554,494</u>	<u>0</u>
Twenty First Century Community Learning Center	3Y20	84.287	318,166	0	367,111	0
Improving Teacher Quality	3Y60	84.367	166,280	0	153,225	0
Title I Grants to Local Educational Agencies	3M00	84.010	983,825	0	1,126,276	0
English Language Acquisition Grants	3Y70	84.365	35,652	0	36,953	0
Race to the Top - ARRA	3FD0	84.395	114,285	0	145,620	0
Passed Through Great Oaks Institute of Technology and Career Development						
Career & Technical Education Basic Grants to States	GO11	84.048	6,000	0	7,020	0
Total Department of Education			<u>2,087,109</u>	<u>0</u>	<u>2,390,699</u>	<u>0</u>
Total Federal Assistance			<u>\$2,892,242</u>	<u>\$20,614</u>	<u>\$3,195,832</u>	<u>\$20,614</u>

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

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

To the Board of Education  
Norwood City School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Norwood City School District (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 2014, wherein we noted the District adopted GASB No. 65 as disclosed in Note 16.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.

Cincinnati, Ohio

November 21, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Education  
Norwood City School District

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

We have audited the Norwood City School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the

auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 21, 2014, which contained unmodified opinions on those financial statements, wherein we noted the District adopted GASB No. 65 as disclosed in Note 16. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
Cincinnati, Ohio  
November 21, 2014

**NORWOOD CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

**Section I – Summary of Auditor’s Results**

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any material reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were the any other significant control deficiencies reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under Section .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	Special Education Cluster: Grants to State - CFDA #84.027 Preschool Grants - CFDA #84.173 21st Century CFDA #84.287
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**NORWOOD CITY SCHOOL DISTRICT**  
**June 30, 2014**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
***OMB CIRCULAR A-133***

The Norwood City School District had no prior audit findings or questioned costs.

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# Dave Yost • Auditor of State

**NORWOOD CITY SCHOOL DISTRICT**

**HAMILTON 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  
DECEMBER 23, 2014**