



Dave Yost • Auditor of State

**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

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**Northwest Local School District
Hamilton County**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster:			
<i>Non-Cash Assistance (Food Distribution)</i>			
National School Lunch program	10.555	n/a	\$ 345,382
<i>Cash Assistance</i>			
School Breakfast Program	10.553	3L70	603,553
National School Lunch Program	10.555	3L60	<u>2,109,993</u>
<i>Cash Assistance Subtotal</i>			<u>2,713,546</u>
Nutrition Cluster Total			<u>3,058,928</u>
Total U.S. Department of Agriculture			<u>3,058,928</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education</i>			
Title I, Part A	84.010	3M00	2,536,861
Special Education Cluster:			
Special Education - Grants to States	84.027	3M20	2,428,688
Special Education - Preschool Grants	84.173	3C50	<u>25,599</u>
Special Education Cluster Total			<u>2,454,287</u>
English Language Acquisition Grants	84.365	3Y70	62,328
Improving Teacher Quality State Grants	84.367	3Y60	238,516
Total U.S. Department of Education			<u>2,755,131</u>
Total Expenditures of Federal Awards			<u>\$ 8,350,920</u>

The accompanying notes are an integral part of this schedule.

**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE D - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



Dave Yost • Auditor of State

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

Northwest Local School District
Hamilton County
3240 Banning Road
Cincinnati, Ohio 45239

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Local School District, Hamilton County, Ohio (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001.

School's Responses to the Finding

The School's responses to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the School's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

December 20, 2017



Dave Yost • Auditor of State

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

Northwest Local School District
Hamilton County
3240 Banning Road
Cincinnati, Ohio 45239

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Northwest Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Northwest Local School District's major federal programs for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Northwest Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

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

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Northwest Local School District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 20, 2017. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Dave Yost
Auditor of State

Columbus, Ohio

December 20, 2017

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**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Title I - CDFA #84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

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

FINDING NUMBER 2017-001

FINDING FOR RECOVERY

On June 27, 2016, the District's Board of Education approved the 2016-2017 Student Activities Handbook. The handbook reported duties of the sponsor and procedures for fundraisers including steps to follow before the sale, during the sale, and after the sale. Per the handbook, the sponsor was responsible for preparing annual budgets and purpose statements for their activity. Before the sponsor proceeded with a fundraiser it needed to be accounted for in the budget and the sponsor needed to complete a Sales Project Requisition form and have it approved by their building principal, Superintendents designee, and the Treasurer. The sponsor was not allowed to proceed or order any merchandise until the Sales Project Requisition form was approved. In addition, the handbook reported nothing should be bought without a purchase order. During the sale, the sponsor was responsible for collecting and depositing all money with the building secretary in a timely manner; keeping accurate records as to the number of items sold and merchandise remaining in inventory; and keeping accurate records of students with outstanding money or merchandise. After the sale, the sponsor was responsible for completing the Sales Project Requisition form; attaching an itemized recap listing of items sold at the proposed sale price, and documenting any items unsold; and returning the signed form to the Treasurer's office, along with any remaining product within one week of the close of the sale.

On February 24, 2017, the District was contacted by Great American Savings regarding an outstanding invoice totaling \$5,100 which included a \$100 late fee and which was related to coupon books sold for a fundraiser conducted by the Colerain High School girls' basketball team sponsored by the coach Bernard Caldwell. The District did not have a purchase order with Great American Savings for this fundraiser so they contacted Mr. Caldwell and conducted an internal review. We reviewed the District's internal review, interviewed Mr. Caldwell, and reviewed documentation related to the fundraiser.

On August 15, 2016, Mr. Caldwell entered into a program agreement with Great American Savings and agreed to order 400 coupon books. The coupon books were to be sold during the period of November 10, 2016 through December 10, 2016. The retail price of the coupon books was \$25 per book and the group would earn a 50% profit.

After the fundraiser was completed, Mr. Caldwell signed a 'Closeout Report' with Great American Savings. The report stated Mr. Caldwell agreed 400 units were sold and \$5,000 was due to Great American Savings and the group was to receive a profit of \$5,000.

Mr. Caldwell did not complete an annual budget, did not complete a sales project requisition form, and did not obtain a purchase order prior to entering into the agreement with Great American Savings.

During the District's investigation into this matter, Mr. Caldwell provided to the District 'Team Goal Sheets' prepared by the students and the coaches during the sale of the coupon books. The sheets reported the students and coaches sold 267 coupon books. Mr. Caldwell returned 34 unsold coupon books to the District during their internal investigation, resulting in 99 coupon books unaccounted for. Mr. Caldwell admitted he did not keep an accurate record of the items sold; the merchandise remaining in inventory; and students or coaches with outstanding money or inventory. Also, Mr. Caldwell did not complete the sales project requisition form after the sale as required and did not return the remaining product within one week of the close of the sale.

**FINDING NUMBER 2017-001
(Continued)**

Mr. Caldwell told us coupon books were paid by checks and cash. He stated all checks received for the sale of coupon books were submitted to the Athletic Department secretary and were collected by the Colerain Boosters.

We obtained a report from the Colerain Boosters which reported they deposited \$1,940 related to the sale of coupon books and the monies were used to purchase items for the girls' basketball team. On May 22, 2017, the District requested the Colerain Boosters to issue a payment to the District for the \$1,940 collected for the sale of coupon books. On May 25, 2017, the Colerain Boosters issued a check totaling \$1,940 to the District and the monies were deposited and posted to the District's Athletic fund.

Mr. Caldwell told us all cash collected from the sale of coupon books was deposited on a prepaid debit card by him and used to purchase items for the girls basketball team. Mr. Caldwell provided the District with copies of invoices for items purchased at Eastbay with a credit card or debit card; however, Mr. Caldwell was unable to provide us with the account number for the prepaid debit card and was unable to provide supporting documentation of how much cash was collected and deposited on the prepaid debt card. We repeatedly attempted to contact Mr. Caldwell for the prepaid debit card, which he stated he had in his possession. Mr. Caldwell has never provided us with the prepaid debit card. As a result we were never able to confirm the deposit of cash or the purchase of items for the girls' basketball team with the prepaid debit card.

Based on the information presented above, as it relates to the vendor, we determined Mr. Caldwell is responsible for all 400 coupon books because he asserted in the closeout report with the vendor he sold all 400 coupon books. As a result, the vendor is owed \$5,000. We determined Mr. Caldwell is responsible for 366 coupon books (267 documented as sold, plus 99 unaccounted for) in relation to the District because he returned 34 unsold coupon books to the District. Since the District received \$1,940 from the Colerain Boosters related to the sale of coupon books we determined the District is owed \$2,635 related to the 366 coupon books that were either sold or unaccounted for. In addition, Mr. Caldwell is responsible for the \$100 late fee charged by the vendor because he did not properly collect and deposit the monies with the District and resulted in the vendor not being paid and incurring a late charge.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies collected but unaccounted for may be hereby issued against Bernard Caldwell in the amount of \$7,735, and in favor of District's Athletic Fund.

Officials' Response:

The District identified there was an issue and initiated the request for the special audit.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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3240 Banning Road
Cincinnati, OH 45239
(513) 923-1000
www.nwlsd.org

Pam Detzel, President
Bob Engel, Vice President
Jim Detzel, Member
Mark Gilbert, Member
Joe Yoshimura, Member

BOARD

Todd D. Bowling, Superintendent
Amy M. Wells CPA, CBM, CFO/Treasurer

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

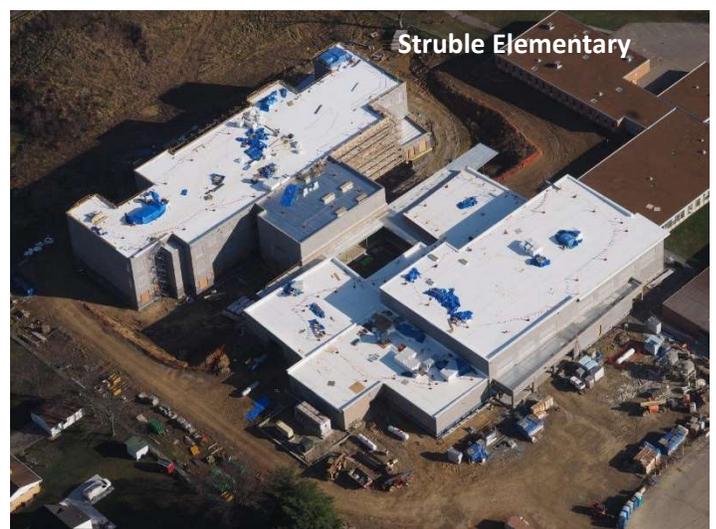
Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	In the case of this finding the activity group had not submitted required budget and/or fundraising paperwork to authorize activities for the school year. For the 2017-2018 school year the District assigned building administrators to preside over the student activity groups. At the start of the 2018-2019 school year the Treasurer's Office will be notifying those Activity Administrators, as well as, the building principal and financial secretarial staff if there are any groups that did not submit paperwork to authorize activities in the school year. This will be a live Google document that will continue to be updated and accessible at any point in time. The buildings will then be aware if a non-authorized group is performing a fundraiser. The district already has in place a fundraising calendar that can be viewed at any time.	March 31, 2018	Elizabeth Whitt, Accounting Supervisor

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Building Northwest



NORTHWEST LOCAL SCHOOL DISTRICT

CINCINNATI, OHIO

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Northwest Local School District
Cincinnati, Ohio

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

Prepared by the
Office of the Treasurer
Amy M. Wells, CFO/Treasurer

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Northwest Local School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

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Introductory Section

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NORTHWEST LOCAL SCHOOL DISTRICT

3240 Banning Road Cincinnati, OH 45239 513-923-1000 Fax: 513-923-3644

BOARD:

Pamela Detzel, President

Michael Harlow, Vice President

Jim Detzel, Member

Bob Engel, Member

Chris Heather, Member

Todd Bowling, Superintendent

Amy M. Wells, CFO/Treasurer

December 20, 2017

***To The Citizens and Board of Education
of the Northwest Local School District:***

The Comprehensive Annual Financial Report (CAFR) of the Northwest Local School District (School District) for the fiscal year ended June 30, 2017 is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from the Auditor of the State of Ohio and conforms to generally accepted accounting principles as applicable to governmental entities. The responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, is with the School District. This report will provide the taxpayers of the Northwest Local School District with comprehensive financial data in a format which will enable them to gain an understanding of the School District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions, and other interested parties. The CAFR is also available on the Treasurer's page on the Northwest Local School District website (<http://www.nwlsd.org>).

The School District provides a full range of traditional and non-traditional educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory, and career technical levels; a broad range of cocurricular and extracurricular activities; adult and community education offerings; special education programs and facilities; and community recreational facilities.

The School District receives pass through grants from the State and distributes these grants to parochial/private schools located within the School District. This activity is included within the School District's financial records as the Auxiliary Services Special Revenue Fund because of the School District's administrative involvement in the program. The parochial/private schools served are Our Lady of Grace, St. Bernard, St. Ignatius, St. James, St. Joseph Villa, and St. John Elementary Schools, LaSalle High School, Heaven's Treasures Academy, and Beautiful Savior Lutheran School. While these organizations share operations and services similar with the School District, each is a legally separate and distinct entity. Because of their independent nature, none of these organizations are included in this report.

ECONOMIC CONDITION AND OUTLOOK

The School District is located in southwestern Ohio, in a suburb of Cincinnati, in the northwest part of Hamilton County. Our School District is comprised of three Townships – Colerain, Green, and Springfield – as the backbone of most of our schools. Approximately 71 percent of the School District’s tax base is residential properties with very little agriculture; the remainder is composed of a wide range of manufacturing, commercial, and other business properties. The overall economic outlook for the area is stagnant under the current economic conditions. Unemployment rates are consistent with national averages. Real estate values are lower than anticipated while optimism for recovery is growing.

With the School District located in a large metropolitan area, many of the residents are employed in or near the School District. With many large employers such as Kroger, Proctor & Gamble Co., Children’s Hospital, and many more, employment opportunities exist in many job fields. On average our residents have above average household incomes, thus giving us opportunities for additional financial support. This support was proven by the passage of a new levy on November 3, 2015.

Although we have realized declining enrollment over the years, this decline has slowed with the potential of increasing once again. Many of our residents are life-long and their children may follow the same tradition of staying in the community. Some of our population data is showing an upward trend in our public education student population. We share our School District boundaries with nine non-public schools with many more within a thirty minute commute thus allowing for a transient school population.

The School District is continually challenged by the responsibility bestowed upon it by the community at large. We are always striving to provide the very best opportunities to every student, while carefully guarding the School District’s resources.

THE SCHOOL DISTRICT AND ITS FACILITIES

The School District is located in Hamilton County, approximately 12 miles from downtown Cincinnati, Ohio, and covers an area of 56 square miles. It serves pupils from Colerain, Green, and Springfield Townships, with Colerain Township serving as its nucleus. Since 1960, the growth pattern in the School District has been steady.

The School District now houses 8,723 students in two high schools, three middle schools, eight elementary schools, one preschool, and two career centers. Each high school has an on-campus career center offering such programs as word processing, accounting and computing, data processing, diesel mechanics, machine tool technology, facilities management, and electronics offered by Butler Tech. Students also can attend off-site career technical programs offered by Butler Tech.

<i>Constructed</i>	<i>School/Address</i>	<i>June 2017 Enrollment</i>
1923	Colerain Elementary 4850 Poole Road	904
1932	Colerain Middle School 4700 Poole Road	573
1959	Struble Elementary 2760 Jonrose Avenue	429
1960	Taylor Elementary 3173 Springdale Road	562

<i>Constructed</i>	<i>School/Address</i>	<i>June 2017 Enrollment</i>
1961	White Oak Middle School 3130 Jessup Road	728
1961	Pleasant Run Elementary 11765 Hamilton Avenue	462
1964	Colerain High School 8801 Cheviot Road	1,912
1965	Weigel Elementary 3242 Banning Road	450
1969	Pleasant Run Middle 11770 Pippin Road	710
1972	Northwest High School 10761 Pippin Road	897
1977	Welch Elementary 12084 Deerhorn Drive	425
2000	Monfort Heights Elementary 3711 West Fork Road	671

Houston Elementary School is closed. It is now the Houston Early Learning Center and Conference Center.

Welch, Struble and Taylor are primary schools with grades K through 2.

Pleasant Run Elementary and Weigel Elementary are intermediate schools with grades 3 through 5.

Bevis Elementary closed in fiscal year 2014, demolished in fiscal year 2018.

ORGANIZATION OF THE SCHOOL DISTRICT

The Board of Education is a 5 member body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code. The Board serves as the taxing authority, contracting body, and policy maker, and ensures that all the general laws of the State of Ohio are followed in the expenditures of the School District's tax dollars and approves the annual appropriation resolution and tax budget.

With the new approved bond levy, Welch and Taylor will be combined, as well as Weigel and Struble, to bring all our elementary buildings to K through 5 buildings. Welch and Weigel will be closed for school starting August 2018.

The Board members represent a cross section of professions in the community. The board members on June 30, 2017 were as follows:

<i>Board Member</i>	<i>Began Service</i>	<i>Term Expires</i>	<i>Profession</i>
Pamela Detzel	January 1998	December 2021	Business Owner
Bob Engel	January 2016	December 2019	Retired, NWLSD
Chris Heather	January 2014	December 2017	Psychiatric Nurse Practitioner
Jim Detzel	January 2008	December 2019	Business Owner
Michael Harlow	January 2014	December 2017	Consultant

The Superintendent is the Chief Executive Officer of the School District, responsible directly to the Board for all educational and support operations. Mr. Todd Bowling was appointed as Superintendent on July 1, 2015. Mr. Bowling grew up and attended school in the School District and started his career as a teacher for the School District. In 1997, Mr. Bowling left the School District and became an elementary school principal and Director of Elementary and Secondary Education for Mt. Healthy City Schools. In 2007, Mr. Bowling rejoined the District when he became the principal of Northwest High School. In 2013, Mr. Bowling became the Director of Business Services for the School District. Mr. Bowling received his Bachelor’s degree from the University of Dayton. He also has his Master’s degree from the University of Cincinnati and his Superintendents license from Xavier University.

The Treasurer is the Chief Financial Officer of the School District, responsible directly to the Board of Education for maintaining all financial records, issuing all payments, maintaining custody of all School District funds and assets, and investing idle funds as specified by Ohio Law. Ms. Amy M. Wells was appointed the CFO/Treasurer of the School District in January 2015. Prior to becoming the School District’s Treasurer, Ms. Wells was the CFO/Treasurer for Bethel-Tate Local School District from 2004 to 2014. Additionally, Ms. Wells was an auditor for the Auditor of the State of Ohio from 1999 to 2003. Ms. Wells holds a Bachelor’s degree in Accounting and Management from the University of Cincinnati and is a Certified Public Accountant and Certified Business Manager.

EMPLOYEE RELATIONS

The School District currently has approximately 1,078 full-time and 2 part-time employees. The number of employees has increased over the past year due to the hiring of Title I assistants in the place of tutors. During the 2017 fiscal year, the School District paid \$49,054,291 in salaries and wages and \$17,352,487 in fringe benefits, such as retirement contributions, Medicare taxes, workers’ compensation, and life, dental and health benefits, from its General Fund.

The School District’s teachers are represented for collective bargaining purposes by the Northwest Association of Educators (NAE). The School District has a three year collective bargaining agreement with NAE which expires June 30, 2020. The School District’s transportation employees are represented for collective bargaining purposes by the Ohio Association of Public School Employees (OAPSE). The School District has a three year collective bargaining agreement with OAPSE which expires June 30, 2018.

SERVICES PROVIDED

The School District provides a wide variety of educational and support services, as mandated by the Ohio Revised Code or board directives.

Transportation is provided for 7,282 students each day. The School District fleet of 96 buses travels over 6,506 miles each day transporting 75 school bus routes to 21 different sites. In addition to making more than 512 daily runs, the department transported both public and non-public students on 1,640 extracurricular trips during the year.

The food service department served 811,092 plate lunches through the School District's 13 kitchens. This is accomplished through the full operation of 11 kitchens and 2 satellite sites. Beginning in the school year 2014-2015, a reimbursable breakfast program became available in all 13 of the School District's schools.

In addition to transportation and school lunch support services, students in the School District also receive guidance, psychological, and limited health services free of charge. The guidance services are designed to help students match their natural skills with vocational and/or academic programs to help them achieve their full potential in life. Psychological services include the testing and identification of students for special education programs.

Limited health services are provided by health assistants at each of the 12 school sites under the supervision of a licensed school nurse.

The School District offers regular instructional programs daily to students in grades K through 12. There are 1,324.10 full-time equivalency students in the specific trades through career technical education. Over 1,287 students receive special services due to physical or mental handicapping conditions. In grades 4 through 8, approximately 216 students participated in the gifted program. The School District presented 695 high school diplomas in 2017.

MAJOR CURRENT AND FUTURE INITIATIVES

The following is the Mission Statement of the Board that is the guiding force for all initiatives acted upon by the Board:

Mission

The Northwest Local School District will create a responsive learning community where all students are valued, challenged, and guided along a pathway to success.

Beliefs

- We believe that it is our responsibility to respond to each student to ensure learning and growth.
- We believe that students and staff thrive in an environment that is trusting, safe, and provides hope on a daily basis.
- We believe that collaborative relationships and high expectations are paramount to our success.
- We believe that community engagement is essential for the success of our school district.

Vision

The Northwest Local School District, through focusing on specific strategies aligned to student performance, will ensure all students have a positive experience, make more than a year's worth of academic progress, and are prepared for success beyond graduation. Evidence of this will be indicative of a "B" on Performance Index (above 97), obtain a "C" on achievement indicators (minimum of 16 of 22 indicators), and score over 80% satisfaction on student and staff surveys by the end of the 2021-22 school year.

<u>Goal 1:</u> The Northwest Local School District will achieve a performance index of 84 points or better for the 2017-18 school year as reported on the Local Report Card.	<u>Goal 2:</u> The Northwest Local School District will promote a positive, safe, and responsive culture and climate for all students and staff as measured by district developed benchmarks for students and staff.
Performance index will improve when we understand and implement differentiation at a high level in our classrooms.	Climate and culture will improve when restorative practices are evidenced within classroom, school, and community interactions.
Performance index will improve when data-driven instructional decisions are made based on formative assessments during TBTs and BLTs.	Climate and culture will improve when we embrace cultural competency and equity and actively commit to addressing disparities within our organization.
Performance index will improve when Problem Based Learning is embedded in classroom instruction.	
Performance index will improve when we move from using technology to enhance learning and begin using it to transform learning.	

CURRICULUM AND INSTRUCTION

The Northwest Local School District offers rigorous academic programs and relevant educational experiences as we work to prepare our students for the 21st century and beyond. A variety of educational opportunities are available for students including Advanced Placement, dual enrollment through College Credit Plus, gifted programs, special education services, and career technical programs through a partnership with Butler Tech.

The School District has adopted the Ohio Learning Standards and increased the rigor of curriculum, instruction, and assessment. School District teachers and administrators have collaborated to develop detailed curriculum documents for all grades and subjects that identify key learning goals as well as scales to evaluate attainment of these goals. There has been a significant increase of technology being used to improve teaching and learning as well as the addition of a grade 6-12 Bring Your Own Device (BYOD) policy for the 2016-2017 school year. Our high schools are proud to offer a variety of Advanced Placement courses and our partnership with the University of Cincinnati allows us to offer 13 dual enrollment courses on-site.

The School District offers eLearning opportunities for students, including online and blended courses. For the 2016-2017 school year, the School District has been awarded a Straight A grant allowing us to train teachers in coding through the University of California-Davis. This exciting C-STEM program is being offered to over 180 middle school students this year. K through 12 teachers throughout the School District are using newly adopted Social Studies materials designed to promote mastery of the Ohio Learning Standards. Throughout the 2016-2017 school year, teachers will be reviewing K through 2 English Language Arts resources for possible adoption. A number of intervention programs have been implemented to assist students in their learning of the academic content standards, particularly in the areas of reading and mathematics. Title I Reading and Math Specialists work in collaboration with classroom teachers in using data to plan programming for at-risk learners. Our three middle schools utilize Title I instructional coaches to provide job embedded professional development to teachers.

As a School District, we work to ensure that all decisions are data-driven. Common reading and math assessments (NWEA-MAP) are administered in grades K through 8. Common mid-terms and finals are administered at the high school level. The data from these assessments is used to refine teaching and provide intervention and enrichment for students. The performance of students in various subgroups is particularly studied. We are encouraged by the School District's improvement on the 2015-2016 Local Report Card in the area of Progress. The School District moved from an overall grade of "F" in 2014-2015 to an overall grade of "B" in 2015-2016. The Northwest Local School District is focused on its goal of improving student achievement. We continue to evaluate the programming

needs of our diverse population with the goal of becoming a high performing School District and meeting the needs of ALL students

BUSINESS-SCHOOL PARTNERSHIP PROGRAM

Partners in Education is a program that brings together businesses and schools in order to address specific educational needs. The business-school partnerships are formal, voluntary relationships between one school and one business. Partnerships match available resources with identified needs to meet mutually agreed upon goals and objectives.

Partnerships provide opportunities for students to understand how the basic skills they learn in school are applied in the business world. However, it is not just the schools that benefit from partnerships. Businesses and their employees also gain from this special relationship, as many schools reciprocate with their own projects which help their corporate or industrial partners. Partnerships also give those in the business community insight into the workings of the school and a better understanding of the needs of the educational system.

LONG-RANGE BUILDING AND MAINTENANCE PLANS

The School District maintains a five year building maintenance program. This program is generated through input provided by each building administrator in an annual preventive maintenance checklist. This five year plan provides the School District direction for implementing maintenance and renovation projects and contributes to the financial planning and projection of costs for these projects. The School District finalized a renovation program during the summer of 2012 and 2013. The School District renovated the majority of the top floors of each high school to accommodate Blended Learning Labs for a new instructional initiative. The School District also underwent a School District-wide HB264 Energy Conservation measure during 2013. The school district did major renovations of each high school's Auditorium and Gymnasiums during the summer of 2014. Additional work was done on our elementary buildings that involved roofing and heating issues. In 2015 and 2016, the District completed various roofing and HVAC repairs as well as replacement of the dishwashing equipment at Colerain and Northwest High Schools. Also completed in 2015 was the installation of the new field turf as well as the resurfacing of the track at NWHS. In 2016, new handicap access ramps and seating were installed on the main bleachers at Colerain and Northwest High Schools as well as the addition of a handicap parking lot at Colerain High School. With funds donated by Green Township, the District also completed the construction of a track at White Oak Middle School. In 2017, the track at Colerain High School was resurfaced and new perimeter fencing was installed.

In 2014 the district created an \$86 million Master Facility Plan that determined what schools need renovation versus complete replacement based upon needs and costs. In November, 2015, the community approved a combined bond/operating levy for \$76 million towards the completion of the \$86 million project. \$10 million of Unreserved General Fund monies will be used to complete the project. Also in 2015, the District began the Master Facility projects process by securing legal counsel and criteria architect in order to create the necessary Program of Requirements (POR) which would guide the District throughout the selection process and in ultimately securing Skanska/Megen and SHP as the design/builder. Design proceeded through much of 2016 with groundbreaking occurring in October of the same year. The first projects completed in 2016 were the electrical upgrades and installation of commercial window air conditioners in all classrooms at Colerain Elementary and Middle Schools. In 2017, chilled water piping, coil installation as well as a new chiller plant was completed providing air conditioning to the entire building at White Oak Middle School. Also completed was the electrical service upgrade at Colerain High School which will allow for the installation of a chilled water system in the summer of 2018. Also planned for the summer of 2018 will be the installation of a chilled water system at Pleasant Run Middle School as well as various sidewalk and pavement improvements throughout the District. Currently, the three new buildings are under roof and scheduled to open in August 2018.

FINANCIAL INFORMATION

The School District's accounting system is organized on a "fund" basis. Each fund is a distinct, self-balancing entity. Records for general governmental operations are maintained on a budgetary basis system of accounting as prescribed by State statute. Budgetary basis accounting differs from generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

In developing the School District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from implementation.

The School District utilizes a fully automated accounting system as well as an automated system of control for capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

All funds, other than the agency funds, are legally required to be budgeted and appropriated. At the beginning of each fiscal year, the Board adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, the permanent appropriation measure must be adopted within three months.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are managed at the object account level within a function and fund. All purchase order requests must be approved by the individual program managers and certified by the Treasurer and Business Manager. Necessary funds are then encumbered and purchase orders are released to vendors.

The accounting system used by the School District provides interim financial reports which detail fiscal year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. In addition to interim financial statements, each program manager is furnished monthly reports showing the status of the budget accounts for which he or she is responsible. Each program manager may request additional financial reports during the month when necessary.

As an additional safeguard, all employees involved with receiving and depositing funds are covered by a blanket bond and certain individuals in policy-making roles are covered by a separate, higher bond.

The basis of accounting and the various funds utilized by the School District are fully described in the notes to the basic financial statements. Additional information on the School District's budgetary accounts can also be found in the notes to the basic financial statements.

FINANCIAL CONDITION

The School District prepares financial statements following GASB Statement 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB 34 has basic financial statements for reporting on the School District's financial activities as follows:

Government-wide financial statements – These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by businesses.

Fund financial statements – These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Fiduciary and proprietary funds use the accrual basis of accounting.

Statements of budgetary comparisons – These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this report, management is responsible for preparing a Management’s Discussion and Analysis of the School District. This discussion follows this letter of transmittal, providing an assessment of the School District’s finances for 2017 and the outlook for the future.

INDEPENDENT AUDIT

Provisions of State statute require that the School District’s financial statements be subjected to an annual examination by an independent auditor. The Auditor of the State of Ohio’s unmodified opinion rendered on the School District’s basic financial statements, combining statements, and individual fund schedules, is included in the financial section of this Comprehensive Annual Financial Report. Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The School District adopted and has been in conformance with that system effective with its annual financial report since the 1979 calendar year.

AWARDS

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement to the School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The School District has received this award annual since fiscal year 1991.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

ASBO Certificate of Excellence

The Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting to school districts that publish Comprehensive Annual Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing school business officials.

The School District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2016. The School District has received this award annual since fiscal year 1991. The School District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2017, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

ACKNOWLEDGEMENTS

The preparation of the 2017 Comprehensive Annual Financial Report of the Northwest Local School District was made possible by the combined efforts of the School District's Treasurer's Office and Millhuff-Stang, CPA, Inc. The publication of this Comprehensive Annual Financial Report for the School District is a major step in reinforcing the accountability of the School District to the taxpayers of the community.

Respectfully submitted,



Amy M. Wells
CFO/Treasurer



Todd Bowling
Superintendent

Principal officials as of 6/30/17

Elected Officials

Pamela Detzel	President, Board of Education
Michael Harlow	Vice President, Board of Education
Jim Detzel	Board Member
Bob Engel	Board Member
Chris Heather	Board Member

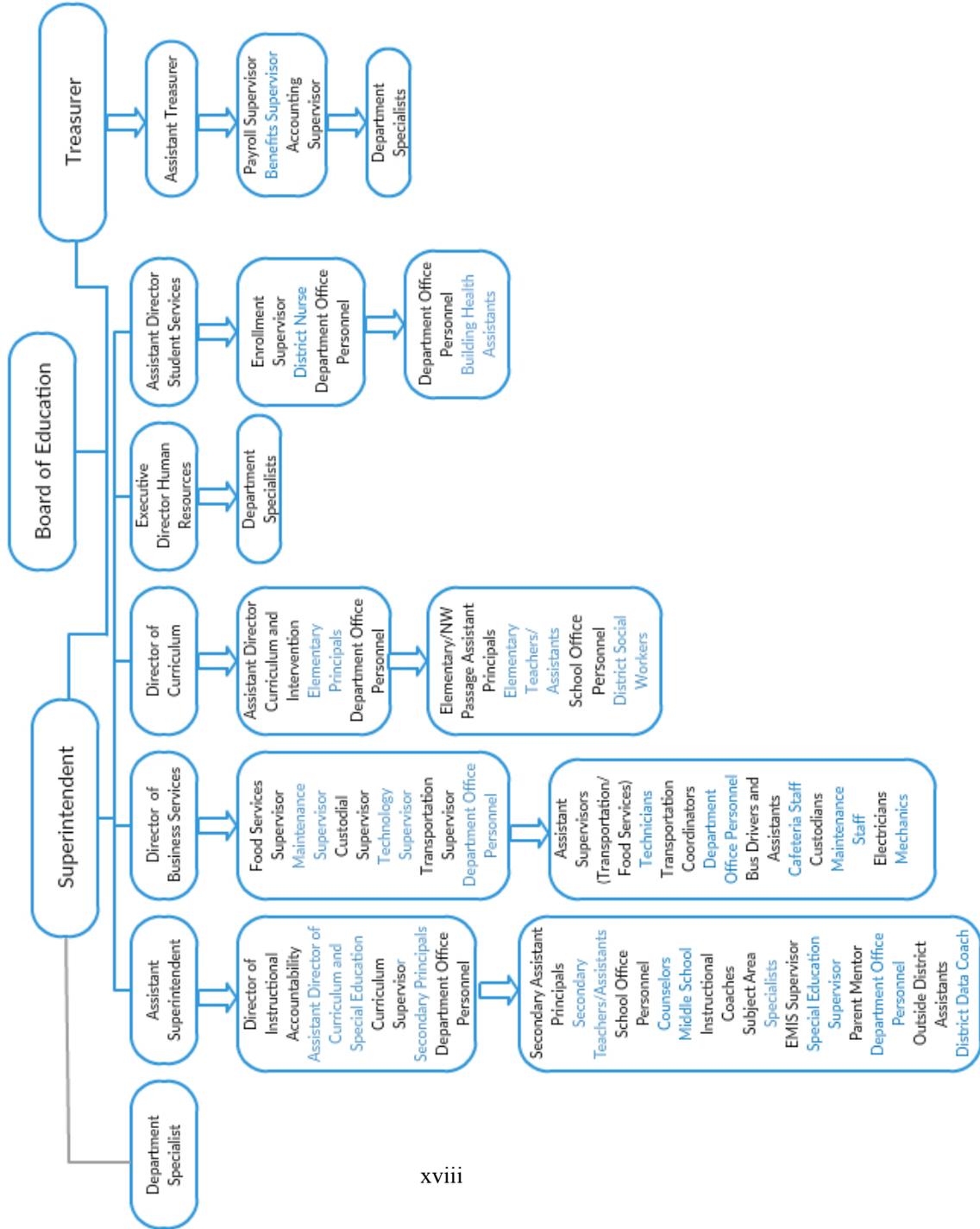
Administrative Office Administrators

Todd Bowling	Superintendent
Amy M. Wells	CFO/Treasurer
Darrell Yater	Assistant Superintendent of Curriculum & Student Services
Stephanie Kessling	Director of Human Resources
Jennifer Blust	Director of Curriculum Services
Chris McKee	Director of Business Operations
Brenda Miller	Director of Instructional Accountability
Pauletta Crowley	Asst. Director Community & Student Services
Heidi Stickney	Asst. Director of Curriculum & Special Education
Kris Lankford	Assistant Treasurer

District Supervisors

Chuck Bostic	Maintenance
Bob Conner	Custodial
Terry Williams	Transportation
Elizabeth Fenimore	Special Education
Sandy Blanck	Special Education
Chevonne Neal	Special Education
Jan Vanderplough	Special Education
Lisa Robison	Food Services
Matt Piening	Enrollment & Attendance Services
Emily Stepaniak	Early Childhood
Matt Fischer	Technology
Jennifer Campbell	Payroll
Elizabeth Whitt	Accounting

Northwest Local School District





Government Finance Officers Association

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

Presented to

**Northwest Local School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

**The Certificate of Excellence in Financial Reporting
is presented to**

Northwest Local School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

Financial Section

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Northwest Local School District
Hamilton County
3240 Banning Road
Cincinnati, Ohio 45239

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error.

In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Local School District, Hamilton County, Ohio, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

December 20, 2017

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Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

The discussion and analysis of Northwest Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's performance.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- General revenues accounted for \$89,773,294, or 78 percent, of total revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$25,240,252, or 22 percent, of total revenues of \$115,013,546.
- The School District had \$112,639,200 in expenses related to governmental activities; \$25,240,252 of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues of \$89,773,294 were available 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 School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. The School District has two major funds: the General Fund and the Building Fund.

Governmental-wide Financial Statements

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2017?" The government-wide financial statements answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position, for the School District as a whole, 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 School 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 School District consists of governmental activities, which are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, interest and fiscal charges, and issuance costs.

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Fund Financial Statements

Information about the School District's major funds is presented in the fund financial statements (see tables of contents). Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

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

Proprietary Funds – The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for self-insured workers compensation. The proprietary fund uses the accrual basis of accounting.

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

The School District as a Whole

As stated previously, the statement of net position looks at the School District as a whole. Table I provides a summary of the School District's net position for fiscal year 2017 compared to fiscal year 2016:

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Table 1
Net Position
Governmental Activities

	<u>2017</u>	<u>2016*</u>
Assets:		
Current and Other Assets	\$177,285,597	\$187,439,727
Capital Assets, Net	<u>49,249,138</u>	<u>35,372,068</u>
Total Assets	226,534,735	222,811,795
Deferred Outflows of Resources:		
Pension	29,725,516	14,092,268
Liabilities:		
Current and Other Liabilities	11,961,458	10,420,053
Long-Term Liabilities:		
Due Within One Year	3,438,409	3,537,440
Due in More Than One Year:		
Other	100,849,459	103,944,526
Net Pension Liability	<u>151,084,634</u>	<u>122,477,633</u>
Total Liabilities	267,333,960	240,379,652
Deferred Inflows of Resources:		
Property Taxes	29,301,224	31,768,028
Payment in Lieu of Taxes	3,585,040	3,888,963
Pension	<u>382,012</u>	<u>7,583,751</u>
Total Deferred Inflows of Resources	33,268,276	43,240,742
Net Position:		
Net Investment in Capital Assets	10,789,591	7,242,252
Restricted	22,153,779	11,483,201
Unrestricted (Deficit)	<u>(77,285,355)</u>	<u>(65,441,784)</u>
Total Net Position	<u>(\$44,341,985)</u>	<u>(\$46,716,331)</u>

*As restated. See Note 22 for additional information.

Current and other assets decreased due to decreased cash in banking and investment institutions due to the spending of some unspent proceeds from last year's bond issuances. Accrued interest also decreased as a result of the decreased cash balances at year-end. Increases in capital assets are the result of construction in progress for building and educational improvements within the School District, as well as technology and bus purchases within the equipment classification. Deferred outflows of resources increased as a result of the increase in amounts related to the School District's proportionate share of the state-wide net pension liability.

Current and other liabilities increased as a result of increases in accounts payable as a result of timing of payments of year-end obligations and in accrued wages and benefits due to timing of pay dates. Long-term liabilities increased significantly between years, due to the increase in the School District's proportionate share of the state-wide net pension liability. This was partially offset by decreases for principal payments on debt obligations. Deferred inflows of resources decreased due to a decrease in amounts related to the School District's proportionate share of the state-wide net pension liability.

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

A portion of the School District's net position, \$22,153,779, 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. Continued budget reductions contributed to the increase in the School District's net position. Net investment in capital assets at June 30, 2017 was \$10,789,591. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's net 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.

Table 2 shows the changes in net position for fiscal years 2017 and 2016.

Table 2
Change in Net Position
Governmental Activities

	<u>2017</u>	<u>2016*</u>
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$7,736,536	\$4,055,706
Operating Grants, Contributions, and Interest	16,676,521	15,675,545
Capital Grants, Contributions, and Interest	827,195	686,733
Total Program Revenues	<u>25,240,252</u>	<u>20,417,984</u>
General Revenues:		
Property Taxes	53,963,275	44,994,812
Grants and Entitlements	31,749,577	32,581,232
Other	4,060,442	5,139,888
Total General Revenues	<u>89,773,294</u>	<u>82,715,932</u>
Total Revenues	115,013,546	103,133,916
Program Expenses:		
Instruction	64,489,519	58,190,257
Support Services:		
Pupils and Instructional Staff	9,261,847	8,505,784
Board of Education, Administration, Fiscal, and Business	10,241,636	8,676,170
Operation and Maintenance of Plant	7,330,410	6,532,591
Pupil Transportation	6,147,488	5,175,348
Central	1,506,627	1,257,223
Operation of Non-Instructional Services	8,054,834	7,252,128
Extracurricular Activities	2,013,256	1,677,146
Debt Service:		
Interest and Fiscal Charges	3,593,583	2,206,248
Issuance Costs	0	606,306
Total Program Expenses	<u>112,639,200</u>	<u>100,079,201</u>
Change in Net Position	2,374,346	3,054,715
Net Position at Beginning of Year	<u>(46,716,331)</u>	<u>(49,771,046)</u>
Net Position at End of Year	<u>(\$44,341,985)</u>	<u>(\$46,716,331)</u>

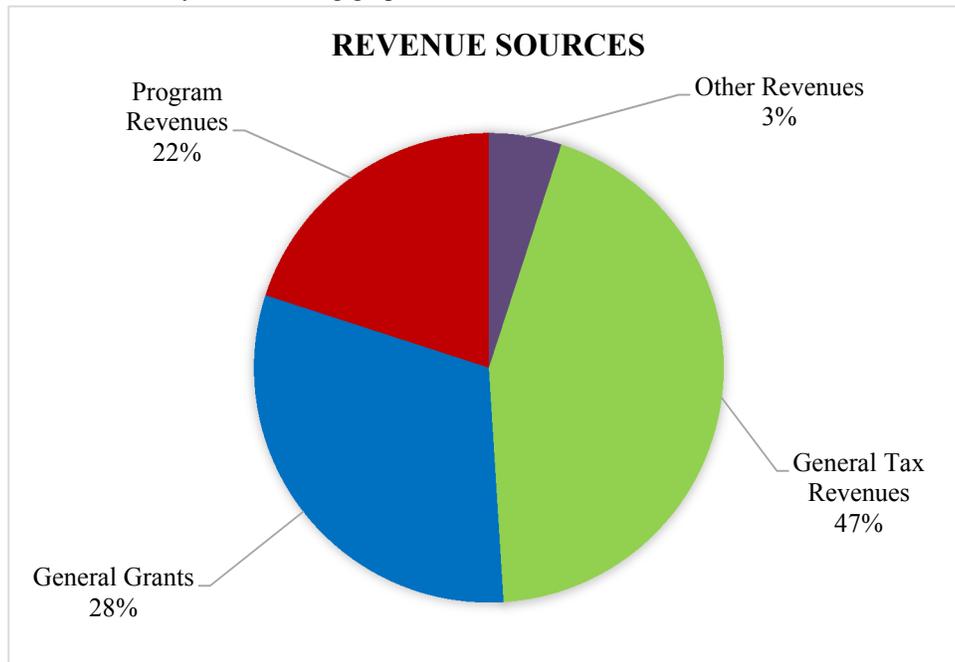
*As restated. See Note 22 for additional information.

Northwest Local School District
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The School District revenues are mainly from two sources. Property taxes levied for general, capital outlay, and debt service purposes and grants and entitlements not restricted to specific programs comprised 75 percent of the School District's revenues for governmental activities.

The School 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 the inflationary increase in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay \$35.00.

Thus Ohio school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up about 47 percent of revenue for governmental activities for the School District in fiscal year 2017. The School District's reliance upon tax revenues is demonstrated by the following graph:



General revenues increased mainly due to an increase in property taxes estimates, amounts available for advance, and delinquencies. These increases were partially offset by a decrease in investment earnings due to decreases in earnings on significant unspent debt proceeds in banks and due to a decrease in fair value of those investments. Unrestricted grants and entitlements remained relatively consistent between years. Program revenues increased between years due to an increase in charges for services and sales, due to an increase in tuition and fees passed through the state foundation from other districts and \$2.4 million in Medicaid money received in fiscal year 2017 for several prior years' settlements, and in operating grants, contributions, and interest, due to an increase in funding in the lunchroom, public school preschool, and IDEA B programs.

Instruction comprises 57 percent of governmental program expenses. Support services expenses were 31 percent of governmental program expenses. Interest and all other expenses were 12 percent. Interest expense was attributable to the outstanding borrowings for capital projects. Instruction and support services increased in total by \$10,640,154, as a result of wage and step increases, increase in expenses for instructional supplies, and expenses for upcapitalizable costs related to ongoing construction projects. Operation of non-instructional services increased because of increased expenses for non-public programs. Interest increased due to the first year of full interest payments on outstanding debt obligations issued in the prior year.

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2017	2016*	2017	2016*
Instruction	\$64,489,519	\$58,190,257	\$51,489,904	\$49,233,558
Support Services:				
Pupils and Instructional Staff	9,261,847	8,505,784	7,726,158	6,642,152
Board of Education, Administration, Fiscal, and Business	10,241,636	8,676,170	9,157,589	7,696,769
Operation and Maintenance of Plant	7,330,410	6,532,591	6,412,255	5,811,188
Pupil Transportation	6,147,488	5,175,348	5,846,327	4,910,213
Central	1,506,627	1,257,223	1,455,684	1,224,898
Operation of Non-Instructional Services	8,054,834	7,252,128	396,170	66,148
Extracurricular Activities	2,013,256	1,677,146	1,321,278	1,263,737
Debt Service:				
Interest and Fiscal Charges	3,593,583	2,206,248	3,593,583	2,206,248
Issuance Costs	0	606,306	0	606,306
Total Program Expenses	<u>\$112,639,200</u>	<u>\$100,079,201</u>	<u>\$87,398,948</u>	<u>\$79,661,217</u>

*As restated. See Note 22 for additional information.

The School District's Funds

The School District has two major governmental funds: the General Fund and the Building Fund. Assets of the General Fund comprised \$80,899,059 (46 percent) of the \$176,704,885 total governmental fund assets. Assets of the Building Fund comprised \$73,586,054 (42 percent).

General Fund – The School District's fund balance at June 30, 2017 was \$41,979,153, including \$33,985,931 of unassigned balance. The primary reason for the \$6,845,609 decrease in fund balance was due to a \$10,000,000 transfer to the Building Fund, which was partially offset by approximately \$2.4 million in Medicaid settlement money received for several prior years during fiscal year 2017.

Building Fund – The School District's fund balance at June 30, 2017 was \$73,007,175, which was all restricted for capital outlay. The primary reason for the \$3,343,304 decrease in fund balance was due to the School District's spending of a portion of the school improvement bonds issued but unspent in the prior year and \$10,000,000 in transfers received from the General Fund during the fiscal year.

General Fund Budgeting Highlights

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

The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the School District revised the budget in an attempt to deal with changes in revenues and expenditures.

Northwest Local School District
Management's Discussion and Analysis
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Unaudited

For the General Fund, final budgeted revenue was \$87,584,258, compared to original budget estimates of \$81,244,313. Of the \$6,339,945 increase, most was due to multiple years of Medicaid reimbursements and payments in lieu of taxes.

For the General Fund, the final appropriations were \$87,336,293 and the original appropriations were \$90,106,949. This represents a \$2,770,656 decrease in appropriations. This is due mainly for a reallocation of special instruction appropriations to various other appropriation lines after the temporary appropriations were further reviewed. The variance in appropriations versus expenditures was expected, giving authority to a greater range of appropriations, knowing that other internal controls will only allow those expenditures, when entirely necessary, coupled with legislative authority by consent of the Board of Education. The Administration and Board of Education have made additional dollars available in many categories in order to facilitate the educational needs of the School District as they arise. With the School District's tight internal controls, additional monies are appropriated in order to allow those individuals in charge to be creative in meeting their students' educational needs. The School District believes that appropriations should be prepared to operate in the best manner to meet the needs of those being educated. It is the School District's goal to allow funds to fully supplement the educational structure doing so in an effective and efficient manner. Judgment is used to value, educationally, the cash outlay for the benefit given. Both the Superintendent and the Treasurer of the School District have hands-on oversight of all School District purchases prior to being approved.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the School District had \$49,249,138 invested in land, construction in progress, buildings and improvements, furniture, equipment, and vehicles, net of accumulated depreciation. Table 4 shows fiscal year 2017 balances compared to fiscal year 2016.

Table 4
 Capital Assets at June 30
 (Net of Depreciation)
 Governmental Activities

	2017	2016
Land	\$3,674,499	\$3,671,699
Construction in Progress	14,469,427	729,080
Buildings and Improvements	26,135,786	26,514,010
Furniture, Equipment and Vehicles	4,969,426	4,457,279
Total Capital Assets, Net	\$49,249,138	\$35,372,068

See note 8 to the basic financial statements for more details on the School District's capital assets.

Debt

At June 30, 2017, the School District had \$100,697,004 in bonds outstanding, \$2,720,000 due within one year. Table 5 summarizes bonds outstanding.

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Table 5
 Outstanding Debt at June 30
 Governmental Activities

	2017	2016
2005 Refunding Bonds:		
Current Interest Bonds	\$3,295,000	\$3,295,000
2013 QZAB Bonds	2,920,000	3,190,000
2013 Tax-Exempt Bonds	1,060,000	1,145,000
2013 Certificates of Participation	5,230,000	5,565,000
2015 School Improvement Refunding Bonds	7,115,000	8,555,000
2015/2016 School Improvement Bonds	75,260,000	76,000,000
Premium on Debt	5,817,004	6,061,537
Total Debt	\$100,697,004	\$103,811,537

See note 13 to the basic financial statements for further details on the School District's debt.

For the Future

The School District has committed itself to financial excellence for many years. We have received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials (ASBO) Certificate of Excellence on Financial Reporting since 1993.

All of the School District's financial abilities and expertise is needed to meet the challenges of the future. With careful planning and monitoring of the School District's finances, as well as, continued support of the community for the renewal of the emergency levy, the School District's management team is confident that the School District will continue to provide a quality education for our students while providing a secure financial future.

Contacting the School District's Financial Management

This report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Treasurer's Office at Northwest Local School District, 3240 Banning Road, Cincinnati, Ohio 45239.

Northwest Local School District
Statement of Net Position
As of June 30, 2017

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$121,033,364
Inventory Held for Resale	34,490
Accrued Interest Receivable	146,721
Accounts Receivable	6,873
Intergovernmental Receivable	1,474,530
Property Taxes Receivable	50,425,700
Payment in Lieu of Taxes Receivable	3,585,040
Restricted Cash and Cash Equivalents	578,879
Capital Assets:	
Land and Construction in Progress	18,143,926
Depreciable Capital Assets, net	31,105,212
<i>Total Assets</i>	226,534,735
Deferred Outflows of Resources:	
Pension	29,725,516
<i>Total Deferred Outflows of Resources</i>	29,725,516
Liabilities:	
Accounts Payable	615,425
Accrued Wages and Benefits	8,767,543
Contracts Payable	10,868
Intergovernmental Payable	1,349,477
Accrued Interest Payable	310,677
Matured Compensated Absences Payable	121,350
Retainage Payable	578,879
Claims Payable	207,239
Long-Term Liabilities:	
Due Within One Year	3,438,409
Due in More Than One Year	
Other	100,849,459
Net Pension Liability	151,084,634
<i>Total Liabilities</i>	267,333,960
Deferred Inflows of Resources:	
Property Taxes not Levied to Finance Current Year Operations	29,301,224
Payment in Lieu of Taxes not Intended to Finance Current Year Operations	3,585,040
Pension	382,012
<i>Total Deferred Inflows of Resources</i>	33,268,276
Net Position:	
Net Investment in Capital Assets	10,789,591
Restricted for:	
Debt Service	9,991,857
Capital Outlay	10,653,981
Food Service	374,796
Special Trust	239,990
Career Consultant Grant	9,085
Athletics	381,109
Auxiliary Services	65,669
State Grants	18,483
Federal Grants	318,656
Endowment:	
Expendable	21,153
Nonexpendable	79,000
Unrestricted (Deficit)	(77,285,355)
<i>Total Net Position</i>	(\$44,341,985)

The notes to the basic financial statements are an integral part of this statement.

Northwest Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2017

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	
Governmental Activities:					
Instruction:					
Regular	\$44,177,468	\$1,666,740	\$635,877	\$133,740	(\$41,741,111)
Special	18,860,717	2,939,476	7,402,408	0	(8,518,833)
Vocational	24,074	760	17,901	0	(5,413)
Student Intervention Services	522,294	12,827	131,045	0	(378,422)
Other	904,966	29,225	29,616	0	(846,125)
Support Services:					
Pupils	6,302,836	195,652	482,104	0	(5,625,080)
Instructional Staff	2,959,011	81,982	775,951	0	(2,101,078)
Board of Education	151,755	5,073	80	0	(146,602)
Administration	7,653,534	230,318	764,433	0	(6,658,783)
Fiscal	2,105,865	64,208	135	8,824	(2,032,698)
Business	330,482	10,976	0	0	(319,506)
Operation and Maintenance of Plant	7,330,410	235,858	0	682,297	(6,412,255)
Pupil Transportation	6,147,488	289,135	12,026	0	(5,846,327)
Central	1,506,627	50,207	736	0	(1,455,684)
Operation of Non-Instructional Services	8,054,834	1,254,152	6,404,512	0	(396,170)
Extracurricular Activities	2,013,256	669,947	19,697	2,334	(1,321,278)
Debt Service:					
Interest and Fiscal Charges	3,593,583	0	0	0	(3,593,583)
Total Governmental Activities	\$112,639,200	\$7,736,536	\$16,676,521	\$827,195	(87,398,948)

General Revenues:

Property Taxes Levied for:	
General Purposes	45,511,477
Debt Service	6,070,206
Capital Outlay	2,381,592
Payments in Lieu of Taxes	3,399,242
Grants and Entitlements not Restricted for Specific Programs	31,749,577
Unrestricted Gifts and Donations	156
Gain on Sale of Assets	5,112
Investment Earnings	84,652
Miscellaneous	571,280
Total General Revenues	89,773,294
Change in Net Position	2,374,346
Net Position Beginning of Year-Restated	(46,716,331)
Net Position End of Year	(\$44,341,985)

The notes to the basic financial statements are an integral part of this statement.

Northwest Local School District
Balance Sheet
Governmental Funds
As of June 30, 2017

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$34,997,874	\$72,934,045	\$12,474,320	\$120,406,239
Inventory Held for Resale	0	0	34,490	34,490
Accrued Interest Receivable	73,591	73,130	0	146,721
Accounts Receivable	5,753	0	1,120	6,873
Interfund Receivable	46,413	0	0	46,413
Intergovernmental Receivable	0	0	1,474,530	1,474,530
Property Taxes Receivable	42,190,388	0	8,235,312	50,425,700
Payment in Lieu of Taxes Receivable	3,585,040	0	0	3,585,040
Restricted Cash and Cash Equivalents	0	578,879	0	578,879
<i>Total Assets</i>	<u>\$80,899,059</u>	<u>\$73,586,054</u>	<u>\$22,219,772</u>	<u>\$176,704,885</u>
Liabilities:				
Accounts Payable	\$157,885	\$0	\$456,860	\$614,745
Accrued Wages and Benefits	7,966,273	0	801,270	8,767,543
Contracts Payable	0	0	10,868	10,868
Interfund Payable	0	0	46,413	46,413
Intergovernmental Payable	1,227,366	0	122,111	1,349,477
Matured Compensated Absences Payable	102,954	0	18,396	121,350
Retainage Payable	0	578,879	0	578,879
<i>Total Liabilities</i>	9,454,478	578,879	1,455,918	11,489,275
Deferred Inflows of Resources:				
Property Taxes not Levied to Finance Current Year Operations	24,531,686	0	4,769,538	29,301,224
Payment in Lieu of Taxes not Intended to Finance Current Year Operations	3,585,040	0	0	3,585,040
Unavailable Revenue	1,348,702	0	1,182,142	2,530,844
<i>Deferred Inflows of Resources</i>	29,465,428	0	5,951,680	35,417,108
Fund Balances:				
Nonspendable	0	0	79,000	79,000
Restricted	0	73,007,175	11,006,126	84,013,301
Committed	194,149	0	4,076,403	4,270,552
Assigned	7,799,073	0	0	7,799,073
Unassigned (Deficit)	33,985,931	0	(349,355)	33,636,576
<i>Total Fund Balances</i>	<u>41,979,153</u>	<u>73,007,175</u>	<u>14,812,174</u>	<u>129,798,502</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$80,899,059</u>	<u>\$73,586,054</u>	<u>\$22,219,772</u>	<u>\$176,704,885</u>

The notes to the basic financial statements are an integral part of this statement.

Northwest Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 As of June 30, 2017*

Total Governmental Fund Balances		\$129,798,502
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.		49,249,138
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Intergovernmental	906,368	
Taxes	<u>1,624,476</u>	2,530,844
The internal service fund is used by management to charge the costs of workers' compensation claims to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		419,206
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(310,677)
The net pension liability is not due and payable in the current period. Therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows-Pension	29,725,516	
Deferred Inflows-Pension	(382,012)	
Net Pension Liability	<u>(151,084,634)</u>	(121,741,130)
Long-term liabilities, including bonds and related liabilities, capital leases, and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Bonds Payable	(3,295,000)	
QZAB Payable	(2,920,000)	
Tax-Exempt Bonds Payable	(1,060,000)	
Certificates of Participation Payable	(5,230,000)	
School Improvement Refunding Bonds Payable	(7,115,000)	
School Improvement Bonds Payable	(75,260,000)	
Premium on Bonds and Certificates of Participation	(5,817,004)	
Capital Lease Payable	(115,737)	
Compensated Absences	<u>(3,475,127)</u>	(104,287,868)
Net Position of Governmental Activities		<u><u>(\$44,341,985)</u></u>

The notes to the basic financial statements are an integral part of this statement.

Northwest Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2017

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$45,103,270	\$0	\$8,379,359	\$53,482,629
Intergovernmental	35,662,647	0	12,740,100	48,402,747
Interest	397,895	872,734	61,993	1,332,622
Decrease in Fair Value of Investments	(347,049)	(247,015)	0	(594,064)
Tuition and Fees	2,330,572	0	0	2,330,572
Rent	634,989	0	0	634,989
Extracurricular Activities	12,259	0	725,527	737,786
Gifts and Donations	29,867	0	269,495	299,362
Charges for Services	2,801,671	0	1,231,518	4,033,189
Payment in Lieu of Taxes	3,399,242	0	0	3,399,242
Miscellaneous	305,144	0	266,136	571,280
<i>Total Revenues</i>	<u>90,330,507</u>	<u>625,719</u>	<u>23,674,128</u>	<u>114,630,354</u>
Expenditures:				
Current:				
Instruction:				
Regular	39,837,055	0	904,193	40,741,248
Special	14,878,188	0	2,800,804	17,678,992
Vocational	22,683	0	527	23,210
Student Intervention Services	383,098	0	139,196	522,294
Other	782,671	0	32,063	814,734
Support Services:				
Pupils	5,573,764	0	517,012	6,090,776
Instructional Staff	1,983,657	0	790,154	2,773,811
Board of Education	151,601	0	149	151,750
Administration	6,205,170	0	822,166	7,027,336
Fiscal	1,809,018	62,464	111,049	1,982,531
Business	307,024	0	0	307,024
Operation and Maintenance of Plant	6,733,160	0	218,645	6,951,805
Pupil Transportation	5,290,964	0	101,855	5,392,819
Central	1,369,450	0	1,365	1,370,815
Operation of Non-Instructional Services	260,500	0	7,478,642	7,739,142
Extracurricular Activities	1,348,667	0	575,654	1,924,321
Capital Outlay	141,037	13,906,559	1,640,804	15,688,400
Debt Service:				
Principal	32,822	0	2,870,000	2,902,822
Interest	10,699	0	3,831,390	3,842,089
<i>Total Expenditures</i>	<u>87,121,228</u>	<u>13,969,023</u>	<u>22,835,668</u>	<u>123,925,919</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	3,209,279	(13,343,304)	838,460	(9,295,565)
Other Financing Sources (Uses):				
Transfers In	0	10,000,000	60,000	10,060,000
Proceeds from Sale of Assets	5,112	0	0	5,112
Transfers Out	(10,060,000)	0	0	(10,060,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(10,054,888)</u>	<u>10,000,000</u>	<u>60,000</u>	<u>5,112</u>
<i>Net Change in Fund Balances</i>	(6,845,609)	(3,343,304)	898,460	(9,290,453)
<i>Fund Balance at Beginning of Year-Restated</i>	<u>48,824,762</u>	<u>76,350,479</u>	<u>13,913,714</u>	<u>139,088,955</u>
<i>Fund Balance at End of Year</i>	<u>\$41,979,153</u>	<u>\$73,007,175</u>	<u>\$14,812,174</u>	<u>\$129,798,502</u>

The notes to the basic financial statements are an integral part of this statement.

Northwest Local School District
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017*

Net Change in Fund Balances - Total Governmental Funds (\$9,290,453)

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

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

Capital Asset Additions	15,688,400	
Current Year Depreciation	<u>(1,769,840)</u>	13,918,560

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (41,490)

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

Intergovernmental	(102,566)	
Taxes	<u>480,646</u>	378,080

The internal service fund is used by management to charge the costs of workers' compensation claims to individual funds. The net income (loss) of the internal service fund is reported with governmental activities. (16,408)

Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows. 7,805,633

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (13,577,647)

Repayments of long-term debt are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net position. In the current fiscal year, these amounts consist of:

Bond Principal Retirement	2,535,000	
Certificates of Participation Principal Retirement	335,000	
Capital Lease Principal Payments	<u>32,822</u>	2,902,822

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. The difference in the amount of interest on the statement of activities is the result of the following:

Decrease in Accrued Interest	3,973	
Amortization of Premiums	<u>244,533</u>	248,506

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. These activities consist of:

Decrease in Compensated Absences	46,743	46,743
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Net Change in Net Position of Governmental Activities \$2,374,346

The notes to the basic financial statements are an integral part of this statement.

Northwest Local School District
*Statement of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$39,892,111	\$41,613,811	\$41,619,096	\$5,285
Intergovernmental	36,649,266	36,122,927	35,587,765	(535,162)
Interest	307,933	480,000	397,895	(82,105)
Tuition and Fees	1,569,910	2,447,145	2,056,830	(390,315)
Rent	436,239	680,000	639,989	(40,011)
Gifts and Donations	0	0	156	156
Charges for Services	195,440	2,703,856	2,799,958	96,102
Payments in Lieu of Taxes	0	3,399,242	3,399,242	0
Miscellaneous	2,193,414	137,277	269,566	132,289
<i>Total Revenues</i>	81,244,313	87,584,258	86,770,497	(813,761)
Expenditures:				
Current:				
Instruction:				
Regular	35,620,682	39,475,274	39,456,659	18,615
Special	43,018,506	14,672,247	14,671,582	665
Vocational	360	22,683	22,683	0
Student Intervention Services	0	383,098	383,098	0
Other	0	751,763	744,453	7,310
Support Services:				
Pupils	3,470,379	5,634,945	5,601,287	33,658
Instructional Staff	499,449	2,017,762	1,973,169	44,593
Board of Education	79,410	303,492	151,493	151,999
Administration	675,203	6,259,966	6,152,597	107,369
Fiscal	1,153,139	1,902,939	1,858,419	44,520
Business	86,374	311,622	309,087	2,535
Operation and Maintenance of Plant	3,739,012	7,204,398	7,140,605	63,793
Pupil Transportation	1,444,408	5,433,959	5,381,091	52,868
Central	280,466	1,368,341	1,348,003	20,338
Operation of Non-Instructional Services	15,561	250,210	249,984	226
Extracurricular Activities	24,000	1,343,594	1,339,897	3,697
<i>Total Expenditures</i>	90,106,949	87,336,293	86,784,107	552,186
<i>Excess of Revenues Over (Under) Expenditures</i>	(8,862,636)	247,965	(13,610)	(261,575)
Other Financing Sources (Uses):				
Advances In	0	765,323	765,323	0
Proceeds from Sale of Assets	0	691	5,112	4,421
Transfers Out	(210,000)	(10,189,921)	(10,189,921)	0
Advances Out	(50,000)	(150,000)	(12,541)	137,459
<i>Total Other Financing Sources (Uses)</i>	(260,000)	(9,573,907)	(9,432,027)	141,880
<i>Net Change in Fund Balance</i>	(9,122,636)	(9,325,942)	(9,445,637)	(119,695)
<i>Fund Balance at Beginning of Year-Restated</i>	42,174,331	42,174,331	42,174,331	0
<i>Prior Year Encumbrances Appropriated</i>	1,114,636	1,114,636	1,114,636	0
<i>Fund Balance at End of Year</i>	\$34,166,331	\$33,963,025	\$33,843,330	(\$119,695)

The notes to the basic financial statements are an integral part of this statement.

Northwest Local School District
Statement of Fund Net Position
Internal Service Fund
As of June 30, 2017

	<u>Workers' Compensation Fund</u>
Assets:	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$627,125</u>
<i>Total Assets</i>	627,125
Liabilities:	
<i>Current Liabilities:</i>	
Accounts Payable	680
Claims Payable	<u>207,239</u>
<i>Total Liabilities</i>	207,919
Net Position:	
Unrestricted	<u>419,206</u>
<i>Total Net Position</i>	<u><u>\$419,206</u></u>

The notes to the basic financial statements are an integral part of this statement.

Northwest Local School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2017

	<u>Workers' Compensation Fund</u>
Operating Revenues:	
Charges for Services	<u>\$273,677</u>
<i>Total Operating Revenues</i>	<i>273,677</i>
Operating Expenses:	
Fringe Benefits	21,438
Purchased Services	68,131
Materials and Supplies	14,000
Claims	117,509
Other	<u>69,007</u>
<i>Total Operating Expenses</i>	<u>290,085</u>
<i>Operating Loss</i>	<i>(16,408)</i>
<i>Net Position Beginning of Year</i>	<u>435,614</u>
<i>Net Position End of Year</i>	<u><u>\$419,206</u></u>

The notes to the basic financial statements are an integral part of this statement.

Northwest Local School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2017

	Workers' Compensation Fund
Increase in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Interfund Services Provided	\$273,677
Cash Payments to Suppliers for Goods and Services	(102,889)
Cash Payments for Claims	(46,935)
Cash Payments to Others	(69,007)
<i>Net Increase in Cash and Cash Equivalents</i>	54,846
<i>Cash and Cash Equivalents at Beginning of Year</i>	572,279
<i>Cash and Cash Equivalents at End of Year</i>	\$627,125
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	(\$16,408)
<i>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities</i>	
Increase in Accounts Payable	680
Increase in Claims Payable	70,574
<i>Net Cash Provided by Operating Activities</i>	\$54,846

The notes to the basic financial statements are an integral part of this statement.

Northwest Local School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
As of June 30, 2017

	<u>Agency Fund</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$117,757</u>
<i>Total Assets</i>	<u><u>\$117,757</u></u>
Liabilities:	
Undistributed Monies	\$131
Due to Students	<u>117,626</u>
<i>Total Liabilities</i>	<u><u>\$117,757</u></u>

The notes to the basic financial statements are an integral part of this statement.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 1 – Description of the School District

The Northwest Local School District (School District) operates under current standards as prescribed by the Ohio State Board of Education as provided in Division (d) of Section 3301.07 and Section 119.01 of the Ohio Revised Code. Presently, the School District operates under a locally elected 5 member Board of Education (Board) as defined by Section 3313.02 of the Ohio Revised Code.

The Board serves as the taxing authority, contracting body, policy maker, and ensures that all other general laws of the State of Ohio are followed in the expenditures of the School District's tax dollars. The Board also approves the annual appropriation resolution and tax budget.

The School District services an area of 56 square miles, including all of Colerain Township, and portions of Green and Springfield Townships. The School District is 99 percent in Hamilton County, and a small area is in Ross Township, Butler County, on its northern boundary line.

The School District currently has approximately 8,723 students enrolled in seven elementary schools, three middle schools, and two senior high schools. The School District has two career centers serving junior and senior students. There are 1,078 full time and 2 part-time employees to provide services to the students. The School District is the 2nd largest public school district in Hamilton County and the 21st largest of all school districts in Ohio.

Reporting Entity

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

Parochial/Private Schools – Within the School District, Our Lady of Grace, St. Bernard, St. Ignatius, St. James, St. Joseph Villa, and St. John Elementary Schools, and LaSalle High School are operated through the Cincinnati Catholic Diocese; Heaven's Treasures Academy and Beautiful Savior Lutheran are operated as a private school. Current State legislation provides funding to these schools. The monies are received and disbursed on behalf of the schools by the School District Treasurer, as directed by the School District's administration. The activities of these State monies by the School District are reflected in a special revenue funds for financial reporting purposes because the School District has administrative responsibility.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District. The School District has no component units.

The School District participates in three jointly governed organizations. These organizations are presented in note 15 to the basic financial statements. These organizations are Southwest Ohio Computer Association, Butler Technology and Career Development School, and Southwest Ohio Organization of School Health.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the School District, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. The government-wide financial statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

General Fund – The general fund is the operating fund of the School District and is used to account for and report 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.

Building Fund – The building fund is used to account for and report all transactions related to school improvement bond proceeds and uses. These bonds were issued for the purpose of paying costs of new construction, improvements, renovations, and additions to school facilities and providing equipment, furnishings, and other improvements.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds. The School District created an internal service fund for the operation of its self-insured workers' compensation activities which began in fiscal year 2012.

Fiduciary Funds

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Like the government-wide statements, all proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined and “available” means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, included property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School 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 nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: property taxes available for advance, tuition and fees, rental, miscellaneous, charges for services, donations, extracurricular, grants and interest revenue.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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. The School District has deferred outflows of resources that are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 10.

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/fund balance that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, unavailable revenue and pension. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental funds balance sheet. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The School District has deferred inflows of resources that are reported on the government-wide statement of net position for pension. The deferred inflows of resources related to pension are explained in Note 10.

Expenses/Expenditures

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

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

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in the pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

During fiscal year 2017, the School District invested in money market funds, negotiable certificates of deposit, commercial paper, the State Treasury Asset Reserve of Ohio (STAROhio), and federal government agency securities. Investments are reported at fair value, which is based on quoted market prices, except for mutual funds, which are based on current share price.

STAROhio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's net asset value per share, which is the price the investment could be sold for on June 30, 2017.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2017 amounted to \$397,895, which includes \$109,087 assigned from other School District funds. The School District also credited interest to the building fund and nonmajor governmental funds in the amounts of \$872,734 and \$61,993, respectively. In addition, the School District experienced a decrease in fair value on investments of \$594,064, \$347,049 of which was recognized in the general fund with the remaining \$247,015 was recognized in the building fund. \$95,147 of the general fund's decrease in fair value of investments is assigned from other School District funds.

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

Restricted Assets

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

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivable/payable". Interfund balances are eliminated on the statement of net position.

Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expended/expensed when used. Inventories consist of purchased food held for resale.

Capital Assets

All capital assets of the School District are those general capital assets related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition value as of the date received. The School District maintains a capitalization threshold of two thousand five hundred dollars (\$2,500) and a useful life of five years or more. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after 20 years of current service with the School District.

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees will be paid.

Pension

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, compensated absences and net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds that will be paid from governmental funds are recognized as an expenditure and liability in the governmental fund financial statements when due.

Fund Balance

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

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education, delegated that authority by state statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated.

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

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

Net Position

Net position represents the difference between all other elements on the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for the special trust, career consultant grant, athletics, an endowment, and state and federal grants.

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

Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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

Budgetary Process

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

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

Since the statement of revenues, expenditures, and changes in fund balance presented in the basic financial statements for the general fund presents budgetary comparisons at a greater level of detail than the legal level of control established by the Board of Education, no additional schedules are necessary to demonstrate budgetary compliance.

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

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

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are interfund charges for services for workers' compensation self-insurance. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non-operating.

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.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 3 - Accountability

At June 30, 2017, the following funds had a deficit fund balance:

Funds	Amounts
Public School Preschool	\$16,957
Straight A Grant	760
IDEA-B Special Education	142,932
Title III	1,316
Title I	170,157
IDEA-B Early Childhood Special Education	824
Title II-A	16,409

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

Note 4 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures, and changes in fund balance-budget (non-GAAP basis) and actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).
4. The change in fair value of investments is not included on the budget basis operating statement. This amount is included on the GAAP basis operating statement.
5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. Budgetary revenues and expenditures of the uniform school supplies and public school support special revenue funds are reported within the general fund for GAAP presentation purposes.

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

Net Change in Fund Balance	
GAAP Basis	(\$6,845,609)
Adjustments:	
Revenue Accruals	(3,413,487)
Expenditure Accruals	639,057
Encumbrances	(675,236)
Change in Fair Value of Investments - Fiscal Year 2017	(110,534)
Change in Fair Value of Investments - Fiscal Year 2016	310,106
(Excess) Deficit of Funds Combined with General Fund for Reporting Purposes	(102,716)
Advances	752,782
Budget Basis	(\$9,445,637)

Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at federal reserve banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the federal reserve bank in the name of the School District. The School District's policy does not address this risk beyond the requirements of the Ohio Revised Code.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

At June 30, 2017, the carrying amount of all School District deposits was \$939,127. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2017, \$263,854 of the School District's bank balance of \$4,483,967 was covered by Federal Deposit Insurance. The remaining \$4,220,113 was collateralized with securities held by the School District or its agent in the School District's name.

Investments

As of June 30, 2017, the School District had the following investments:

Investment Type	Fair Value	Maturity			% of Portfolio	Credit Rating
		< 1 Year	1-2 Years	3-5 Years		
Money Market Fund	\$252,586	\$252,586	\$0	\$0	0.21%	AAAm
Commercial Paper:						
Abbey National Treasury	979,367	0	979,367	0	0.81%	A-1
Bank of Tokyo	6,548,190	0	6,548,190	0	5.42%	A-1
BNP Paribas	6,141,190	0	6,141,190	0	5.09%	A-1
Canadian Imp Holdings	5,944,470	0	5,944,470	0	4.92%	A-1-
Coca Cola Company	2,126,882	0	2,126,882	0	1.76%	A-1+
GE Capital Corp	3,751,293	0	3,751,293	0	3.11%	A-1+
JP Morgan	6,755,072	0	6,755,072	0	5.59%	A-1
Toyota Motor Credit	6,366,979	0	6,366,979	0	5.27%	A-1+
Natixis	5,935,560	0	5,935,560	0	4.91%	A-1+
Negotiable CDs	2,345,420	0	473,152	1,872,268	1.94%	A-1
STAROhio	16,117,636	16,117,636	0	0	13.35%	AAAm
FHLB	12,661,252	0	8,493,653	4,167,599	10.48%	AA+
FHLMC	10,354,117	0	384,909	9,969,208	8.57%	AA+
FNMA	19,753,347	0	9,006,045	10,747,302	16.35%	AA+
FFCB	14,480,643	0	9,437,232	5,043,411	11.99%	AA+
FFCB Discount Notes	276,869	0	276,869	0	0.23%	A-1+
Total	\$120,790,873	\$16,370,222	\$72,620,863	\$31,799,788	100.00%	

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2017. As discussed further in Note 2, STAR Ohio is reported at its share price. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk – In accordance with the investment policy, to the extent possible, the Treasurer attempts to match the School District's investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the Treasurer will not directly invest in securities maturing more than five years from the date of purchase.

Credit Risk – It is the School District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The School District's negotiable certificates of deposit are not rated but are insured by the FDIC as disclosed in the deposits section above.

Concentration of Credit Risk – The School District's investment policy places no limit on the amount it may invest in any one issuer.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

Note 6 – Property Taxes

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

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

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

The School District receives property taxes from 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, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes that are measurable as of June 30, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows-property taxes.

The amount available as an advance at June 30, 2017 was \$16,310,000 in the general fund and \$3,190,000 in the nonmajor governmental funds.

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

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

	2016 Second- Half Collections		2017 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$1,387,706,210	96.57%	\$1,407,201,070	96.53%
Public Utility Personal	49,276,380	3.43%	50,549,360	3.47%
Total Assessed Value	\$1,436,982,590	100.00%	\$1,457,750,430	100.00%
Tax rate per \$1,000 of assessed valuation		\$58.87		\$58.87

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 7 – Receivables

Receivables at June 30, 2017 consisted of property taxes, payment in lieu of taxes, intergovernmental grants, accounts (rent and student fees), accrued interest and interfund loans. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A summary of the principal items of intergovernmental receivables follows:

	Amounts
<i>Nonmajor Funds</i>	
Title I	\$591,157
IDEA-B Special Education	732,814
Title II-A	51,991
Straight A Grant	888
Public School Preschool	61,968
Early Childhood Special Education	27,476
Title III	2,010
Vocational Education Enhancement	6,226
Total Nonmajor Funds	1,474,530
Total	\$1,474,530

Note 8 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance at 6/30/16	Additions	Deletions	Balance at 6/30/17
<i>Governmental Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$3,671,699	\$2,800	\$0	\$3,674,499
Construction in Progress	729,080	13,740,347	0	14,469,427
Total Capital Assets Not Being Depreciated	4,400,779	13,743,147	0	18,143,926
Capital Assets Being Depreciated:				
Buildings and Improvements	65,924,191	1,098,627	0	67,022,818
Furniture, Equipment and Vehicles	16,754,995	846,626	(249,877)	17,351,744
Total Capital Assets Being Depreciated	82,679,186	1,945,253	(249,877)	84,374,562
Less Accumulated Depreciation:				
Buildings and Improvements	(39,410,181)	(928,387)	0	(40,338,568)
Furniture, Equipment and Vehicles	(12,297,716)	(841,453)	208,387	(12,930,782)
Total Accumulated Depreciation	(51,707,897)	(1,769,840)	208,387	(53,269,350)
Total Capital Assets Being Depreciated, Net	30,971,289	175,413	(41,490)	31,105,212
Governmental Activities Capital Assets, Net	\$35,372,068	\$13,918,560	(\$41,490)	\$49,249,138

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,067,500
Special	5,560
Vocational	864
Support Services:	
Pupils	3,039
Instructional Staff	1,540
Administration	4,048
Fiscal	14,566
Business	2,632
Operations and Maintenance of Plant	67,029
Pupil Transportation	480,090
Central	4,825
Operation of Non-Instructional Services	95,786
Extracurricular Activities	22,361
Total Depreciation Expense	<u>\$1,769,840</u>

Note 9 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the School District contracted with Ohio Casualty Insurance Company for property and Argonaut for general liability insurance.

Professional liability is protected by Argonaut with \$3,000,000 each occurrence, \$3,000,000 aggregate limit. Vehicles are covered by Argonaut with a deductible for comprehensive collision of actual cash value or cost of repair, whichever is less. Public officials' bond insurance is provided by Cincinnati Insurance Company. The Treasurer is covered by a bond in the amount of \$500,000.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant change in insurance coverage from last fiscal year.

Workers' Compensation

Beginning in July 2011, the School District began to self-insure its workers' compensation costs. Expenses for claims are recorded on the current cash basis. The School District accounts for the activities of this program in an internal service fund in accordance with GASB No. 10. The School District utilizes the services of Hunter Consulting, the third party administrator, to review, process, and pay employee claims. The School District also maintains excess insurance coverage which would pay the portion of claims that exceeds \$400,000 per occurrence for all employees.

Incurred but not reported claims and premium of \$207,239 have been accrued as a liability at June 30, 2017, based on an estimate by Hunter Consulting. The claims liability reported in the workers' compensation internal service fund at June 30, 2017 is based on the requirement of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Changes in self-insurance workers' compensation claims liability for 2016 and 2017 were:

Fiscal Year	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2016	\$77,342	\$116,690	\$57,367	\$136,665
2017	136,665	117,509	46,935	207,239

Note 10 – Defined Benefits Pension Plans

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary. One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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

The School District’s contractually required contributions to SERS were \$2,149,464 for fiscal year 2017. Of this amount \$0 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3307. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, July 1, 2015, and July 1, 2016 when it reached 14 percent. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$5,656,169 for fiscal year 2017. Of this amount, \$931,697 is reported as an intergovernmental payable.

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

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

Northwest Local School District
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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$32,005,761	\$119,078,873	\$151,084,634
Proportion of the Net Pension Liability - 2017	0.437292%	0.3557459%	
Proportion of the Net Pension Liability - 2016	<u>0.427309%</u>	<u>0.3549397%</u>	
Change in Proportion of the Net Pension Liability	<u>0.009983%</u>	<u>0.000806%</u>	
Pension Expense	\$3,679,023	\$9,898,624	\$13,577,647

At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$431,683	\$4,811,358	\$5,243,041
Changes of assumptions	2,136,560	0	2,136,560
Net difference between projected and actual earnings on pension plan investments	2,640,009	9,886,744	12,526,753
Changes in proportion and differences	703,329	1,310,200	2,013,529
School District contributions subsequent to the measurement date	<u>2,149,464</u>	<u>5,656,169</u>	<u>7,805,633</u>
Total Deferred Outflows of Resources	<u>\$8,061,045</u>	<u>\$21,664,471</u>	<u>\$29,725,516</u>
<i>Deferred Inflows of Resources</i>			
Changes in proportion and differences	<u>\$91,841</u>	<u>\$290,171</u>	<u>\$382,012</u>
Total Deferred Inflows of Resources	<u>\$91,841</u>	<u>\$290,171</u>	<u>\$382,012</u>

\$7,805,633 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2018	\$1,555,245	\$2,653,800	\$4,209,045
2019	1,553,342	2,653,799	4,207,141
2020	1,944,162	6,447,620	8,391,782
2021	<u>766,991</u>	<u>3,962,912</u>	<u>4,729,903</u>
Total	<u>\$5,819,740</u>	<u>\$15,718,131</u>	<u>\$21,537,871</u>

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Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.5 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year set-back for both males and females. Special mortality tables are used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	5.00
Real Assets	15.00	3.00
Multi-Asset Strategies	10.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.5 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.5 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent), or one percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension liability	\$42,373,633	\$32,005,761	\$23,327,421

Actuarial Assumptions – STRS

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

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

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Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for males and females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and no set back from age 90 and above.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
 Total	 <u>100.00 %</u>	 <u>7.61 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$158,246,146	\$119,078,873	\$86,038,969

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

Note 11 – Post-Employment Benefits

School Employees Retirement System

Health Care Plan Description – The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians’ fees through several types of plans including HMOs, PPOs, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS’ website at www.ohsers.org under employers/audit resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS’ Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS’ participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, 0 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School District’s surcharge obligation was \$264,040.

The School District’s contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$264,040, \$224,987, and \$321,745, respectively. The full amount has been contributed for fiscal years 2017, 2016, and 2015.

State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2017, STRS Ohio did not allocate any employer contributions to post-employment health care. The School District’s contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$0.

Northwest Local School District
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Note 12 – Employee Benefits

Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the 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.

Employees earn sick leave at the rate of one and one-fourth days per month of employment (up to 15 days per year). Sick leave may be accumulated up to a maximum of 250 days for certified employees, 262 days for administrators and up to 272 days for non-certified employees according to their job classification.

The School District’s policies regarding compensated absences are determined by state laws and/or negotiated agreements. In summary, the policies are as follows:

Vacation	Certified	Administrators	Non-Certified
How earned	Not eligible	15-20 days at start of each contract year	10-20 days for each service year depending on length of service
Maximum Accumulation	Not applicable	60 to 80 days	40 to 80 days
Termination Entitlement	Not applicable	As earned	As earned
Sick Leave	Certified	Administrators	Non-Certified
How earned	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)
Maximum Accumulation	250 days	262 days	250 to 272 days according to job classification
Vested	As earned	As earned	As earned
Termination Entitlement	Per contract	Per contract/policy	Per contract/policy

Insurance

The School District has elected to provide employee medical/surgical benefits through Anthem. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract.

The School District provides dental insurance to eligible employees through Dental Care Plus. The School District provides voluntary life and vision insurance at employee’s expense. The School District provides life insurance and accidental death and dismemberment insurance to most employees through VOYA.

Northwest Local School District
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Note 13 – Long-Term Liabilities

The change in the School District’s long-term obligations during fiscal year 2017 consists of the following:

	Beginning Balance	Issued	Retired	Ending Balance	Due in One Year
Bonds Payable:					
2005 Refunding Bonds:					
Current Interest Bonds	\$3,295,000	\$0	\$0	\$3,295,000	\$0
2013 QZAB Bonds	3,190,000	0	270,000	2,920,000	270,000
2013 Tax-Exempt Bonds	1,145,000	0	85,000	1,060,000	85,000
2013 Certificates of Participation	5,565,000	0	335,000	5,230,000	345,000
2015 School Improvement					
Refunding Bonds	8,555,000	0	1,440,000	7,115,000	1,500,000
2015 School Improvement Bonds	66,800,000	0	740,000	66,060,000	520,000
2016 School Improvement Bonds	9,200,000	0	0	9,200,000	0
Premiums on Bonds:					
2005 Refunding Bonds	44,155	0	11,039	33,116	0
2013 Tax-Exempt Bonds	23,394	0	2,064	21,330	0
2013 Certificates of Participation	77,184	0	5,862	71,322	0
2015 School Improvement					
Refunding Bonds	336,969	0	55,392	281,577	0
2015 School Improvement Bonds	5,118,668	0	148,726	4,969,942	0
2016 School Improvement Bonds	461,167	0	21,450	439,717	0
Total Bonds	103,811,537	0	3,114,533	100,697,004	2,720,000
Other Long-Term Liabilities:					
Net Pension Liability:					
SERS	24,382,671	7,623,090	0	32,005,761	0
STRS	98,094,962	20,983,911	0	119,078,873	0
Total Net Pension Liability	122,477,633	28,607,001	0	151,084,634	0
Compensated Absences	3,526,248	2,525,557	2,576,678	3,475,127	682,862
Capital Lease	148,559	0	32,822	115,737	35,547
Total Long-Term Liabilities	\$229,963,977	\$31,132,558	\$5,724,033	\$255,372,502	\$3,438,409

On November 1, 2005, the School District advance refunded \$15,380,000 in 1998 School Improvement Bonds that were originally for the purpose of new construction, improvements, renovating, and additions to school facilities. In retiring the bonds, \$590,000 in principal payments were made on the refunding bonds before sending the refunding agent the \$15,380,000 to retire the original debt. The \$584,485 premium on the issuance of the refunding bonds is included on this new debt and will be amortized over the life of the new debt with a final maturity date of December 1, 2022. The refunding bonds are not subject to optional redemption prior to maturity. Of the \$15,380,000 issued, \$14,660,000 represents serial bonds and \$720,000 is capital appreciation bonds. The capital appreciation bonds matured in fiscal year 2016.

The bond issues are general obligations of the School District for which the full faith and credit of the School District is pledged for repayment. Payment of principal and interest relating to this liability is recorded as expenditures in the bond retirement fund.

Northwest Local School District
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The School District defeased the 1998 School Improvement Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the School District's financial statements. On June 30, 2017, \$15,380,000 of the defeased bonds are still outstanding.

On October 29, 2012, the School District issued \$4,000,000 Energy Conservation Limited Tax General Obligation Bonds which are Qualified Zone Academy Bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34). The bonds are being issued for the purpose of financing the energy conservation measures. The bonds were issued at the rate of 3.75 percent, with a maturity at December 1, 2027, with the entire principal balance coming due at maturity. With respect to the payment of the principal amount of the QZAB bonds, the School District has covenanted to set aside amount required to maintain the required the required sinking fund balance, on December 1 of each year, commencing on December 1, 2013, into the sinking fund account, to be applied to the payment of the principal amount of the QZAB bonds at maturity along with the investment earnings within the sinking fund account. The School District is required to place \$270,000 annually through fiscal year 2018 and \$265,000 annually from fiscal year 2019 through fiscal year 2028. A sinking fund has been established with a \$1,080,000 deposit as of June 30, 2017.

On October 29, 2012, the School District issued \$1,390,000 Energy Conservation Limited Tax General Obligation Bonds which are Bank Qualified. The bonds are being issued for the purpose of financing the energy conservation measures. The bonds were issued at a rate of 2 percent, with a maturity at December 1, 2027. Payment of principal and interest relating to this liability is recorded as expenditures in the permanent improvement fund.

On September 1, 2012, the School District issued \$6,500,000 Certificates of Participation to finance the renovation of Colerain High School and Northwest High School to facilitate a Geophysics STEM program at each location. The COPs issuance included a premium of \$99,655, which will be amortized over the life of the COPs. The COPS were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be "qualified tax exempt obligations" within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased from the PS&W Holding Company. The COPs were issued through a series of annual leases with an initial lease term of 18 years which includes the right to renew for 17 successive one-year terms through December 1, 2029 with a termination date of December 1, 2029 subject to annual appropriations. To satisfy the trustee requirements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, annually. The base rent includes an interest component that begins at 2 percent. The School District has the option to purchase the renovations in whole or in part, on or after December 1, 2022, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date fixed for redemption.

On August 5, 2015, the School District issued \$8,655,000 School Improvement General Obligation Refunding Bonds which are Bank Qualified. The bonds are being issued for the purpose of currently refunding a portion of the School District's 2005 Refunding Bonds. The bonds were issued at rates ranging from 1 to 3 percent, with a maturity of December 1, 2022. These serial bonds are not subject to mandatory redemption prior to maturity. Payment of principal and interest relating to this liability is recorded as expenditures in the bond retirement fund.

On December 10, 2015, the School District issued \$66,800,000 School Improvement Unlimited Tax General Obligation Bonds which are Non-Bank Qualified. The bonds are being issued for the purpose of paying the costs of new construction, improvements, renovations, and additions to school facilities and providing equipment furnishings, and site improvements therefor. The bonds were issued at rates ranging from 1.5 to 5 percent, with a maturity of December 1, 2050. This issuance is comprised of \$17,640,000 in serial bonds and \$49,160,000 in term bonds. The term bonds are subject to mandatory redemption prior to maturity.

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The term bonds maturing on December 1, 2040 are subject to mandatory sinking fund redemption prior to maturity from funds plus accrued interest to the date of redemption in the following principal amounts and in each of the following years:

Fiscal Year Ending June 30,	Principal Amount to be Redeemed
2035	\$5,000
2036	30,000
2037	240,000
2038	340,000
2039	2,450,000
2040	2,705,000
2041	2,850,000
Total	<u>\$8,620,000</u>

The term bonds maturing on December 1, 2045 are subject to mandatory sinking fund redemption prior to maturity from funds plus accrued interest to the date of redemption in the following principal amounts and in each of the following years:

Fiscal Year Ending June 30,	Principal Amount to be Redeemed
2042	\$3,000,000
2043	3,290,000
2044	3,465,000
2045	3,645,000
2046	3,970,000
Total	<u>\$17,370,000</u>

The term bonds maturing on December 1, 2050 are subject to mandatory sinking fund redemption prior to maturity from funds plus accrued interest to the date of redemption in the following principal amounts and in each of the following years:

Fiscal Year Ending June 30,	Principal Amount to be Redeemed
2047	\$4,180,000
2048	4,355,000
2049	4,680,000
2050	4,875,000
2051	5,080,000
Total	<u>\$23,170,000</u>

Payment of principal and interest relating to this liability is recorded as expenditures in the bond retirement fund.

On January 14, 2016, the School District issued \$9,200,000 School Improvement Unlimited Tax General Obligation Bonds which are Bank Qualified. The bonds are being issued for the purpose of paying the costs of new construction, improvements, renovations, and additions to school facilities and providing equipment furnishings, and site improvements therefor. The bonds were issued at rates ranging from 3 to 4 percent, with a maturity of December 1, 2037. These serial bonds are not subject to mandatory redemption prior to maturity. Payment of principal and interest relating to this liability is recorded as expenditures in the bond retirement fund.

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Capital leases will be retired from the general fund. Compensated absences will be paid from the general, food services, auxiliary service, IDEA-B special education, title I school improvement stimulus A, and title I funds for governmental activities. The School District pays obligations relating to employee compensation from the fund benefitting from their service. For additional information related to the net pension liability see note 10.

The School District's overall legal debt margin was \$51,348,564 with an unvoted debt margin of \$1,457,750 at June 30, 2017.

Annual base rent requirements to retire the certificates of participation outstanding at June 30, 2017 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$345,000	\$144,441	\$489,441
2019	350,000	137,491	487,491
2020	355,000	129,554	484,554
2021	365,000	119,641	484,641
2022	375,000	108,541	483,541
2023-2027	2,055,000	364,532	2,419,532
2028-2030	1,385,000	64,447	1,449,447
Totals	<u>\$5,230,000</u>	<u>\$1,068,647</u>	<u>\$6,298,647</u>

The following is a summary of the School District's future annual debt service requirements for general obligations:

Fiscal Year Ending June 30,	2005 Refunding Bonds			2013 QZAB Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$0	\$172,988	\$172,988	\$270,000	\$150,000	\$420,000
2019	1,590,000	131,250	1,721,250	265,000	150,000	415,000
2020	1,705,000	44,756	1,749,756	265,000	150,000	415,000
2021	0	0	0	265,000	150,000	415,000
2022	0	0	0	265,000	150,000	415,000
2023-2027	0	0	0	1,325,000	750,000	2,075,000
2028	0	0	0	265,000	75,000	340,000
Totals	<u>\$3,295,000</u>	<u>\$348,994</u>	<u>\$3,364,994</u>	<u>\$2,920,00</u>	<u>\$1,575,000</u>	<u>\$4,495,000</u>

Fiscal Year Ending June 30,	2013 Tax-Exempt Bonds			2015 School Improvement Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$85,000	\$21,900	\$106,900	\$1,500,000	\$169,650	\$1,669,650
2019	90,000	20,150	110,150	0	154,650	154,650
2020	90,000	18,350	108,350	0	154,650	154,650
2021	95,000	16,500	111,500	1,785,000	127,875	1,912,875
2022	95,000	14,600	109,600	1,880,000	79,800	1,959,800
2023-2027	500,000	42,638	542,638	1,950,000	29,250	1,979,250
2028	105,000	1,312	106,312	0	0	0
Totals	<u>\$1,060,000</u>	<u>\$135,450</u>	<u>\$1,195,450</u>	<u>\$7,115,000</u>	<u>\$715,875</u>	<u>\$7,830,875</u>

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Fiscal Year Ending June 30,	2015 School Improvement Bonds			2016 School Improvement Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$520,000	\$2,924,438	\$3,444,438	\$0	\$335,650	\$335,650
2019	550,000	2,910,988	3,460,988	0	335,650	335,650
2020	565,000	2,891,438	3,456,438	0	335,650	335,650
2021	590,000	2,875,713	3,465,713	0	335,650	335,650
2022	705,000	2,853,663	3,558,663	0	335,650	335,650
2023-2027	4,560,000	13,651,690	18,211,690	0	1,678,250	1,678,250
2028-2032	7,105,000	12,244,618	19,349,618	0	1,678,250	1,678,250
2033-2037	2,580,000	11,178,847	13,758,847	7,200,000	1,238,125	8,438,125
2038-2042	11,345,000	9,930,625	21,275,625	2,000,000	40,000	2,040,000
2043-2047	18,550,000	6,042,900	24,592,900	0	0	0
2048-2051	18,990,000	1,566,592	20,556,592	0	0	0
Totals	\$66,060,000	\$69,071,512	\$135,131,512	\$9,200,000	\$6,312,875	\$15,512,875

Capital Lease Obligation

In fiscal year 2016, the School District entered into a capitalized lease for copier equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. However, these expenditures are reported as current expenditures on the budgetary statement.

Capital assets acquired by lease were initially capitalized in the statement of net position for governmental activities in the amount of \$223,625 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability in the amount of \$178,866 was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2017 totaled \$32,822 and were paid from the general funds.

Principal and interest requirements to retire the capital leases at June 30, 2017 are as follows:

Year Ending June 30	Capital Leases
2018	\$43,521
2019	43,521
2020	43,521
Total Debt Payments	130,563
Less: Interest	(14,826)
Total Principal	<u>\$115,737</u>

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 14 – Interfund Activity

As of June 30, 2017, receivable and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
<i>Major Fund:</i>		
General	\$46,413	\$0
<i>Nonmajor Funds:</i>		
Vocational Education Enhancement	0	3,155
Title I	0	40,751
Early Childhood Special Education	0	2,249
Title II-A	0	258
Total Nonmajor Funds	0	46,413
Total	\$46,413	\$46,413

Interfund balances at June 30, 2017 consisted of the above amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records and (3) payments between funds are made. All advances are expected to be paid within one year.

Transfers made during the fiscal year ended June 30, 2017 were as follows:

	Transfers In	Transfers Out
<i>Major Funds:</i>		
General	\$0	\$10,060,000
Building	10,000,000	0
<i>Nonmajor Fund:</i>		
Athletics	60,000	0
Total	\$10,060,000	\$10,060,000

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

Note 15 – Jointly Governed Organizations

Southwest Ohio Computer Association

The School District is a participant in the Southwest Ohio Computer Association (SWOCA), a computer consortium. SWOCA is a jointly governed organization among a seven county consortium of 43 Ohio school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions of the member districts. Each member of the consortium supports SWOCA based upon a per pupil charge dependent upon the software package utilized. SWOCA is governed by a Board of Directors consisting of the superintendents and treasurers of member school districts. The Board exercises total control over the operations of SWOCA including budgeting, appropriating, contracting, and designating management. The Board consists of one representative from each of the participating 43 school districts. The School District paid SWOCA \$259,041 for services provided during the fiscal year. The financial statements for SWOCA are available at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Butler Technology and Career Development School

The Butler Technology and Career Development School is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each participating school district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Butler Technology and Career Development School is not part of the School District and its operations are not included as part of the reporting entity. The Board exercises total control over the operations of the Butler Technology and Career Development School including budgeting, appropriating, contracting, and designating management. To obtain financial information, write to Butler Technology and Career Development at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

Southwest Ohio Organization of School Health

The School District is a participant in the Southwest Ohio Organization of School Health (SWOOSH) Council of Government. This cooperative's purpose is to maximize benefits and/or reduce cost of medical, prescription drug, vision, dental, life and/or other group insurance coverage. The initial members were Forest Hills Local School District, Indian Hill Exempted Village School District, Lebanon City School District, Milford Exempted Village School District, Northwest Local School District, West Clermont Local School District, and Winton Woods City School District. Each member district has one representative and districts exceeding 500 members will receive an additional representative. The Board exercises total control over the operations of SWOOSH including budgeting, appropriating, contracting, and designating management. Each School District's degree of control is limited to its representation on the Board.

Note 16 – Set-Asides

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

	<u>Capital Acquisition</u>
Set-Aside Balance as of June 30, 2016	\$0
Current Year Set-Aside Requirement	1,501,861
Qualifying Disbursements	<u>(1,501,861)</u>
Totals	<u>\$0</u>
Set-Aside Balance as of June 30, 2017	<u>\$0</u>

The School District had offsets and qualifying disbursements during the fiscal year that reduced the capital acquisitions set-aside amount below zero. The extra amount for capital acquisitions may not be used to reduce the set-aside requirement of future fiscal years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

Note 17 – Donor-Restricted Endowments

The School District's Endowment includes donor-restricted endowments. The restricted net position amount of \$21,153 represents the expendable portion of the endowment. The \$79,000 represents the nonexpendable amount. State law permits the Board of Education to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 18 – Fund Balances

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

	General	Building	Nonmajor Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>				
Endowment	\$0	\$0	\$79,000	\$79,000
<i>Restricted</i>				
Endowment	0	0	21,153	21,153
Capital Projects	0	73,007,175	0	73,007,175
Debt Service	0	0	9,801,025	9,801,025
Food Service	0	0	471,569	471,569
Special Trust	0	0	239,990	239,990
Career Consultant Grant	0	0	9,085	9,085
Athletics	0	0	381,109	381,109
Auxiliary Services	0	0	79,755	79,755
State Grants	0	0	2,440	2,440
Total Restricted	0	73,007,175	11,006,126	84,013,301
<i>Committed</i>				
Underground Storage	11,000	0	0	11,000
Future Purchases	183,149	0	0	183,149
Capital Projects	0	0	4,076,403	4,076,403
Total Assigned	194,149	0	4,076,403	4,270,552
<i>Assigned</i>				
Future Purchases	352,668	0	0	352,668
Public School Support	95,969	0	0	95,969
FY18 Appropriations in Excess of Estimated Receipts	7,350,436	0	0	7,350,436
Total Assigned	7,799,073	0	0	7,799,073
<i>Unassigned (Deficit)</i>	33,985,931	0	(349,355)	33,636,576
Total Fund Balances	\$41,979,153	\$73,007,175	\$14,812,174	\$129,798,502

Note 19 – Significant Commitments

Encumbrances

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

<i>Major Funds:</i>	
General	\$679,610
Building	62,860,388
<i>Nonmajor Funds:</i>	
Permanent Improvement	426,423
Food Service	14,096
Special Trust	2,014
Other Grants	1,184
Athletics	8,537
Auxiliary Services	234,618
Vocational Enhancement	1,828
Straight A Grant	734
IDEA-B Special Education	403,777
Title III	1,926
Title I	16,880
Title II-A	50
Total Nonmajor Funds	1,112,067
Total Encumbrances	\$64,652,065

Contractual Commitments

The following table provides a summary of the outstanding contractual commitments as of June 30, 2017:

Contractor	Description	Contract Total	Paid as of June 30, 2017	Amount Remaining
Kleingers	Master Facility Project Site Survey	\$41,350	\$38,850	\$2,500
	Roadway Improvements	224,210	39,771	184,439
	CHS Track Surface Replacement	16,280	13,606	2,674
Robinson Fence Co.	CHS Track Project	24,950	0	24,950
Skanska	Master Facility Project Design Services	197,413	10,000	187,413
	AC Improvements	909,889	890,647	19,242
	Renovation Projects	630,719	375,591	255,128
	Master Facility Project Various Buildings	71,340,551	11,269,489	60,071,062
Len Riegler Blacktop	WOMS Electrical/Mechanical Renovations	1,903,789	193,319	1,710,470
	CHS Track Project	259,670	119,387	140,283

Note 20 – Contingent Liabilities

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2017, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Litigation

The School District is party to legal proceedings. However, no liability has been accrued since the ultimate disposition of these claims and legal proceedings has yet to be determined and the amount of liability, if any, is not measurable.

Note 21 – Tax Abatements

As of June 30, 2017, the School District provides tax abatements through three programs – Enterprise Zone Agreements, Tax Increment Financing Agreements, and Community Reinvestment Area (CRA) Agreements.

Enterprise Zone Agreements

Enterprise Zones, as defined in the Ohio Revised Code Section 5709.61-.69, are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investments. The amount and term of the tax exemption are negotiated between local officials and the company, and the agreement is then approved by the Board of Education in the form of legislation. The Enterprise Zone law permits local governments to offer incentives of exemption of real and/or personal property assessed values of up to 75% for up to ten years, or an average of 60% over the term of the agreement on new investment in buildings, machinery/equipment, and inventory and improvements to existing land and buildings for a specific project. Maximum exemption levels may be exceeded and may be up to 100% exemption for up to fifteen years with approval by the affect Board of Education. Tax incentive review councils shall annually submit a copy of the written recommendations required by division (C) (1) of section 5709.85 of the Revised Code to the director of the development services agency. There were no improvements to be abated under the Enterprise Agreement program in 2017.

Tax Increment Financing Agreements

Section 5709.73 of the Ohio Revised Code authorizes townships to grant tax increment financing real property tax exemptions for improvements declared to be for a public purpose, which exemptions exempt from taxation the increase in the value of the parcel of property after the effective date of the resolution granting such exemption (the “Increased Value”). Section 5709.74 of the Ohio Revised Code further authorizes a township to require owners of improvements subject to a tax increment financing tax exemption to make semi-annual payments to the township in lieu of taxes (“Service Payments in Lieu of Taxes”), which payments are approximately equivalent to the amount of real property tax which would be payable on the increase in the value of the parcel of property but for the exemption from Taxation. Section 5709.75 of the Ohio Revised Code further requires a township receiving payments in lieu of taxes to create a public improvement tax increment equivalent fund (the “Tax Increment Equivalent Fund”) for deposit of the entire amount of such payments, to be used to pay the costs of public infrastructure improvements benefiting the parcels subject to the tax increment financing tax exemption and, if provided, to make payments to school districts impacted by such exemption from taxation.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

On January 16, 2015 Colerain Township notified the School District of its intent to grant an exemption (the “TIF Exemption”), as authorized by Section 5709.73 of the Ohio Revised Code, for improvements to certain real property located within the boundaries of the Township and the School District, which parcels of real property by using the Service Payments in Lieu of Taxes to pay for or finance the acquisition and/or construction of public improvements that are necessary for or as a result of the development of the Exempted Property (the “Public Improvements”) in order to induce the owners of a fee interest in all or any portion of the Exempted Property (the “Property Owners”) to re-develop the Exempted Property. On January 20, 2015, the Board of Education of the School District passed a resolution approving the TIF Exemption on the condition that the parties hereto enter into this Agreement and authorized the execution of this Agreement. The exemption allows for the following provisions:

- (a) As provided in the School District Resolution, the School District approves the TIF Exemption for up to one hundred percent (100%) of the Increased Value to the Exempted Property for a period of up to twenty (20) years, commencing with the 2017 tax year and ending no later than the tax year ending December 31, 2035.

- (b) During any year, or any portion thereof, in which this Agreement is in effect, the Company, its successors, transferees, and assigns, shall pay to the School District and Butler Technology and Career Development Schools (“Butler Tech”) an amount equal to the respective amount of real property taxes the School District and Butler Tech should receive from the property set forth in designated properties during collection year 2015 minus the amount of real estate taxes the School District and Butler Tech respectively receive from the Hamilton County Auditor for the designated properties. The parties anticipate that few, if any, payments will be required.

- (c) Upon termination of the TIF Exemption, any funds remaining in the Tax Increment Equivalent Fund (“Increment Fund Balance”) shall be paid to or retained by the School District, the Township and Butler Tech on a proportionate basis according to the following formula:
 - (i) School District: an amount equal to the Increment Fund Balance multiplied by the quotient of the School District’s effective millage rate divided by the sum of the effective millage rates of the School District, the Township, and Butler Tech (the “Combined Millage”); and
 - (ii) Township: an amount equal to the Increment Fund Balance multiplied by the quotient of the Township’s effective millage rate divided by the Combined Millage; and
 - (iii) Butler Tech: an amount equal to the Increment Fund Balance multiplied by the quotient of the Butler Tech’s effective millage rate divided by the Combined Millage.

- (d) In determining the amount of the Service Payments in Lieu of Taxes required by the Township pursuant to Section 5709.74 of the Ohio Revised Code, it is expressly agreed and relied upon that the value of the Exempted Property which shall be exempt under Sections 5709.73 through 5709.75 of the Ohio Revised Code shall be the increase in value of the parcels from and after the date that the Township Resolution granting the TIF Exemption was adopted by the Township, regardless of the date on which the exemption from real property taxation is certified to the Hamilton County Auditor by the Tax Commissioner of the State of Ohio and regardless of the years for which such exemption is claimed.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Community Reinvestment Area Agreements

Ohio’s Community Reinvestment Area Program was created in 1977 and revised in 1994 in sections 3735.65-70 of the Ohio Revised Code, to promote revitalization in depressed areas by offering property tax exemptions for any increased property valuation that would result from renovation of existing structures or new construction activities within the area. The program can be used to encourage historic preservation, residential rehabilitation, or new residential construction and/or as an economic development tool to encourage commercial and industrial renovation or expansion and new construction. The local government determines the need for a CRA based on the number and extent of properties in disrepair. Once they make the decision to establish as CRA, they will then decide the size, number of areas, and the term and extend of the real property exemptions. Below are four steps that must be followed per the Ohio Department of Development (ODOD) for approval of a CRA area:

1. Conduct a Housing Survey of the structures within the proposed area. The results must support the finding that the area is in need of renovation. The survey is conducted by driving around the targeted CRA area, taking pictures of the affected properties, and documenting the addresses of the affected properties in disrepair. The results of the survey should show that a significant number, or at least 20%, of the properties in the targeted area are in need of rehabilitation.
2. Adopted local legislation must contain the statement that the area is one in which “housing facilities or structures of historical significance are located, and new housing construction and repair of existing facilities or structures are discouraged. “The legislation also defines the proposed area and includes the incentive rate and term for both residential and business projects.
3. The entire legislation must then be published in a local publication once a week for two consecutive weeks for public comment.
4. Prepare the Ohio CRA Petition for Area Certification and submit the petition to the ODOD with a copy of the legislation, the survey, and a map of the proposed area.

There were no improvements to be abated under the Enterprise Zone Agreement program in 2017. The School District abated property taxes to a company providing retail space totaling \$55,376 under the Tax Increment Financing Agreement and \$90,374 to a company providing retail space and a large grocery retailer under the Community Reinvestment Area (CRA) abatement agreements during 2017.

Note 22 – Restatement of Beginning Balances

During fiscal year 2017, the School District identified an error in previously reported balances due to an error in the recording of tax receipts in the previous year. In addition, a receivable recorded in the previous year was not subsequently received and the program expired, so a correction was required to eliminate balances within that fund. These corrections had the following effects on beginning balances.

	Governmental Activities	General Fund	Nonmajor Governmental Funds
Beginning Fund Balance/Net Position, as Reported, June 30, 2016	(\$46,717,907)	\$49,169,762	\$13,568,714
Restatements	1,576	(345,000)	345,000
Beginning Fund Balance/Net Position, as Corrected, June 30, 2016	(\$46,716,331)	\$48,824,762	\$13,913,714

Note 23 – Implementation of New Accounting Pronouncement

For the fiscal year ended June 30, 2017, the School District was required to implement Governmental Accounting Standards Board Statements No. 74, “Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans,” No. 77, “Tax Abatement Disclosures,” No. 78, “Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,” No. 80, “Blending Requirements for Certain Component Units,” and No. 82, “Pension Issues.”

GASB Statement No. 74 replaces GASB Statement No. 43, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.” Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans.

GASB Statement No. 77 requires state and local governments, for the first time, to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government’s tax revenues.

GASB Statement No. 78 amends the scope and applicability of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: (1) is not a state or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers; and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

GASB Statement No. 80 clarifies the display requirements in GASB Statement No. 14, “The Financial Reporting Entity,” by requiring these component units to be blended into the primary state or local government’s financial statements in a manner similar to a department or activity of the primary government. The guidance addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member. Although GASB 80 applies to a limited number of governmental units, such as, for example, public hospitals, the GASB intends for it to enhance the comparability of financial statements among those units and improve the value of this information for users of state and local government financial statements.

GASB Statement No. 82 addresses, among other things, presentation of payroll-related measures in required supplementary information, selection of assumptions and the treatment of deviations from guidance in Actuarial Standards of Practice for financial reporting purposes, and classification of payments made by employers to satisfy plan member contribution requirements. GASB 82 is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance. Specifically, the practice issues raised by stakeholders during implementation relate to GASB 67, 68, and 73.

The School District has incorporated the proper disclosures in accordance with GASB 77. None of the other Statements had an impact on the School District’s note disclosures. None of these Statements had an impact on the School District’s financial statements.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 24 – Subsequent Events

On November 14, 2017, Colerain Township, Hamilton County passed a resolution providing for the issuance and sale of \$2,010,000 Special Obligation Development Revenue Bonds of the Township under Chapter 5709 of the Ohio Revised Code for the purpose of paying the costs of certain public improvements; authorizing a pledge of and lien on certain service payments to secure such bonds; authorizing the execution and delivery of a trust agreement to secure such bonds; authorizing the execution and delivery of the transaction documents; and authorizing and approving related matters.

In fiscal year 2018, Millennium Business Systems took over the School District's copier lease through Canon Financial Services.

The Master Facility Project will be coming to an end with the opening of three new elementary schools at the start of the 2018-2019 school year.

Northwest Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Four Fiscal Years (1)

	2014	2015	2016	2017
<i>State Teachers Retirement System</i>				
School District's proportion of the net pension liability	0.34836811%	0.34836811%	0.35493970%	0.35574590%
School District's proportionate share of the net pension liability	\$100,935,993	\$84,735,181	\$98,094,962	\$119,078,873
School District's covered-employee payroll	\$36,699,831	\$35,770,629	\$37,246,864	\$39,060,100
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	275.0%	236.9%	263.4%	304.9%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%
<i>School Employees Retirement System</i>				
School District's proportion of the net pension liability	0.41802100%	0.41802100%	0.42730910%	0.43729230%
School District's proportionate share of the net pension liability	\$24,858,367	\$21,155,805	\$24,382,671	\$32,005,761
School District's covered-employee payroll	\$11,413,588	\$12,404,292	\$12,638,012	\$12,863,536
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	217.8%	170.6%	192.9%	248.8%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	69.2%	63.0%

The amounts presented are as of the School District's measurement date which is the prior fiscal year end.

(1) Information not available prior to 2014.

Northwest Local School District
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<i>State Teachers Retirement System</i>										
Contractually required contribution	\$5,801,556	\$5,679,492	\$5,757,480	\$5,678,263	\$5,446,835	\$4,770,978	\$4,650,182	\$5,214,561	\$5,468,414	\$5,656,169
Contributions in relation to the contractually required contribution	5,801,556	5,679,492	5,757,480	5,678,263	5,446,835	4,770,978	4,650,182	5,214,561	5,468,414	5,656,169
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered-employee payroll	\$44,627,354	\$43,688,400	\$44,288,308	\$43,678,946	\$41,898,731	\$36,699,831	\$35,770,629	\$37,246,864	\$39,060,100	\$40,401,207
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	14.00%	14.00%	14.00%
<i>School Employees Retirement System</i>										
Contractually required contribution	\$1,799,581	\$1,824,394	\$1,858,629	\$2,039,511	\$2,057,762	\$1,579,641	\$1,719,235	\$1,665,690	\$1,800,895	\$2,149,464
Contributions in relation to the contractually required contribution	1,799,581	1,824,394	1,858,629	2,039,511	2,057,762	1,579,641	1,719,235	1,665,690	1,800,895	2,149,464
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered-employee payroll	\$18,325,672	\$18,540,589	\$13,726,950	\$16,225,227	\$15,299,346	\$11,413,588	\$12,404,292	\$12,638,012	\$12,863,536	\$15,353,314
Contributions as a percentage of covered-employee payroll	9.82%	9.84%	13.54%	12.57%	13.45%	13.84%	13.86%	13.18%	14.00%	14.00%

Notes to the Required Supplementary Information

State Teachers Retirement System

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. See the notes to the basic financials for the methods and assumptions in this calculation.

School Employees Retirement System

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rate, and (g) mortality among disabled member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

Combining and Individual Fund Statements and Schedules

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Northwest Local School District
Nonmajor Fund Descriptions

Special Revenue Funds

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

Nonmajor Special Revenue Funds

Food Service Fund – This fund accounts for and reports revenues restricted to the provision of food service, including breakfast and lunch, for the School District students and staff.

Special Trust Fund – This fund accounts for and reports donations restricted for purposes that are beneficial to the overall operation of the School District.

Career Consultant Grant Fund – This fund accounts for and reports career consultant restricted gifts and donations from Butler Tech restricted for payment of an employee position that coordinates between the two districts. The employee within this position coordinates the technology, professional development, transportation and other necessary expenses for the career programs.

Athletic Fund – This fund accounts for and reports those restricted revenues from student activity programs which have student participation in the activity but do not have student management in the programs. This fund includes athletic programs as well as the band, cheerleaders, drama clubs and other similar types of activities.

Auxiliary Service Fund – This fund accounts for and reports state funds restricted to providing services and materials to students attending non-public schools within the boundaries of the School District as provided by state law.

Public School Preschool Fund – This fund accounts for and reports assistance from the state restricted to paying the cost of a preschool program for three and four year old students.

SchoolNet Professional Development Fund – This fund accounts for and reports a limited number of professional development subsidy restricted grants.

Vocational Education Enhancement Fund – This fund accounts for and reports restricted state monies which support vocational education enhancements that expand the number of students enrolled in tech programs, and also enables students to develop career plans, to identify initial educational and career goals, and to develop a career passport which provides a clear understanding of the student's knowledge, skills and credentials to present to future employers, universities, and other training institutes. This fund is also used to replace or update equipment essential for the instruction of students in job skills taught as part of a vocational program or programs approved for such instruction by the State Board of Education.

Straight A Grant Fund – This fund accounts for state grants to be used for increased student achievement, improved fiscal performance, and improved efficiency and effectiveness through the use of shared services.

IDEA-B Special Education Fund – This fund accounts for and reports restricted federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels. Also, to assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

Title I School Improvement Stimulus A Fund – This fund accounts for and reports restricted federal monies for economically disadvantaged school districts and some of their eligible schools for improving educational outcomes for students who are failing or at risk of failing to meet state standards. (This fund has no balances or GAAP-based revenues or expenses during 2017. Therefore, only a budgetary comparison schedule has been presented for 2017.)

Northwest Local School District
Nonmajor Fund Descriptions

Title III Fund – This fund accounts for and reports restricted federal funds to provide language instruction for limited English proficient and migrant students.

Title I Fund – This fund accounts account for and reports restricted federal funds for services provided to meet special education needs of educationally deprived children.

Early Childhood Special Education Fund – This fund accounts for and reports federal funds restricted to provide programs to handicapped preschool children.

Title II-A Fund – This fund accounts for and reports federal funds restricted to assisting in the cost of personnel hired to reduce class size in kindergarten through third grade.

Uniform School Supplies Fund – This fund accounts for and reports the purchase and sale of school supplies, such as workbooks, as adopted by the Board of Education. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

Public School Support Fund – A fund provided to account for specific local revenue sources, other than taxes (i.e., profits from vending machines, sales of pictures, etc.), that are restricted to expenditure for specific purposes approved by the Board. Such expenditures may include curricular and extracurricular related purchases. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

Underground Storage Tank Fund – This fund accounts for and reports local funds which are provided in the event of an underground storage tank leak. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source. This fund had no activity during fiscal year 2017. Therefore, no budgetary statement is presented.

Debt Service Fund

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Nonmajor Debt Service Fund

Debt Service Fund – This fund accounts for and reports the accumulation of resources restricted for and the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the School District is obligated in some manner for the payment.

Permanent Fund

The permanent fund accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs, that is, for the benefit of the School District, or its citizenry.

Nonmajor Permanent Fund

Endowment Fund – This fund accounts for and reports the financial resources that are restricted. Only the income earned can be used for specific purposes.

Northwest Local School District
Nonmajor Fund Descriptions

Capital Projects Fund

The capital projects fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds or for assets that will be held in trust. The following is a description of the School District's nonmajor capital projects fund.

Nonmajor Capital Projects Fund

Permanent Improvement – This fund accounts for and reports all transactions related to the acquisition, construction or improvement of the infrastructure of buildings and grounds through permanent improvements.

Internal Service Fund

Internal service funds are used to account for and report financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis.

Nonmajor Internal Service Fund

Workers' Compensation Fund – This fund accounts for and reports revenues and expenses to provide workers' compensation self-insurance to School District employees.

Northwest Local School District
Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Permanent Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$1,675,871	\$7,601,025	\$100,153	\$3,097,271	\$12,474,320
Inventory Held for Resale	34,490	0	0	0	34,490
Accounts Receivable	1,120	0	0	0	1,120
Intergovernmental Receivable	1,474,530	0	0	0	1,474,530
Property Taxes Receivable	0	5,625,826	0	2,609,486	8,235,312
<i>Total Assets</i>	<u>\$3,186,011</u>	<u>\$13,226,851</u>	<u>\$100,153</u>	<u>\$5,706,757</u>	<u>\$22,219,772</u>
Liabilities:					
Accounts Payable	\$456,860	\$0	\$0	\$0	\$456,860
Accrued Wages and Benefits	801,270	0	0	0	801,270
Contracts Payable	0	0	0	10,868	10,868
Interfund Payable	46,413	0	0	0	46,413
Intergovernmental Payable	122,111	0	0	0	122,111
Matured Compensated Absences Payable	18,396	0	0	0	18,396
<i>Total Liabilities</i>	1,445,050	0	0	10,868	1,455,918
Deferred Inflows of Resources:					
Property Taxes not Levied to Finance Current Year Operations	0	3,234,994	0	1,534,544	4,769,538
Unavailable Revenue	906,368	190,832	0	84,942	1,182,142
<i>Deferred Inflows of Resources</i>	906,368	3,425,826	0	1,619,486	5,951,680
Fund Balances:					
Nonspendable	0	0	79,000	0	79,000
Restricted	1,183,948	9,801,025	21,153	0	11,006,126
Committed	0	0	0	4,076,403	4,076,403
Unassigned (Deficit)	(349,355)	0	0	0	(349,355)
<i>Total Fund Balances</i>	<u>834,593</u>	<u>9,801,025</u>	<u>100,153</u>	<u>4,076,403</u>	<u>14,812,174</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$3,186,011</u>	<u>\$13,226,851</u>	<u>\$100,153</u>	<u>\$5,706,757</u>	<u>\$22,219,772</u>

Northwest Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
As of June 30, 2017

	Food Service Fund	Special Trust Fund	Career Consultant Grant Fund	Athletic Fund
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$755,955	\$241,498	\$9,937	\$384,392
Inventory Held for Resale	34,490	0	0	0
Accounts Receivable	0	0	0	1,120
Intergovernmental Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$790,445</u>	<u>\$241,498</u>	<u>\$9,937</u>	<u>\$385,512</u>
Liabilities:				
Accounts Payable	\$295	\$1,508	\$365	\$4,403
Accrued Wages and Benefits	245,210	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	54,975	0	487	0
Matured Compensated Absences Payable	18,396	0	0	0
<i>Total Liabilities</i>	318,876	1,508	852	4,403
Deferred Inflows of Resources:				
Unavailable Revenue	0	0	0	0
<i>Deferred Inflows of Resources</i>	0	0	0	0
Fund Balances:				
Restricted	471,569	239,990	9,085	381,109
Unassigned (Deficit)	0	0	0	0
<i>Total Fund Balances</i>	<u>471,569</u>	<u>239,990</u>	<u>9,085</u>	<u>381,109</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$790,445</u>	<u>\$241,498</u>	<u>\$9,937</u>	<u>\$385,512</u>

Auxiliary Service Fund	Public School Preschool Fund	SchoolNet Professional Development Fund	Vocational Education Enhancement Fund	Straight A Grant Fund	IDEA-B Special Education Fund	Title III Fund
\$274,085	\$25	\$2,440	\$0	\$0	\$7,539	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	61,968	0	6,226	888	732,814	2,010
<u>\$274,085</u>	<u>\$61,993</u>	<u>\$2,440</u>	<u>\$6,226</u>	<u>\$888</u>	<u>\$740,353</u>	<u>\$2,010</u>
\$184,477	\$0	\$0	\$1,828	\$760	\$249,655	\$1,801
9,746	39,604	0	0	0	176,478	208
0	0	0	3,155	0	0	0
107	4,083	0	0	0	27,789	0
0	0	0	0	0	0	0
194,330	43,687	0	4,983	760	453,922	2,009
0	35,263	0	1,243	888	429,363	1,317
0	35,263	0	1,243	888	429,363	1,317
79,755	0	2,440	0	0	0	0
0	(16,957)	0	0	(760)	(142,932)	(1,316)
<u>79,755</u>	<u>(16,957)</u>	<u>2,440</u>	<u>0</u>	<u>(760)</u>	<u>(142,932)</u>	<u>(1,316)</u>
<u>\$274,085</u>	<u>\$61,993</u>	<u>\$2,440</u>	<u>\$6,226</u>	<u>\$888</u>	<u>\$740,353</u>	<u>\$2,010</u>

continued

Northwest Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
As of June 30, 2017

	Title I Fund	Early Childhood Special Education Fund	Title II-A Fund	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$0	\$0	\$1,675,871
Inventory Held for Resale	0	0	0	34,490
Accounts Receivable	0	0	0	1,120
Intergovernmental Receivable	591,157	27,476	51,991	1,474,530
<i>Total Assets</i>	<u>\$591,157</u>	<u>\$27,476</u>	<u>\$51,991</u>	<u>\$3,186,011</u>
Liabilities:				
Accounts Payable	\$11,768	\$0	\$0	\$456,860
Accrued Wages and Benefits	295,467	2,969	31,588	801,270
Interfund Payable	40,751	2,249	258	46,413
Intergovernmental Payable	30,228	42	4,400	122,111
Matured Compensated Absences Payable	0	0	0	18,396
<i>Total Liabilities</i>	378,214	5,260	36,246	1,445,050
Deferred Inflows of Resources:				
Unavailable Revenue	383,100	23,040	32,154	906,368
<i>Deferred Inflows of Resources</i>	383,100	23,040	32,154	906,368
Fund Balances:				
Restricted	0	0	0	1,183,948
Unassigned (Deficit)	(170,157)	(824)	(16,409)	(349,355)
<i>Total Fund Balances</i>	<u>(170,157)</u>	<u>(824)</u>	<u>(16,409)</u>	<u>834,593</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$591,157</u>	<u>\$27,476</u>	<u>\$51,991</u>	<u>\$3,186,011</u>

Northwest Local School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Permanent Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$0	\$6,020,789	\$0	\$2,358,570	\$8,379,359
Intergovernmental	12,008,470	375,073	0	356,557	12,740,100
Interest	27,832	33,806	355	0	61,993
Extracurricular Activities	725,527	0	0	0	725,527
Gifts and Donations	62,569	0	5,450	201,476	269,495
Charges for Services	1,231,518	0	0	0	1,231,518
Miscellaneous	21,289	247	0	244,600	266,136
<i>Total Revenues</i>	14,077,205	6,429,915	5,805	3,161,203	23,674,128
Expenditures:					
Current:					
Instruction:					
Regular	630,772	0	0	273,421	904,193
Special	2,800,804	0	0	0	2,800,804
Vocational	527	0	0	0	527
Student Intervention Services	139,196	0	0	0	139,196
Other	32,063	0	0	0	32,063
Support Services:					
Pupils	510,512	0	6,500	0	517,012
Instructional Staff	790,154	0	0	0	790,154
Board of Education	149	0	0	0	149
Administration	822,166	0	0	0	822,166
Fiscal	251	76,697	0	34,101	111,049
Operation and Maintenance of Plant	0	0	0	218,645	218,645
Pupil Transportation	101,855	0	0	0	101,855
Central	1,365	0	0	0	1,365
Operation of Non-Instructional Services	7,478,642	0	0	0	7,478,642
Extracurricular Activities	555,384	0	11,250	9,020	575,654
Capital Outlay	177,096	0	0	1,463,708	1,640,804
Debt Service:					
Principal	0	2,180,000	0	690,000	2,870,000
Interest	0	3,644,726	0	186,664	3,831,390
<i>Total Expenditures</i>	14,040,936	5,901,423	17,750	2,875,559	22,835,668
<i>Excess of Revenues Over (Under) Expenditures</i>	36,269	528,492	(11,945)	285,644	838,460
Other Financing Sources:					
Transfers In	60,000	0	0	0	60,000
<i>Total Other Financing Sources</i>	60,000	0	0	0	60,000
<i>Net Change in Fund Balances</i>	96,269	528,492	(11,945)	285,644	898,460
<i>Fund Balance at Beginning of Year-Restated</i>	738,324	9,272,533	112,098	3,790,759	13,913,714
<i>Fund Balance at End of Year</i>	\$834,593	\$9,801,025	\$100,153	\$4,076,403	\$14,812,174

Northwest Local School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2017

	Food Service Fund	Special Trust Fund	Career Consultant Grant Fund	Athletic Fund
Revenues:				
Intergovernmental	\$2,859,522	\$0	\$9,000	\$0
Interest	25,017	59	0	0
Extracurricular Activities	0	0	0	725,527
Gifts and Donations	0	33,898	10,766	17,905
Charges for Services	1,231,518	0	0	0
Miscellaneous	628	18,417	0	2,244
<i>Total Revenues</i>	4,116,685	52,374	19,766	745,676
Expenditures:				
Current:				
Instruction:				
Regular	0	7,765	5,106	705
Special	0	1,448	0	0
Vocational	0	0	527	0
Student Intervention Services	0	0	0	0
Other	0	1,263	0	0
Support Services:				
Pupils	0	7,563	0	0
Instructional Staff	0	1,676	11,849	0
Board of Education	0	149	0	0
Administration	0	4,442	0	0
Fiscal	0	251	0	0
Pupil Transportation	0	0	0	91,778
Central	0	1,365	0	0
Operation of Non-Instructional Services	3,712,582	36,395	0	0
Extracurricular Activities	0	644	0	554,740
Capital Outlay	0	0	0	24,943
<i>Total Expenditures</i>	3,712,582	62,961	17,482	672,166
<i>Excess of Revenues Over (Under) Expenditures</i>	404,103	(10,587)	2,284	73,510
Other Financing Sources:				
Transfers In	0	0	0	60,000
<i>Total Other Financing Sources</i>	0	0	0	60,000
<i>Net Change in Fund Balances</i>	404,103	(10,587)	2,284	133,510
<i>Fund Balance at Beginning of Year</i>	67,466	250,577	6,801	247,599
<i>Fund Balance at End of Year</i>	<u>\$471,569</u>	<u>\$239,990</u>	<u>\$9,085</u>	<u>\$381,109</u>

Auxiliary Service Fund	Public School Preschool Fund	SchoolNet Professional Development Fund	Vocational Education Enhancement Fund	Straight A Grant Fund	IDEA-B Special Education Fund	Title III Fund
\$2,982,006	\$276,072	\$21,600	\$11,757	\$262,168	\$2,635,301	\$63,021
2,756	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
2,984,762	276,072	21,600	11,757	262,168	2,635,301	63,021
0	0	30,090	1,303	102,937	0	0
0	275,541	0	0	0	748,574	17,091
0	0	0	0	0	0	0
0	0	0	0	0	139,196	0
0	0	0	0	0	30,800	0
0	0	0	0	0	502,949	0
0	0	0	10,454	152,491	120,670	47,247
0	0	0	0	0	0	0
0	0	0	0	7,500	719,746	0
0	0	0	0	0	0	0
0	0	0	0	0	10,077	0
0	0	0	0	0	0	0
3,192,125	0	0	0	0	387,032	0
0	0	0	0	0	0	0
123,103	0	0	0	0	6,190	0
3,315,228	275,541	30,090	11,757	262,928	2,665,234	64,338
(330,466)	531	(8,490)	0	(760)	(29,933)	(1,317)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(330,466)	531	(8,490)	0	(760)	(29,933)	(1,317)
410,221	(17,488)	10,930	0	0	(112,999)	1
\$79,755	(\$16,957)	\$2,440	\$0	(\$760)	(\$142,932)	(\$1,316)

continued

Northwest Local School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2017

	Title I Fund	Early Childhood Special Education Fund	Title II-A Fund	Total Nonmajor Special Revenue Funds
Revenues:				
Intergovernmental	\$2,622,532	\$27,742	\$237,749	\$12,008,470
Interest	0	0	0	27,832
Extracurricular Activities	0	0	0	725,527
Gifts and Donations	0	0	0	62,569
Charges for Services	0	0	0	1,231,518
Miscellaneous	0	0	0	21,289
<i>Total Revenues</i>	2,622,532	27,742	237,749	14,077,205
Expenditures:				
Current:				
Instruction:				
Regular	254,441	0	228,425	630,772
Special	1,730,545	27,605	0	2,800,804
Vocational	0	0	0	527
Student Intervention Services	0	0	0	139,196
Other	0	0	0	32,063
Support Services:				
Pupils	0	0	0	510,512
Instructional Staff	443,177	963	1,627	790,154
Board of Education	0	0	0	149
Administration	90,478	0	0	822,166
Fiscal	0	0	0	251
Pupil Transportation	0	0	0	101,855
Central	0	0	0	1,365
Operation of Non-Instructional Services	141,758	0	8,750	7,478,642
Extracurricular Activities	0	0	0	555,384
Capital Outlay	22,860	0	0	177,096
<i>Total Expenditures</i>	2,683,259	28,568	238,802	14,040,936
<i>Excess of Revenues Over (Under) Expenditures</i>	(60,727)	(826)	(1,053)	36,269
Other Financing Sources:				
Transfers In	0	0	0	60,000
<i>Total Other Financing Sources</i>	0	0	0	60,000
<i>Net Change in Fund Balances</i>	(60,727)	(826)	(1,053)	96,269
<i>Fund Balance at Beginning of Year</i>	(109,430)	2	(15,356)	738,324
<i>Fund Balance at End of Year</i>	(\$170,157)	(\$824)	(\$16,409)	\$834,593

Northwest Local School District
Nonmajor Fund Descriptions

Agency Funds

Athletic Tournament Host Fund – This fund accounts for and reports activity related to Ohio High School Athletic Association tournaments.

Student Activity Fund – This fund accounts for and reports student activity programs which have student participation in the activity and have students involved in the management of the program.

Northwest Local School District
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017

	Balance at June 30, 2016	Additions	Deductions	Balance at June 30, 2017
Athletic Tournament Host Fund				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,718	\$17,891	\$20,609	\$0
<i>Total Assets</i>	<u>\$2,718</u>	<u>\$17,891</u>	<u>\$20,609</u>	<u>\$0</u>
Liabilities:				
Undistributed Monies	\$2,718	\$17,891	\$20,609	\$0
<i>Total Liabilities</i>	<u>\$2,718</u>	<u>\$17,891</u>	<u>\$20,609</u>	<u>\$0</u>
Student Activity Fund				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$112,843	\$153,913	\$148,999	\$117,757
<i>Total Assets</i>	<u>\$112,843</u>	<u>\$153,913</u>	<u>\$148,999</u>	<u>\$117,757</u>
Liabilities:				
Undistributed Monies	\$0	\$131	\$0	\$131
Due to Students	112,843	153,782	148,999	117,626
<i>Total Liabilities</i>	<u>\$112,843</u>	<u>\$153,913</u>	<u>\$148,999</u>	<u>\$117,757</u>
Total Agency Funds				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$115,561	\$171,804	\$169,608	\$117,757
<i>Total Assets</i>	<u>\$115,561</u>	<u>\$171,804</u>	<u>\$169,608</u>	<u>\$117,757</u>
Liabilities:				
Undistributed Monies	\$2,718	\$18,022	\$20,609	\$131
Due to Students	112,843	153,782	148,999	117,626
<i>Total Liabilities</i>	<u>\$115,561</u>	<u>\$171,804</u>	<u>\$169,608</u>	<u>\$117,757</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Building Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Interest	\$736,791	\$872,734	\$135,943
<i>Total Revenues</i>	736,791	872,734	135,943
Expenditures:			
Current:			
Support Services:			
Fiscal	62,464	62,464	0
Capital Outlay	78,618,758	76,275,010	2,343,748
<i>Total Expenditures</i>	78,681,222	76,337,474	2,343,748
<i>Excess of Revenues Under Expenditures</i>	(77,944,431)	(75,464,740)	2,479,691
Other Financing Sources:			
School Improvement Bonds Issued	10,000,000	10,000,000	0
<i>Total Other Financing Sources</i>	10,000,000	10,000,000	0
<i>Net Change in Fund Balance</i>	(67,944,431)	(65,464,740)	2,479,691
<i>Fund Balance at Beginning of Year</i>	70,080,823	70,080,823	0
<i>Prior Year Encumbrances Appropriated</i>	5,949,701	5,949,701	0
<i>Fund Balance at End of Year</i>	<u>\$8,086,093</u>	<u>\$10,565,784</u>	<u>\$2,479,691</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$2,759,773	\$2,759,773	\$0
Interest	24,662	25,017	355
Charges for Services	1,230,475	1,231,597	1,122
Miscellaneous	628	628	0
<i>Total Revenues</i>	4,015,538	4,017,015	1,477
Expenditures:			
Current:			
Support Services:			
Board of Education	2,651	0	2,651
Operation and Maintenance of Plant	9	0	9
Operation of Non-Instructional Services	3,794,829	3,563,322	231,507
<i>Total Expenditures</i>	3,797,489	3,563,322	234,167
<i>Net Change in Fund Balance</i>	218,049	453,693	235,644
<i>Fund Balance at Beginning of Year</i>	215,257	215,257	0
<i>Prior Year Encumbrances Appropriated</i>	72,908	72,908	0
<i>Fund Balance at End of Year</i>	<u>\$506,214</u>	<u>\$741,858</u>	<u>\$235,644</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Special Trust Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Interest	\$53	\$59	\$6
Gifts and Donations	33,898	33,898	0
Miscellaneous	18,766	18,766	0
<i>Total Revenues</i>	52,717	52,723	6
Expenditures:			
Current:			
Instruction:			
Regular	7,765	7,765	0
Special	1,448	1,448	0
Other	1,263	1,263	0
Support Services:			
Pupils	7,563	7,563	0
Instructional Staff	1,676	1,676	0
Board of Education	149	149	0
Administration	5,094	4,982	112
Fiscal	1,000	251	749
Central	1,365	1,365	0
Operation of Non-Instructional Services	51,650	36,361	15,289
Extracurricular Activities	644	644	0
<i>Total Expenditures</i>	79,617	63,467	16,150
<i>Net Change in Fund Balance</i>	(26,900)	(10,744)	16,156
<i>Fund Balance at Beginning of Year</i>	247,238	247,238	0
<i>Prior Year Encumbrances Appropriated</i>	2,988	2,988	0
<i>Fund Balance at End of Year</i>	<u>\$223,326</u>	<u>\$239,482</u>	<u>\$16,156</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Career Consultation Grant Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$9,000	\$9,000	\$0
Gifts and Donations	10,766	10,766	0
<i>Total Revenues</i>	19,766	19,766	0
Expenditures:			
Current:			
Instruction:			
Regular	5,453	5,438	15
Vocational	1,019	1,019	0
Support Services:			
Instructional Staff	11,949	11,949	0
<i>Total Expenditures</i>	18,421	18,406	15
<i>Net Change in Fund Balance</i>	1,345	1,360	15
<i>Fund Balance at Beginning of Year</i>	7,393	7,393	0
<i>Fund Balance at End of Year</i>	<u>\$8,738</u>	<u>\$8,753</u>	<u>\$15</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Athletic Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Extracurricular Activities	\$722,529	\$730,298	\$7,769
Gifts and Donations	17,553	17,905	352
Miscellaneous	9,694	8,284	(1,410)
<i>Total Revenues</i>	749,776	756,487	6,711
Expenditures:			
Current:			
Instruction:			
Regular	705	705	0
Support Services:			
Pupil Transportation	91,778	91,778	0
Extracurricular Activities	602,221	597,120	5,101
<i>Total Expenditures</i>	694,704	689,603	5,101
<i>Excess of Revenues Over Expenditures</i>	55,072	66,884	11,812
Other Financing Sources:			
Transfers In	60,000	60,000	0
<i>Total Other Financing Sources</i>	60,000	60,000	0
<i>Net Change in Fund Balance</i>	115,072	126,884	11,812
<i>Fund Balance at Beginning of Year</i>	203,515	203,515	0
<i>Prior Year Encumbrances Appropriated</i>	45,456	45,456	0
<i>Fund Balance at End of Year</i>	<u>\$364,043</u>	<u>\$375,855</u>	<u>\$11,812</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$2,982,006	\$2,982,006	\$0
Interest	2,756	2,756	0
<i>Total Revenues</i>	2,984,762	2,984,762	0
Expenditures:			
Current:			
Operation of Non-Instructional Services	3,411,833	3,410,226	1,607
<i>Total Expenditures</i>	3,411,833	3,410,226	1,607
<i>Net Change in Fund Balance</i>	(427,071)	(425,464)	1,607
<i>Fund Balance at Beginning of Year</i>	237,589	237,589	0
<i>Prior Year Encumbrances Appropriated</i>	227,348	227,348	0
<i>Fund Balance at End of Year</i>	<u>\$37,866</u>	<u>\$39,473</u>	<u>\$1,607</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Public School Preschool Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$291,810	\$291,810	\$0
<i>Total Revenues</i>	291,810	291,810	0
Expenditures:			
Current:			
Instruction:			
Special	272,546	272,546	0
<i>Total Expenditures</i>	272,546	272,546	0
<i>Excess of Revenues Over Expenditures</i>	19,264	19,264	0
Other Financing Uses:			
Advances Out	(20,730)	(20,730)	0
<i>Total Other Financing Uses</i>	(20,730)	(20,730)	0
<i>Net Change in Fund Balance</i>	(1,466)	(1,466)	0
<i>Fund Balance at Beginning of Year</i>	1,491	1,491	0
<i>Fund Balance at End of Year</i>	\$25	\$25	\$0

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
SchoolNet Professional Development Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$21,600	\$21,600	\$0
<i>Total Revenues</i>	21,600	21,600	0
Expenditures:			
Current:			
Instruction:			
Regular	30,090	30,090	0
<i>Total Expenditures</i>	30,090	30,090	0
<i>Net Change in Fund Balance</i>	(8,490)	(8,490)	0
<i>Fund Balance at Beginning of Year</i>	10,930	10,930	0
<i>Fund Balance at End of Year</i>	<u>\$2,440</u>	<u>\$2,440</u>	<u>\$0</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Vocational Education Enhancement Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$8,906	\$8,906	\$0
<i>Total Revenues</i>	8,906	8,906	0
Expenditures:			
Current:			
Instruction:			
Regular	1,303	1,303	0
Support Services:			
Instructional Staff	10,454	10,454	0
<i>Total Expenditures</i>	11,757	11,757	0
<i>Excess of Revenues Under Expenditures</i>	(2,851)	(2,851)	0
Other Financing Sources (Uses):			
Advances In	3,155	3,155	0
Advances Out	(2,132)	(2,132)	0
<i>Total Other Financing Sources (Uses)</i>	1,023	1,023	0
<i>Net Change in Fund Balance</i>	(1,828)	(1,828)	0
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	(\$1,828)	(\$1,828)	\$0

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Straight A Grant Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$262,168	\$262,168	\$0
<i>Total Revenues</i>	262,168	262,168	0
Expenditures:			
Current:			
Instruction:			
Regular	102,911	102,911	0
Support Services:			
Instructional Staff	152,491	152,491	0
Administration	7,500	7,500	0
<i>Total Expenditures</i>	262,902	262,902	0
<i>Net Change in Fund Balance</i>	(734)	(734)	0
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	(\$734)	(\$734)	\$0

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
IDEA-B Special Education Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$3,042,976	\$2,617,192	(\$425,784)
<i>Total Revenues</i>	3,042,976	2,617,192	(425,784)
Expenditures:			
Current:			
Instruction:			
Special	803,580	801,848	1,732
Student Intervention Services	169,996	169,996	0
Support Services:			
Pupils	593,491	593,491	0
Instructional Staff	120,864	120,864	0
Administration	701,624	701,624	0
Pupil Transportation	57,818	57,818	0
Operation of Non-Instructional Services	386,824	386,824	0
<i>Total Expenditures</i>	2,834,197	2,832,465	1,732
<i>Excess of Revenues Over (Under) Expenditures</i>	208,779	(215,273)	(424,052)
Other Financing Uses:			
Advances Out	(388,229)	(388,229)	0
<i>Total Other Financing Uses</i>	(388,229)	(388,229)	0
<i>Net Change in Fund Balance</i>	(179,450)	(603,502)	(424,052)
<i>Fund Balance at Beginning of Year</i>	9,595	9,595	0
<i>Prior Year Encumbrances Appropriated</i>	197,669	197,669	0
<i>Fund Balance at End of Year</i>	<u>\$27,814</u>	<u>(\$396,238)</u>	<u>(\$424,052)</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Title I School Improvement Stimulus A Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$5,335	\$5,335	\$0
<i>Total Revenues</i>	5,335	5,335	0
Other Financing Uses:			
Advances Out	(8,137)	(8,137)	0
<i>Total Other Financing Uses</i>	(8,137)	(8,137)	0
<i>Net Change in Fund Balance</i>	(2,802)	(2,802)	0
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	2,802	2,802	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Title III Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$81,620	\$80,382	(\$1,238)
<i>Total Revenues</i>	81,620	80,382	(1,238)
Expenditures:			
Current:			
Instruction:			
Special	18,009	17,095	914
Support Services:			
Instructional Staff	47,159	47,159	0
<i>Total Expenditures</i>	65,168	64,254	914
<i>Excess of Revenues Over Expenditures</i>	16,452	16,128	(324)
Other Financing Uses:			
Advances Out	(18,054)	(18,054)	0
<i>Total Other Financing Uses</i>	(18,054)	(18,054)	0
<i>Net Change in Fund Balance</i>	(1,602)	(1,926)	(324)
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	(\$1,602)	(\$1,926)	(\$324)

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Title I Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$2,973,940	\$2,750,382	(\$223,558)
<i>Total Revenues</i>	2,973,940	2,750,382	(223,558)
Expenditures:			
Current:			
Instruction:			
Regular	280,541	280,541	0
Special	1,481,287	1,481,287	0
Support Services:			
Instructional Staff	556,582	556,582	0
Administration	92,113	92,113	0
Operation of Non-Instructional Services	143,465	143,222	243
<i>Total Expenditures</i>	2,553,988	2,553,745	243
<i>Excess of Revenues Over Expenditures</i>	419,952	196,637	(223,315)
Other Financing Sources (Uses):			
Advances In	6,880	6,880	0
Advances Out	(265,805)	(265,805)	0
<i>Total Other Financing Sources (Uses)</i>	(258,925)	(258,925)	0
<i>Net Change in Fund Balance</i>	161,027	(62,288)	(223,315)
<i>Fund Balance at Beginning of Year</i>	7,251	7,251	0
<i>Prior Year Encumbrances Appropriated</i>	38,162	38,162	0
<i>Fund Balance at End of Year</i>	<u>\$206,440</u>	<u>(\$16,875)</u>	<u>(\$223,315)</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Early Childhood Special Education Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$26,226	\$26,226	\$0
<i>Total Revenues</i>	26,226	26,226	0
Expenditures:			
Current:			
Instruction:			
Special	24,638	24,638	0
Support Services:			
Instructional Staff	963	963	0
<i>Total Expenditures</i>	25,601	25,601	0
<i>Excess of Revenues Over Expenditures</i>	625	625	0
Other Financing Sources (Uses):			
Advances In	2,249	2,249	0
Advances Out	(2,970)	(2,970)	0
<i>Total Other Financing Sources (Uses)</i>	(721)	(721)	0
<i>Net Change in Fund Balance</i>	(96)	(96)	0
<i>Fund Balance at Beginning of Year</i>	96	96	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Title II-A Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$285,531	\$272,842	(\$12,689)
<i>Total Revenues</i>	285,531	272,842	(12,689)
Expenditures:			
Current:			
Instruction:			
Regular	228,139	228,139	0
Support Services:			
Instructional Staff	1,627	1,627	0
Operation of Non-Instructional Services	8,800	8,800	0
<i>Total Expenditures</i>	238,566	238,566	0
<i>Excess of Revenues Over Expenditures</i>	46,965	34,276	(12,689)
Other Financing Sources (Uses):			
Advances In	258	258	0
Advances Out	(47,006)	(47,006)	0
<i>Total Other Financing Sources (Uses)</i>	(46,748)	(46,748)	0
<i>Net Change in Fund Balance</i>	217	(12,472)	(12,689)
<i>Fund Balance at Beginning of Year</i>	3,058	3,058	0
<i>Prior Year Encumbrances Appropriated</i>	9,364	9,364	0
<i>Fund Balance at End of Year</i>	<u>\$12,639</u>	<u>(\$50)</u>	<u>(\$12,689)</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Tuition and Fees	\$207,048	\$207,423	\$375
<i>Total Revenues</i>	207,048	207,423	375
Expenditures:			
Current:			
Instruction:			
Regular	235,929	235,551	378
Support Services:			
Board of Education	1,450	100	1,350
<i>Total Expenditures</i>	237,379	235,651	1,728
<i>Excess of Revenues Under Expenditures</i>	(30,331)	(28,228)	2,103
Other Financing Sources:			
Transfers In	129,921	129,921	0
<i>Total Other Financing Sources</i>	129,921	129,921	0
<i>Net Change in Fund Balance</i>	99,590	101,693	2,103
<i>Fund Balance at Beginning of Year</i>	369,738	369,738	0
<i>Prior Year Encumbrances Appropriated</i>	7,539	7,539	0
<i>Fund Balance at End of Year</i>	<u>\$476,867</u>	<u>\$478,970</u>	<u>\$2,103</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Public School Support Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Tuition and Fees	\$70,146	\$70,146	\$0
Gifts and Donations	31,092	31,092	0
Miscellaneous	38,487	38,487	0
<i>Total Revenues</i>	139,725	139,725	0
Expenditures:			
Current:			
Instruction:			
Regular	88,775	88,775	0
Special	6,466	6,466	0
Support Services:			
Pupils	4,369	4,369	0
Instructional Staff	24,175	24,175	0
Administration	2,696	2,696	0
Operation of Non-Instructional Services	13,052	13,052	0
Extracurricular Activities	1,492	1,492	0
<i>Total Expenditures</i>	141,025	141,025	0
<i>Net Change in Fund Balance</i>	(1,300)	(1,300)	0
<i>Fund Balance at Beginning of Year</i>	93,875	93,875	0
<i>Prior Year Encumbrances Appropriated</i>	3,746	3,746	0
<i>Fund Balance at End of Year</i>	<u>\$96,321</u>	<u>\$96,321</u>	<u>\$0</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Debt Service Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Property Taxes	\$5,715,235	\$5,715,235	\$0
Intergovernmental	474,343	375,073	(99,270)
Interest	0	33,806	33,806
Miscellaneous	0	247	247
<i>Total Revenues</i>	<u>6,189,578</u>	<u>6,124,361</u>	<u>(65,217)</u>
Expenditures:			
Current:			
Support Services:			
Fiscal	76,697	76,697	0
Debt Service:			
Principal	2,180,000	2,180,000	0
Interest	3,644,726	3,644,726	0
<i>Total Expenditures</i>	<u>5,901,423</u>	<u>5,901,423</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	288,155	222,938	(65,217)
<i>Fund Balance at Beginning of Year</i>	<u>7,377,533</u>	<u>7,377,533</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$7,665,688</u></u>	<u><u>\$7,600,471</u></u>	<u><u>(\$65,217)</u></u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Endowment Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Interest	\$326	\$355	\$29
Gifts and Donations	5,450	5,450	0
<i>Total Revenues</i>	5,776	5,805	29
Expenditures:			
Current:			
Support Services:			
Pupils	6,500	6,500	0
Extracurricular Activities	11,950	11,250	700
<i>Total Expenditures</i>	18,450	17,750	700
<i>Net Change in Fund Balance</i>	(12,674)	(11,945)	729
<i>Fund Balance at Beginning of Year</i>	112,098	112,098	0
<i>Fund Balance at End of Year</i>	\$99,424	\$100,153	\$729

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Property Taxes	\$2,538,298	\$2,538,298	\$0
Intergovernmental	356,557	356,557	0
Gifts and Donations	241,476	241,476	0
Miscellaneous	244,600	244,600	0
<i>Total Revenues</i>	3,380,931	3,380,931	0
Expenditures:			
Current:			
Instruction:			
Regular	500,323	498,121	2,202
Support Services:			
Fiscal	43,035	43,035	0
Operation and Maintenance of Plant	216,665	216,665	0
Pupil Transportation	500,000	500,000	0
Extracurricular Activities	10,775	10,775	0
Capital Outlay	1,219,172	1,219,172	0
Debt Service:			
Principal	690,000	690,000	0
Interest	186,664	186,664	0
<i>Total Expenditures</i>	3,366,634	3,364,432	2,202
<i>Net Change in Fund Balance</i>	14,297	16,499	2,202
<i>Fund Balance at Beginning of Year-Restated</i>	1,707,136	1,707,136	0
<i>Prior Year Encumbrances Appropriated</i>	946,956	946,956	0
<i>Fund Balance at End of Year</i>	<u>\$2,668,389</u>	<u>\$2,670,591</u>	<u>\$2,202</u>

Northwest Local School District
*Schedule of Revenues, Expenses, and Change
in Fund Equity - Budget (Non-GAAP) and Actual
Workers' Compensation Fund
For the Fiscal Year Ended June 30, 2017*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Operating Revenues:			
Charges for Services	\$249,945	\$273,677	\$23,732
<i>Total Operating Revenues</i>	249,945	273,677	23,732
Operating Expenses:			
Fringe Benefits	32,813	21,438	11,375
Purchased Services	78,074	68,771	9,303
Materials and Supplies	14,000	14,000	0
Claims	59,933	46,935	12,998
Other	103,231	69,007	34,224
<i>Total Operating Expenses</i>	288,051	220,151	67,900
<i>Net Change in Net Position</i>	(38,106)	53,526	91,632
<i>Net Position at Beginning of Year</i>	486,690	486,690	0
<i>Prior Year Encumbrances Appropriated</i>	85,589	85,589	0
<i>Net Position at End of Year</i>	<u>\$534,173</u>	<u>\$625,805</u>	<u>\$91,632</u>

Statistical Section

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Northwest Local School District
Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	100-113
Revenue Capacity These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.	114-121
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	122-125
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place.	126-127
Operating Information These schedules contain service data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	128-135

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

Northwest Local School District
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Schedule I

	2008	2009	2010	2011
Governmental Activities				
Net Investment in Capital Assets	\$2,857,440	\$3,408,154	\$4,824,453	\$5,225,512
Restricted	3,098,772	4,545,762	4,294,401	5,209,988
Unrestricted	15,918,949	21,200,605	22,468,679	27,598,942
Total Net Position	<u>\$21,875,161</u>	<u>\$29,154,521</u>	<u>\$31,587,533</u>	<u>\$38,034,442</u>

Source: School District Records.

The School District implemented GASB 68 in fiscal year 2015.

*Restated in fiscal year 2017.

2012	2013	2014	2015	2016*	2017
\$4,781,684	\$4,508,984	\$5,508,604	\$8,822,606	\$7,242,252	\$10,789,591
4,070,811	4,053,067	4,587,670	3,612,634	11,483,201	22,153,779
31,016,137	37,810,222	(70,671,546)	(62,206,286)	(65,441,784)	(77,285,355)
<u>\$39,868,632</u>	<u>\$46,372,273</u>	<u>(\$60,575,272)</u>	<u>(\$49,771,046)</u>	<u>(\$46,716,331)</u>	<u>(\$44,341,985)</u>

Northwest Local School District
Expenses, Program Revenues and Net (Expense) Revenue
Last Ten Fiscal Years
(accrual basis of accounting)
Schedule 2

	2008	2009	2010	2011
Expenses				
Governmental Activities:				
Instruction	\$56,945,019	\$49,951,460	\$52,481,465	\$52,123,019
Pupils	4,636,660	5,191,242	5,864,785	5,918,209
Instructional Staff	5,769,942	5,774,646	6,168,524	7,479,306
Board of Education	183,505	93,830	178,161	131,907
Administration	5,745,910	6,041,145	5,688,140	6,071,446
Fiscal	1,603,973	1,807,516	1,593,129	2,091,931
Business	671,137	720,409	583,823	600,034
Operation and Maintenance of Plant	8,570,818	7,029,199	7,821,491	7,905,720
Pupil Transportation	4,901,006	4,595,467	5,078,256	5,248,647
Central	1,665,530	1,586,120	1,970,404	1,783,588
Operation of Non-Instructional Services	7,133,882	8,306,507	6,746,827	7,231,875
Extracurricular Activities	1,568,962	1,861,017	1,861,932	2,009,970
Interest and Fiscal Charges	993,695	964,410	915,785	867,155
Issuance Costs	0	0	0	0
Total Government Expenses	<u>100,390,039</u>	<u>93,922,968</u>	<u>96,952,722</u>	<u>99,462,807</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	\$1,597,900	\$1,592,934	\$1,869,950	\$1,641,647
Pupils	11,664	16,349	14,785	23,810
Instructional Staff	0	0	0	0
Board of Education	0	0	0	0
Administration	0	0	0	0
Fiscal	0	0	0	0
Business	0	0	0	0
Operation and Maintenance of Plant	45,217	617,093	613,381	809,126
Pupil Transportation	0	0	46,465	57,404
Central	0	0	0	0
Operation of Non-Instructional Services	1,988,401	1,947,625	1,709,506	1,603,407
Extracurricular Activities	901,362	804,655	643,017	789,862
Operating Grants and Contributions	10,087,921	11,795,565	15,592,209	16,183,531
Capital Grants and Contributions	193,001	184,366	32,008	0
Total Government Revenues	<u>\$14,825,466</u>	<u>\$16,958,587</u>	<u>\$20,521,321</u>	<u>\$21,108,787</u>
Total Government Net Expense	<u>(\$85,564,573)</u>	<u>(\$76,964,381)</u>	<u>(\$76,431,401)</u>	<u>(\$78,354,020)</u>

Source: School District Records.

The School District implemented GASB 68 in fiscal year 2015.

*Restated in fiscal year 2017.

2012	2013	2014	2015	2016*	2017
\$50,229,137	\$50,043,505	\$54,525,320	\$55,737,691	\$58,190,257	\$64,489,519
5,761,067	5,409,943	5,317,452	5,570,842	5,527,800	6,302,836
6,658,352	6,128,612	2,291,903	3,286,238	2,977,984	2,959,011
173,452	106,612	62,669	123,176	144,646	151,755
5,576,976	5,879,145	5,819,121	5,504,484	6,366,536	7,653,534
1,970,661	2,059,500	1,905,673	1,849,298	1,900,112	2,105,865
449,022	413,910	516,401	423,051	264,876	330,482
6,977,678	7,467,985	6,901,372	7,085,017	6,532,591	7,330,410
5,030,613	5,020,887	6,156,186	5,805,654	5,175,348	6,147,488
1,615,795	1,651,136	1,301,675	1,312,068	1,257,223	1,506,627
6,495,716	7,467,942	6,588,168	7,822,810	7,252,128	8,054,834
1,849,366	1,900,451	1,932,463	1,730,914	1,677,146	2,013,256
818,560	1,237,982	1,045,993	949,047	2,206,248	3,593,583
0	0	0	0	606,306	0
<u>93,606,395</u>	<u>94,787,610</u>	<u>94,364,396</u>	<u>97,200,290</u>	<u>100,079,201</u>	<u>112,639,200</u>
\$1,585,050	\$1,709,059	\$1,294,081	\$2,116,708	\$1,563,368	\$4,649,028
394,526	387,550	360,622	378,621	130,373	195,652
0	0	0	0	65,553	81,982
0	0	0	0	3,566	5,073
0	0	0	0	138,386	230,318
0	0	0	0	42,824	64,208
0	0	0	0	6,323	10,976
708,595	856,200	901,593	909,130	146,998	235,858
53,205	28,494	53,118	34,032	230,065	289,135
0	0	0	0	30,018	50,207
1,508,953	1,338,206	1,222,728	1,192,773	1,304,822	1,254,152
665,183	604,704	411,576	379,183	393,410	669,947
10,597,997	10,694,778	14,148,185	15,624,474	15,675,545	16,676,521
0	0	0	0	686,733	827,195
<u>\$15,513,509</u>	<u>\$15,618,991</u>	<u>\$18,391,903</u>	<u>\$20,634,921</u>	<u>\$20,417,984</u>	<u>\$25,240,252</u>
<u>(\$78,092,886)</u>	<u>(\$79,168,619)</u>	<u>(\$75,972,493)</u>	<u>(\$76,565,369)</u>	<u>(\$79,661,217)</u>	<u>(\$87,398,948)</u>

Northwest Local School District
General Revenues and Total Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Schedule 3

	2008	2009	2010	2011
Total Government Net Expense	(\$85,564,573)	(\$76,964,381)	(\$76,431,401)	(\$78,354,020)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes Levied for General Purposes	43,685,645	39,010,796	37,232,185	41,222,092
Property Taxes Levied for Debt Service	1,475,539	1,666,398	1,567,267	1,953,476
Property Taxes Levied for Capital Outlay	0	2,760,232	2,798,365	3,248,049
Payment in Lieu of Taxes	2,541,812	4,170,555	2,983,732	3,217,041
Grants and Entitlements not Restricted to Specific Programs	33,156,736	35,319,550	33,399,642	34,570,047
Unrestricted Gifts and Donations	206,874	209,561	171,915	152,446
Gain on Sale of Assets	0	0	0	0
Investment Earnings	923,168	433,779	202,298	198,962
Miscellaneous	264,566	672,870	509,009	238,814
Total Government Activities	<u>82,254,340</u>	<u>84,243,741</u>	<u>78,864,413</u>	<u>84,800,927</u>
Change in Net Position	<u>(\$3,310,233)</u>	<u>\$7,279,360</u>	<u>\$2,433,012</u>	<u>\$6,446,907</u>

Source: School District Records.

The School District implemented GASB 68 in fiscal year 2015.

*Restated in fiscal year 2017.

2012	2013	2014	2015	2016*	2017
(\$78,092,886)	(\$79,168,619)	(\$75,972,493)	(\$76,565,369)	(\$79,661,217)	(\$87,398,948)
36,350,086	43,920,672	46,152,421	44,020,483	37,571,044	45,511,477
1,623,331	1,725,996	1,777,796	1,668,331	5,112,378	6,070,206
2,517,199	2,544,368	2,615,606	2,452,865	2,311,390	2,381,592
3,769,607	3,464,114	3,710,151	3,881,320	3,635,600	3,399,242
34,579,559	32,831,800	33,547,912	34,089,574	32,581,232	31,749,577
147,731	167,983	155,139	255,556	114,020	156
0	0	0	0	758	5,112
157,882	(20,926)	312,279	242,400	584,226	84,652
781,681	1,038,253	178,587	759,066	805,284	571,280
79,927,076	85,672,260	88,449,891	87,369,595	82,715,932	89,773,294
\$1,834,190	\$6,503,641	\$12,477,398	\$10,804,226	\$3,054,715	\$2,374,346

Northwest Local School District
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 4

	2008	2009	2010	2011
General Fund				
Reserved	\$15,315,873	\$14,344,202	\$13,265,955	\$0
Unreserved	3,235,516	7,466,773	10,221,736	0
Committed	0	0	0	54,549
Assigned	0	0	0	554,329
Unassigned	0	0	0	24,609,553
Total General Fund	<u>\$18,551,389</u>	<u>\$21,810,975</u>	<u>\$23,487,691</u>	<u>\$25,218,431</u>
All Other Governmental Funds				
Reserved	\$1,949,064	\$2,538,473	\$2,058,837	\$0
Unreserved, Reported in:				
Special Revenue Funds	(1,076,114)	375,257	427,040	0
Debt Service Funds	1,071,556	1,035,064	1,055,225	0
Capital Project Funds	100,655	208,299	693,319	0
Permanent Funds	0	0	94,707	0
Nonspendable	0	0	0	120,684
Restricted	0	0	0	4,130,877
Committed	0	0	0	3,699,071
Unassigned (Deficit)	0	0	0	(141,437)
Total All Other Governmental Funds	<u>\$2,045,161</u>	<u>\$4,157,093</u>	<u>\$4,329,128</u>	<u>\$7,809,195</u>

Source: School District Records.

For fiscal year 2011, the School District implemented GASB 54, which changed governmental fund classifications. Northwest has elected to not restate fund balance amounts for fiscal years prior to

*Restated in fiscal year 2017.

2012	2013	2014	2015	2016*	2017
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
41,489	11,000	11,000	11,000	400,062	194,149
812,264	931,943	527,033	458,064	8,832,585	7,799,073
25,972,050	30,882,889	42,201,249	50,374,983	39,592,115	33,985,931
<u>\$26,825,803</u>	<u>\$31,825,832</u>	<u>\$42,739,282</u>	<u>\$50,844,047</u>	<u>\$48,824,762</u>	<u>\$41,979,153</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
127,763	79,000	79,000	146,298	79,000	79,000
3,065,950	7,014,383	3,806,387	3,046,376	86,994,707	84,013,301
5,425,741	7,461,026	7,947,551	5,706,281	3,445,759	4,076,403
(538,641)	(491,050)	(123,256)	(281,172)	(255,273)	(349,355)
<u>\$8,080,813</u>	<u>\$14,063,359</u>	<u>\$11,709,682</u>	<u>\$8,617,783</u>	<u>\$90,264,193</u>	<u>\$87,819,349</u>

Northwest Local School District
Governmental Funds Revenues
Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 5

	2008	2009	2010	2011
Revenues:				
Property Taxes	\$44,923,966	\$43,221,580	\$41,099,173	\$46,496,662
Intergovernmental	42,285,156	48,131,399	50,279,723	49,954,418
Investment Earnings	923,168	433,779	202,298	198,962
Tuition and Fees	1,107,809	908,960	1,615,133	1,699,249
Rent	0	0	0	0
Extracurricular Activities	641,725	670,974	524,755	614,328
Gifts and Donations	0	0	0	0
Charges for Services	2,795,010	3,398,723	3,028,333	2,611,679
Payments in Lieu of Taxes	3,488,839	2,974,827	2,983,732	3,217,041
Miscellaneous	467,523	814,488	409,555	333,927
Total Revenues	<u>\$96,633,196</u>	<u>\$100,554,730</u>	<u>\$100,142,702</u>	<u>\$105,126,266</u>

Source: School District Records.

2012	2013	2014	2015	2016	2017
\$40,713,901	\$48,730,582	\$50,372,524	\$48,648,693	\$45,642,244	\$53,482,629
45,192,632	43,465,307	47,674,373	50,347,957	47,714,254	48,402,747
157,882	(31,452)	311,253	231,500	1,168,549	738,558
1,764,717	1,709,059	1,294,081	2,116,708	1,140,812	2,330,572
0	671,196	640,003	660,409	652,427	634,989
645,926	818,202	726,284	661,936	480,624	737,786
0	178,483	165,139	255,556	402,907	299,362
1,924,423	1,725,756	1,583,350	1,571,394	1,781,843	4,033,189
3,769,607	3,464,114	3,710,151	3,881,320	3,635,600	3,399,242
1,509,858	1,038,253	178,587	759,066	805,284	571,280
<u>\$95,678,946</u>	<u>\$101,769,500</u>	<u>\$106,655,745</u>	<u>\$109,134,539</u>	<u>\$103,424,544</u>	<u>\$114,630,354</u>

Northwest Local School District
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 6

	2008	2009	2010	2011
Instruction	\$55,063,771	\$49,098,127	\$51,443,938	\$51,738,062
Pupils	4,658,356	5,123,343	5,755,844	5,981,301
Instructional Staff	5,701,322	5,880,737	6,199,761	7,437,142
Board of Education	183,505	93,830	178,161	131,907
Administration	5,806,393	5,942,361	5,549,993	5,997,588
Fiscal	1,581,267	1,785,013	1,581,215	2,084,929
Business	694,398	707,873	596,807	605,131
Operation and Maintenance of Plant	9,138,204	8,487,069	7,806,790	7,725,956
Pupil Transportation	4,741,030	4,438,485	5,402,586	5,113,826
Central	1,682,782	1,503,774	1,977,662	1,774,642
Operation of Non-Instructional Services	7,120,644	8,142,696	6,718,077	7,405,032
Extracurricular Activities	1,783,724	1,836,262	1,858,764	1,964,452
Capital Outlay	0	147,548	990,767	36,483
Debt Service				
Principal Retirements	928,396	1,129,533	1,351,679	990,000
Interest and Fiscal Charges	969,747	934,502	881,907	829,008
Issuance Costs	0	0	0	0
Total Expenditures	<u>\$100,053,539</u>	<u>\$95,251,153</u>	<u>\$98,293,951</u>	<u>\$99,815,459</u>

Debt Service as a Percentage of Noncapital Expenditures	1.90%	2.19%	2.32%	1.86%
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Source: School District Records.

2012	2013	2014	2015	2016	2017
\$49,147,165	\$49,540,643	\$54,153,033	\$57,710,898	\$56,737,953	\$59,780,478
5,734,490	5,445,195	5,422,641	5,640,673	5,634,276	6,090,776
6,676,607	6,131,354	2,324,603	3,429,009	3,067,267	2,773,811
173,521	106,610	62,676	123,828	144,657	151,750
5,694,393	5,797,858	5,673,717	5,875,866	6,320,105	7,027,336
1,965,954	2,061,788	1,862,236	1,925,220	1,905,630	1,982,531
448,021	430,116	435,194	421,010	310,861	307,024
6,753,373	7,260,093	6,892,569	7,087,307	6,604,914	6,951,805
4,753,428	5,278,539	5,559,199	5,707,840	5,081,954	5,392,819
1,593,639	1,602,071	1,335,845	1,345,689	1,301,175	1,370,815
6,456,083	7,425,550	6,513,109	7,837,697	7,348,485	7,739,142
1,902,618	1,907,581	1,888,006	1,789,058	1,691,507	1,924,321
554,874	7,621,167	3,096,775	2,325,834	4,753,358	15,688,400
1,070,000	1,155,000	1,875,000	1,890,000	2,190,307	2,902,822
775,790	1,046,827	1,001,369	1,011,744	2,085,055	3,842,089
0	0	0	0	606,306	0
<u>\$93,699,956</u>	<u>\$102,810,392</u>	<u>\$98,095,972</u>	<u>\$104,121,673</u>	<u>\$105,783,810</u>	<u>\$123,925,919</u>

2.01% 2.34% 3.05% 2.88% 4.23% 6.23%

Northwest Local School District
Other Financing Sources and Uses and Net Change in Fund Balances
Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 7

	2008	2009	2010	2011
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	\$3,917	\$67,941	\$250	\$0
Inception of Capital Leases	854,608	0	0	0
Payments to Refunded Bonds Escrow Agent	0	0	0	0
Proceeds of Refunding Bonds	0	0	0	0
Bonds Issued	0	0	0	0
Premium on Bonds and Notes Issued	0	0	0	0
Transfers In	2,628	0	61,649	65,000
Transfers Out	(2,628)	0	(61,649)	(165,000)
Total Other Financing Sources (Uses)	<u>858,525</u>	<u>67,941</u>	<u>250</u>	<u>(100,000)</u>
Net Change in Fund Balances	<u>(\$2,561,818)</u>	<u>\$5,371,518</u>	<u>\$1,849,001</u>	<u>\$5,210,807</u>

Source: School District Records.

2012	2013	2014	2015	2016	2017
\$0	\$2,850	\$0	\$0	\$758	\$5,112
0	0	0	0	178,866	0
0	0	0	0	(8,913,295)	0
0	0	0	0	8,655,000	0
0	11,890,000	0	0	76,000,000	0
0	130,617	0	0	6,065,062	0
0	60,000	60,000	60,000	60,000	10,060,000
(100,000)	(60,000)	(60,000)	(60,000)	(60,000)	(10,060,000)
(100,000)	12,023,467	0	0	81,986,391	5,112
<u>\$1,878,990</u>	<u>\$10,982,575</u>	<u>\$8,559,773</u>	<u>\$5,012,866</u>	<u>\$79,627,125</u>	<u>(\$9,290,453)</u>

Northwest Local School District
Assessed Value and Actual Value of Taxable Property
Last Ten Calendar Years
Schedule 8

Calendar Year	Real Property Assessed Value	Estimated Actual Value	Tangible Personal Property Assessed Value	Estimated Actual Value	Public Utilities Personal Assessed Value
2007	\$1,632,851,870	\$4,665,291,057	\$2,585,353	\$3,231,691	\$32,779,000
2008	1,620,943,080	4,631,265,943	2,675,180	3,343,975	35,300,900
2009	1,616,185,810	4,617,673,743	1,260,480	1,575,600	35,469,760
2010	1,444,372,160	4,126,777,600	0	0	35,573,060
2011	1,444,372,160	4,126,777,600	0	0	35,573,060
2012	1,434,832,940	4,099,522,686	0	0	40,743,160
2013	1,434,689,580	4,099,113,086	0	0	44,188,630
2014	1,384,139,410	3,954,684,029	0	0	47,404,440
2015	1,387,706,210	3,964,874,886	0	0	49,276,380
2016	1,407,201,070	4,020,574,486	0	0	50,549,360

Source: Hamilton County Auditor.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax has been phased out. The assessment percent was 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers, except telephone companies whose last year to pay tangible personal property tax is 2010. The percentages for telecommunications are 10.0 percent for 2009, 5.0 percent for 2010 and zero for 2011.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent rollback, 2 1/2 percent rollback, and homestead exemptions before being billed. The 10 percent rollback for commercial/industrial property was eliminated in 2006.

Estimated Actual Value	Total Assessed Value	Total Estimated Actual Value	Ratio	Weighted Average Tax Rate
\$524,464,000	\$1,668,216,223	\$5,192,986,748	32.12%	\$10.29
353,009,000	1,658,919,160	4,987,618,918	33.26%	10.69
709,395,200	1,652,916,050	5,328,644,543	31.02%	10.10
711,461,200	1,479,945,220	4,838,238,800	30.59%	10.19
711,461,200	1,479,945,220	4,838,238,800	30.59%	11.13
814,863,200	1,475,576,100	4,914,385,886	30.03%	12.83
883,772,600	1,478,878,210	4,982,885,686	29.68%	12.72
948,088,800	1,431,543,850	4,902,772,829	29.20%	12.66
985,527,600	1,436,982,590	4,950,402,486	29.03%	12.42
1,010,987,200	1,457,750,430	5,031,561,686	28.97%	12.20

Northwest Local School District
Property Tax Rates (Per \$1,000 of Assessed Valuation)
 Direct and Overlapping Governments
 Last Ten Collection (Calendar) Years
 Schedule 9

	2007	2008	2009	2010
UNVOTED MILLAGE:				
Operating	\$6.33	\$4.33	\$4.33	\$4.33
Permanent Improvement	0.00	2.00	2.00	2.00
VOTED MILLAGE - BY LEVY:				
1976 Current Expense				
Residential/Agricultural Real	5.22	5.31	5.32	5.33
Commercial/Industrial and Public Utility Real	7.17	7.13	7.28	7.53
General Business and Public Utility Personal	19.84	19.84	19.84	19.84
1986 Current Expense				
Residential/Agricultural Real	4.26	4.34	4.35	4.36
Commercial/Industrial and Public Utility Real	4.84	4.82	4.92	5.09
General Business and Public Utility Personal	9.86	9.86	9.86	9.86
1989 Current Expense				
Residential/Agricultural Real	3.33	3.39	3.39	3.40
Commercial/Industrial and Public Utility Real	4.13	4.11	4.20	4.34
General Business and Public Utility Personal	6.95	6.95	6.95	6.95
1997 Current Expense				
Residential/Agricultural Real	3.70	3.77	3.77	3.78
Commercial/Industrial and Public Utility Real	4.25	4.23	4.32	4.46
General Business and Public Utility Personal	5.56	5.56	5.56	5.56
1997 Bond (\$25,000,000)				
Residential/Agricultural Real	0.96	1.12	1.12	1.12
Commercial/Industrial and Public Utility Real	0.96	1.12	1.12	1.12
General Business and Public Utility Personal	0.96	1.12	1.12	1.12
2007 Emergency (\$6,411,000)				
Residential/Agricultural Real	3.89	3.90	3.91	3.94
Commercial/Industrial and Public Utility Real	3.89	3.90	3.91	3.94
General Business and Public Utility Personal	3.89	3.90	3.91	3.94
2010 Emergency (\$6,411,000)				
Residential/Agricultural Real	0.00	0.00	0.00	0.00
Commercial/Industrial and Public Utility Real	0.00	0.00	0.00	0.00
General Business and Public Utility Personal	0.00	0.00	0.00	0.00
2012 Emergency (\$7,344,295)				
Residential/Agricultural Real	0.00	0.00	0.00	0.00
Commercial/Industrial and Public Utility Real	0.00	0.00	0.00	0.00
General Business and Public Utility Personal	0.00	0.00	0.00	0.00
2015 Current Expense				
Residential/Agricultural Real	0.00	0.00	0.00	0.00
Commercial/Industrial and Public Utility Real	0.00	0.00	0.00	0.00
General Business and Public Utility Personal	0.00	0.00	0.00	0.00
2015 Bond (\$76,000,000)				
Residential/Agricultural Real	0.00	0.00	0.00	0.00
Commercial/Industrial and Public Utility Real	0.00	0.00	0.00	0.00
General Business and Public Utility Personal	0.00	0.00	0.00	0.00
TOTAL VOTED MILLAGE BY TYPE OF PROPERTY				
Residential/Agricultural Real	21.36	21.83	21.86	21.93
Commercial/Industrial and Public Utility Real	25.24	25.31	25.75	26.48
General Business and Public Utility Personal	47.06	47.23	47.24	47.27
TOTAL SCHOOL DISTRICT MILLAGE				
	<u>53.39</u>	<u>53.56</u>	<u>53.57</u>	<u>53.60</u>
WEIGHTED AVERAGE				
	<u>10.29</u>	<u>10.69</u>	<u>10.10</u>	<u>10.19</u>

2011	2012	2013	2014	2015	2016
\$4.33	\$4.33	\$4.33	\$4.33	\$4.33	\$4.33
2.00	2.00	2.00	2.00	2.00	2.00
6.00	6.03	6.06	6.37	6.38	6.39
8.41	8.74	8.79	8.94	8.98	8.75
19.84	19.84	19.84	19.84	19.84	19.84
4.90	4.92	4.95	5.20	5.21	5.22
5.68	5.91	5.94	6.04	6.07	5.91
9.86	9.86	9.86	9.86	9.86	9.86
3.83	3.85	3.86	4.06	4.07	4.07
4.85	5.04	5.06	5.15	5.18	5.04
6.95	6.95	6.95	6.95	6.95	6.95
4.26	4.28	4.30	4.52	4.52	4.53
4.99	5.19	5.21	5.30	5.33	5.19
5.56	5.56	5.56	5.56	5.56	5.56
1.30	1.36	1.36	1.36	1.36	1.32
1.30	1.36	1.36	1.36	1.36	1.32
1.30	1.36	1.36	1.36	1.36	1.32
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
4.38	4.52	4.52	4.52	0.00	0.00
4.38	4.52	4.52	4.52	0.00	0.00
4.38	4.52	4.52	4.52	0.00	0.00
0.00	5.15	5.15	5.15	5.15	5.26
0.00	5.15	5.15	5.15	5.15	5.26
0.00	5.15	5.15	5.15	5.15	5.26
0.00	0.00	0.00	0.00	1.00	1.00
0.00	0.00	0.00	0.00	1.00	0.97
0.00	0.00	0.00	0.00	1.00	1.00
0.00	0.00	0.00	0.00	2.82	2.75
0.00	0.00	0.00	0.00	2.82	2.75
0.00	0.00	0.00	0.00	2.82	2.75
24.67	30.11	30.20	31.18	30.51	30.54
29.61	35.91	36.03	36.46	35.89	35.19
47.89	53.24	53.24	53.24	52.54	52.54
54.22	59.57	59.57	59.57	58.87	58.87
11.13	12.83	12.36	12.66	12.42	12.20

continued continued

Northwest Local School District
Property Tax Rates (Per \$1,000 of Assessed Valuation)
Direct and Overlapping Governments
Last Ten Collection (Calendar) Years
Schedule 9

OVERLAPPING RATES BY TAXING DISTRICT	2007	2008	2009	2010
Townships:				
Residential/Agricultural Real	6.08 - 16.11	8.02 - 16.29	8.03 - 18.83	8.05 - 18.94
Commercial/Industrial and Public Utility Real	7.43 - 19.15	9.24 - 18.45	9.23 - 21.05	9.34 - 21.66
General Business and Public Utility Personal	9.81 - 20.30	11.71 - 20.30	11.71 - 22.80	11.71 - 22.80
Corporations:				
Residential/Agricultural Real	4.66 - 8.43	4.88 - 12.76	4.86 - 11.08	4.88 - 11.08
Commercial/Industrial and Public Utility Real	5.42 - 9.22	4.99 - 12.76	5.23 - 11.08	5.28 - 11.08
General Business and Public Utility Personal	5.94 - 11.08	5.94 - 12.76	5.94 - 11.08	5.94 - 11.08
Butler County Joint Vocational District:				
Residential/Agricultural Real	0.00	1.93	1.93	1.93
Commercial/Industrial and Public Utility Real	0.00	1.93	1.93	1.93
General Business and Public Utility Personal	0.00	1.93	1.93	1.93
COUNTY AND OTHER UNITS:				
Butler County:				
Residential/Agricultural Real	9.33	8.55	8.89	8.95
Commercial/Industrial and Public Utility Real	10.08	8.65	8.97	9.21
General Business and Public Utility Personal	10.45	9.75	9.75	9.72
Metro Parks of Butler County:				
Residential/Agricultural Real	0.00	0.00	0.00	0.50
Commercial/Industrial and Public Utility Real	0.00	0.00	0.00	0.50
General Business and Public Utility Personal	0.00	0.00	0.00	0.50
Hamilton County:				
Residential/Agricultural Real	12.34	12.33	12.36	12.42
Commercial/Industrial and Public Utility Real	15.38	14.92	15.07	15.57
General Business and Public Utility Personal	19.53	19.60	19.45	19.45
Hamilton County Park District:				
Residential/Agricultural Real	0.78	0.78	0.78	0.79
Commercial/Industrial and Public Utility Real	0.94	0.90	1.91	0.96
General Business and Public Utility Personal	1.03	1.03	1.03	1.03
Cincinnati-Hamilton City Public Library:				
Residential/Agricultural Real	0.00	0.00	1.00	1.00
Commercial/Industrial and Public Utility Real	0.00	0.00	1.00	1.00
General Business and Public Utility Personal	0.00	0.00	1.00	1.00

Source: Ohio Department of Taxation.

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table (schedule 8), generated the property tax revenue for that year.

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

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes. Real property is reappraised every six years and property values are updated in the third year following each reappraisal.

As real property values increase from inflation, voted levies that were approved at a specific rate (current operating levies and permanent improvement levies) are reduced so that the same property does not generate additional revenue. State law prohibits the reduction factors from reducing the effective millage of the sum of the current operating levies plus inside millage used for operating purposes below 20 mills.

2011	2012	2013	2014	2015	2016
8.67 - 21.15	8.68 - 22.27	8.70 - 22.41	5.92 - 22.81	9.82-23.67	9.82-23.80
9.77 - 22.72	9.80 - 23.74	9.85 - 23.75	5.95 - 22.93	9.85-23.79	9.74-23.67
11.71 - 22.80	11.71 - 23.80	11.71 - 23.80	7.19 - 22.98	11.09-23.80	11.09-23.79
5.23 - 11.08	5.24 - 11.08	5.25 - 11.08	5.37 - 11.08	5.38-16.83	7.88-16.83
5.63 - 11.08	5.73 - 11.08	5.69 - 11.46	5.76 - 11.31	5.79-16.83	8.34-16.83
5.94 - 6.68	5.94 - 11.08	5.94 - 11.69	5.94 - 11.58	5.94-16.83	8.44-16.83
1.93	1.93	1.93	1.93	1.93	1.93
1.93	1.93	1.93	1.93	1.93	1.93
1.93	1.93	1.93	1.93	1.93	1.93
9.08	9.09	9.09	9.13	9.12	9.11
9.54	9.55	9.55	9.56	9.54	9.57
9.72	9.72	9.72	9.72	9.72	9.72
0.50	0.50	0.50	0.50	0.50	0.50
0.50	0.50	0.50	0.50	0.50	0.50
0.50	0.50	0.50	0.50	0.50	0.50
13.35	13.41	13.45	13.26	13.29	13.30
16.10	16.28	16.37	16.44	16.49	16.48
19.03	19.03	19.03	18.85	18.85	18.85
0.87	0.88	0.88	0.88	0.88	1.03
1.02	1.03	1.03	1.03	1.03	1.03
1.03	1.03	1.03	1.03	1.03	1.03
1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00

Northwest Local School District
Property Tax Levies and Collections
Last Ten Calendar Years
Schedule 10

Calendar Year	Taxes Levied for the Calendar Year (1)	Collected within the Calendar Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$50,800,639	\$48,207,637	94.90%	\$1,590,158	\$49,797,795	98.03%
2008	50,772,759	46,882,929	92.34%	1,423,427	48,306,356	95.14%
2009	51,248,384	46,784,226	91.29%	1,495,281	48,279,507	94.21%
2010	52,001,081	47,330,833	91.02%	1,772,516	49,103,349	94.43%
2011	50,973,174	46,194,644	90.63%	2,093,891	48,288,535	94.73%
2012	58,895,102	55,041,653	93.46%	1,711,628	56,753,281	96.36%
2013	58,788,930	55,204,307	93.90%	1,583,887	56,788,194	96.60%
2014	58,269,300	54,983,676	94.36%	1,471,776	56,455,452	96.89%
2015	56,768,245	54,449,775	95.92%	1,174,641	55,624,416	97.99%
2016	57,899,911	55,104,909	95.17%	1,170,527	56,275,436	97.19%

Source: Hamilton County Auditor.

(1) Current levied and current tax collections do not include rollback and homestead amounts.

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

Northwest Local School District
Principal Property Taxpayers
2016 and 2007
Schedule 11

Taxpayer	2016 (1)	
	Taxable Assessed Value	Percentage of Total Taxable Value
Duke Energy Ohio Inc.	\$47,401,220	3.25%
TKG Colerain Towne Center	10,540,950	0.72%
Inland Stone Creek LLC	9,693,180	0.66%
T Northgate Mall LLC	6,800,530	0.47%
Rumpke Sanitary Landfill INC	6,500,230	0.45%
Persea Acquisitions LLC	5,650,410	0.39%
8403 Colerain Ave LLC	5,290,360	0.36%
Mercy Hospitals West	5,283,280	0.36%
Meijer Stores Limited Partnership	4,515,000	0.31%
Prospect Square 16 LLC	4,270,010	0.29%
Total Principal Taxpayers	105,945,170	7.27%
All Other Taxpayers	1,351,805,260	92.73%
Total All Taxpayers	\$1,457,750,430	100.00%
Taxpayer	2007 (1)	
	Taxable Assessed Value	Percentage of Total Taxable Value
Northgate Partners LLC	\$35,335,660	2.12%
KIR Colerain LLC	9,634,760	0.58%
Rumpke Sanitary Landfill Inc.	6,909,270	0.41%
Cincinnati Mills	6,075,130	0.36%
Procter & Gamble Co	5,873,360	0.35%
Wells Fargo Bank NA	5,558,370	0.33%
Wal-Mart Real Estate	5,409,260	0.32%
Stone Creek Development	4,148,400	0.25%
Northwest Woods LLC	4,020,180	0.24%
Lee Crossing LLC	3,986,400	0.24%
Total Principal Taxpayers	86,950,790	5.21%
All Other Taxpayers	1,581,265,433	94.79%
Total All Taxpayers	\$1,668,216,223	100.00%

Source: Hamilton County Auditor.

(1) Denotes calendar year.

Northwest Local School District
Outstanding Debt by Type
Last Ten Fiscal Years
Schedule 12

Fiscal Year	General Bonded Debt		Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (2)	Net Bonded Debt Per Capita (3)
	General Obligation Bonds	Resources Available to Pay Principal			
2008	\$20,250,000	\$1,586,556	\$18,663,444	1.12%	217
2009	19,405,000	1,651,064	17,753,936	1.07%	207
2010	18,485,000	1,624,225	16,860,775	1.02%	226
2011	17,495,000	1,748,355	15,746,645	1.06%	212
2012	17,155,629	1,754,196	15,401,433	1.04%	207
2013	16,040,263	1,846,909	14,193,354	0.96%	191
2014	14,840,946	1,955,370	12,885,576	0.87%	173
2015	13,589,646	1,976,862	11,612,784	0.81%	156
2016	93,810,959	9,272,533	84,538,426	5.88%	1,126
2017	91,394,352	9,801,025	81,593,327	5.60%	1,087

Source: School District Records.

(1) See schedule 15 for personal income data.

(2) See schedule 8 for total assessed property value.

(3) See schedule 15 for personal income and population data, which are reported on a calendar year basis.

Other Debt Obligations				
QZAB and Tax-Exempt Bonds	Certificates of Participation	Total Outstanding Debt Obligations	Percentage of Personal Income (1)	General Debt Per Capita
\$0	\$0	\$20,250,000	0.05%	\$236
0	0	19,405,000	0.05%	226
0	0	18,485,000	0.05%	248
0	0	17,495,000	0.05%	235
0	0	17,155,629	0.04%	230
5,419,586	6,594,770	28,054,619	0.07%	377
5,067,522	6,308,908	26,217,376	0.06%	352
4,715,458	5,978,046	24,283,150	0.06%	326
4,358,394	5,642,184	103,811,537	0.24%	1,383
4,001,330	5,301,322	100,697,004	0.23%	1,341

Northwest Local School District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017
Schedule 13

<u>Governmental Unit</u>	<u>Gross Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct:			
Northwest Local School District	<u>\$100,812,741</u>	100.00%	<u>\$100,812,741</u>
Overlapping Debt:			
Butler County	\$39,360,420	0.03%	\$11,808
Hamilton County	71,750,000	7.82%	5,610,850
City of Fairfield	20,975,000	0.00%	0
City of Forest Park	3,445,000	11.17%	384,807
City of North College Hill	495,000	2.21%	10,940
Colerain Township	3,780,000	93.66%	3,540,348
Fairfield Township	9,340,000	0.50%	46,700
Springfield Township	7,865,000	12.79%	1,005,934
Butler Technology& Career Center JT. Voc. School District	<u>8,815,000</u>	17.67%	<u>1,557,611</u>
Total Overlapping Debt	<u>165,825,420</u>		<u>12,168,998</u>
Total Direct and Overlapping Debt	<u>\$266,638,161</u>		<u>\$112,981,739</u>

Source: Ohio Municipal Advisory Council.

(1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government.

Northwest Local School District
Legal Debt Margin Information
Last Ten Fiscal Years
Schedule 14

	2008	2009	2010	2011	2012
Debt Limit	\$152,211,071	\$150,139,460	\$149,302,724	\$148,552,126	\$133,334,715
Total Net Debt Applicable to Limit	<u>20,250,000</u>	<u>19,405,000</u>	<u>18,485,000</u>	<u>16,425,000</u>	<u>20,660,000</u>
Legal Debt Margin	<u>\$131,961,071</u>	<u>\$130,734,460</u>	<u>\$130,817,724</u>	<u>\$132,127,126</u>	<u>\$112,674,715</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.30%	12.92%	12.38%	11.06%	15.49%
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$132,801,849	\$133,099,039	\$128,838,947	\$129,328,433	\$131,197,539
Total Net Debt Applicable to Limit	<u>25,313,091</u>	<u>23,329,630</u>	<u>21,418,138</u>	<u>82,912,467</u>	<u>79,848,975</u>
Legal Debt Margin	<u>\$107,488,758</u>	<u>\$109,769,409</u>	<u>\$107,420,809</u>	<u>\$46,415,966</u>	<u>\$51,348,564</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.06%	17.53%	16.62%	64.11%	60.86%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value (1)	\$1,457,750,430
Debt Limit (9% of Assessed Value)	131,197,539
Debt Applicable to Limit	89,650,000
Less Amount Available in Debt Service	<u>(9,801,025)</u>
Legal Debt Margin	<u>\$51,348,564</u>

Source: School District Records.

(1) Assessed values are on a calendar year basis (i.e. fiscal year 2017 is calendar year 2016).

Northwest Local School District
Demographic and Economic Statistics
Last Ten Calendar Years
Schedule 15

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2008	85,875	\$37,484,285	\$43,918	5.6%
2009	85,875	36,248,694	44,320	8.9%
2010	74,442	36,770,921	45,852	9.4%
2011	74,442	37,522,065	46,881	8.6%
2012	74,442	39,631,501	49,413	6.8%
2013	74,442	40,415,100	50,235	7.3%
2014	74,442	41,322,507	51,229	7.1%
2015	74,442	42,060,595	52,081	4.4%
2016	75,068	42,669,035	52,081	4.4%
2017	75,068	43,251,503	53,456	4.7%

(1) Population estimates provided by U.S. Census Bureau, Small Area Income and Poverty Program (SAIPE).

(2) Bureau of Economic Analysis Data. Information for Hamilton County.

(3) Bureau of Economic Analysis Data. Information for Hamilton County.

(4) Ohio Department of Job and Family Services - Office of Workforce Development - Bureau of Labor Market Information - Annual Average.

Northwest Local School District
Major Employers
 2017 and 2008
 Schedule 16

		2017	
Major Employers	Type	Number of Employees	Employer's Percentage of Total Employment
Kroger Company	Trade	21,646	1.00%
University of Cincinnati	Education	16,016	0.74%
Children's Hospital Medical Center	Medical	14,944	0.69%
Tri-Health Inc.	Medical	11,800	0.55%
Procter & Gamble Co	Mfg	11,000	0.51%
UC Health	Medical	10,000	0.46%
GE Aviation	Mfg	7,800	0.36%
Mercy Health	Medical	7,500	0.35%
St. Elizabeth Healthcare	Medical	7,479	0.35%
Fifth Third Bancorp	Finance	6,882	0.32%
	Total	<u>115,067</u>	<u>5.33%</u>
Total Metropolitan Statistical Area Estimate		2,159,329	
		2008	
Major Employers	Type	Number of Employees	Employer's Percentage of Total Employment
University of Cincinnati	Education	15,864	1.49%
Kroger Company	Trade	15,600	1.47%
Procter & Gamble Co	Mfg	14,785	1.39%
Children's Hospital Medical Center	Medical	12,315	1.16%
City of Cincinnati	Government	9,464	0.89%
GE Aviation	Mfg	9,400	0.88%
Fifth Third Bancorp	Finance	7,645	0.72%
ABX Air Inc.	Mfg	7,500	0.71%
Mercy Health	Medical	7,500	0.71%
General Electric Aircraft	Mfg	7,400	0.70%
	Total	<u>107,473</u>	<u>10.12%</u>
Total Metropolitan Statistical Area Estimate		1,063,300	

Sources:

Cincinnatiusa.org.

Business Courier 2015-2016 Winter Book of Business Lists-supplies by Treasury.

Data ranked by local employees as of July 2015 - per Book of Lists.

Data: city population USA metro cincinnati in ky

Northwest Local School District
Full-Time Equivalent School District Employees by Type
Last Ten Fiscal Years
Schedule 17

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Administrative				
Central Office	15.0	17.0	17.0	19.0
Certified Licensed	26.0	25.0	25.0	25.0
Classified	11.0	10.0	12.0	12.0
Total Administrative	<u>52.0</u>	<u>52.0</u>	<u>54.0</u>	<u>56.0</u>
Instructional Staff				
Teachers	624.0	577.0	575.0	558.0
Instructional Specialists	8.0	8.0	8.0	12.0
Librarians	4.0	4.0	4.0	3.0
Instructional Coordinator	1.0	1.0	1.0	1.0
Counselors	17.0	17.0	17.0	17.0
Psychologist	0.0	0.0	0.0	0.0
Total Instructional Staff	<u>654.0</u>	<u>607.0</u>	<u>605.0</u>	<u>591.0</u>
Support Staff				
Educational Assistants	150.5	150.0	157.7	183.5
Nurses	1.0	1.0	1.0	1.0
Health Technician	18.0	17.0	17.0	17.0
Library Assistants	14.0	13.0	13.0	13.0
Transportation/Delivery	75.0	75.0	79.0	78.5
Food Service	104.0	100.0	98.3	97.5
Secretarial/Clerical	64.0	65.0	65.0	63.0
Data Processing	6.0	6.0	5.0	5.0
Maintenance	10.0	10.0	9.0	11.0
Custodial	63.0	62.0	62.5	62.5
Total Support Staff	<u>505.5</u>	<u>499.0</u>	<u>507.5</u>	<u>532.0</u>
Total School District Staff	<u><u>1,211.5</u></u>	<u><u>1,158.0</u></u>	<u><u>1,166.5</u></u>	<u><u>1,179.0</u></u>

Source: School District Records.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
18.0	16.0	16.0	23.0	15.0	15.0
25.0	25.0	25.0	24.0	25.0	29.0
12.0	11.0	11.0	5.0	14.0	16.0
<u>55.0</u>	<u>52.0</u>	<u>52.0</u>	<u>52.0</u>	<u>54.0</u>	<u>60.0</u>
520.0	502.0	502.0	505.0	508.0	516.0
12.0	14.0	14.0	14.0	7.0	7.0
4.0	4.0	4.0	5.0	4.0	4.0
0.0	0.0	0.0	0.0	0.0	0.0
17.0	16.0	16.0	16.0	17.0	15.0
0.0	0.0	0.0	0.0	1.0	0.0
<u>553.0</u>	<u>536.0</u>	<u>536.0</u>	<u>540.0</u>	<u>537.0</u>	<u>542.0</u>
178.5	159.0	159.0	184.0	161.0	167.0
1.0	1.0	1.0	1.0	1.0	1.0
16.0	16.0	16.0	16.0	16.0	17.0
9.0	9.0	9.0	8.0	8.0	7.0
78.5	71.5	71.5	90.0	86.0	96.0
97.5	89.0	89.0	90.0	86.0	71.0
60.0	58.0	58.0	64.0	57.0	56.0
5.0	5.0	5.0	6.0	5.0	5.0
10.0	10.0	10.0	10.0	9.0	9.0
<u>57.0</u>	<u>50.0</u>	<u>50.0</u>	<u>47.0</u>	<u>49.0</u>	<u>49.0</u>
<u>512.5</u>	<u>468.5</u>	<u>468.5</u>	<u>516.0</u>	<u>478.0</u>	<u>478.0</u>
<u><u>1,120.5</u></u>	<u><u>1,056.5</u></u>	<u><u>1,056.5</u></u>	<u><u>1,108.0</u></u>	<u><u>1,069.0</u></u>	<u><u>1,080.0</u></u>

Northwest Local School District
Operating Statistics
Last Ten Fiscal Years
Schedule 18

Fiscal Year	Enrollment	Operating Expenditure (1)	Cost Per Pupil (2)	Percentage Change	Expenses (3)
2008	9,823	\$98,155,396	\$9,992	14.73%	\$100,390,039
2009	9,616	93,039,570	9,675	-3.17%	93,922,968
2010	9,678	95,069,598	9,823	1.53%	96,952,722
2011	9,515	97,959,968	10,295	4.81%	99,462,807
2012	9,263	91,299,292	9,856	-4.26%	93,606,395
2013	9,252	92,987,398	10,051	1.97%	94,787,610
2014	9,279	92,122,828	9,928	-1.22%	94,364,396
2015	9,080	98,894,095	10,891	9.70%	97,200,290
2016	8,930	96,148,784	10,767	-1.14%	100,079,201 *
2017	8,723	101,492,608	11,635	8.06%	112,639,200

Source: School District Records.

(1) Operating Expenditures are Total Expenditures minus Capital Outlay and Debt Service from Schedule 6 .

(2) Operating Expenditures by Enrollment.

(3) Expenses are Total Expenses from Schedule 2.

(4) Expenses by Enrollment.

*Restated in fiscal year 2017.

Cost Per Pupil (4)	Percentage Change of Cost Per Pupil	Teaching Staff	Pupil- Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
\$10,220	14.63%	624	15.74	30.53%
9,767	-4.43%	577	16.67	38.28%
10,018	2.56%	575	16.83	40.71%
10,453	4.35%	558	17.05	46.42%
10,105	-3.33%	520	17.81	48.76%
10,245	1.38%	502	18.43	49.37%
10,170	-0.74%	502	18.48	49.00%
10,705	5.26%	505	17.98	45.00%
11,207	4.69%	508	17.58	52.00%
12,913	15.22%	516	16.91	54.00%

Northwest Local School District
School Building Information
Last Ten Fiscal Years
Schedule 19

School	2008	2009	2010	2011
Elementary				
Colerain Elementary - 1923				
Square feet	84,934	84,934	84,934	84,934
Capacity (1)	850	850	850	850
Enrollment	645	852	856	849
Bevis Elementary - 1970				
Square feet	48,640	48,640	48,640	48,640
Capacity (1)	600	600	600	600
Enrollment	445	429	440	442
Houston Elementary - 1966				
Square feet	62,826	62,826	62,826	62,826
Capacity (1)	600	0	0	0
Enrollment	408	0	0	0
Monfort Heights Elementary - 2000				
Square feet	76,787	76,787	76,787	76,787
Capacity (1)	700	700	700	700
Enrollment	685	645	665	655
Pleasant Run Elementary - 1961				
Square feet	54,751	54,751	54,751	54,751
Capacity (1)	575	575	575	575
Enrollment	481	394	418	389
Struble Elementary - 1959				
Square feet	45,000	45,000	45,000	45,000
Capacity (1)	376	376	376	376
Enrollment	400	408	409	417
Taylor Elementary - 1960				
Square feet	56,262	56,262	56,262	56,262
Capacity (1)	525	525	525	525
Enrollment	348	488	521	494
Weigel Elementary - 1965				
Square feet	55,057	55,057	55,057	55,057
Capacity (1)	500	500	500	500
Enrollment	467	470	488	490
Welch Elementary - 1977				
Square feet	46,800	46,800	46,800	46,800
Capacity (1)	425	425	425	425
Enrollment	325	387	367	404

Source: School District Records.

(1) Capacity considers many variables just as class size, federally required programs, and district-level programs thus may change accordingly.

2012	2013	2014	2015	2016	2017
84,934	84,934	84,934	84,934	84,934	84,934
850	850	850	850	850	850
848	861	899	942	944	904
48,640	48,640	48,640	48,640	48,640	48,640
600	600	600	600	600	600
454	434	0	0	0	0
62,826	62,826	62,826	62,826	62,826	62,826
0	0	0	0	0	0
0	0	0	0	0	0
76,787	76,787	76,787	76,787	76,787	76,787
700	700	700	700	700	700
644	669	667	651	659	671
54,751	54,751	54,751	54,751	54,751	54,751
575	575	575	575	575	575
367	356	552	514	497	462
45,000	45,000	45,000	45,000	45,000	45,000
376	376	376	376	376	376
361	430	444	439	425	429
56,262	56,262	56,262	56,262	56,262	56,262
525	525	525	525	525	525
431	463	631	575	571	562
55,057	55,057	55,057	55,057	55,057	55,057
500	500	500	500	500	500
476	454	455	424	424	450
46,800	46,800	46,800	46,800	46,800	46,800
425	425	425	425	425	425
395	398	520	494	493	425

(continued)

Northwest Local School District
School Building Information
Last Ten Fiscal Years
Schedule 19

School	2008	2009	2010	2011
Junior High School				
Colerain Middle - 1932				
Square feet	77,591	77,591	77,591	77,591
Capacity (1)	675	675	675	675
Enrollment	688	670	669	641
Pleasant Run Middle - 1969				
Square feet	108,230	108,230	108,230	108,230
Capacity (1)	1,100	1,100	1,100	1,100
Enrollment	857	867	816	794
White Oak Middle - 1961				
Square feet	81,950	81,950	81,950	81,950
Capacity (1)	735	735	735	735
Enrollment	754	751	721	752
High School				
Colerain High - 1964				
Square feet	193,768	193,768	193,768	193,768
Capacity (1)	2,100	2,100	2,100	2,100
Enrollment	2,166	2,151	2,165	2,150
Northwest High - 1972				
Square feet	163,345	163,345	163,345	163,345
Capacity (1)	1,250	1,250	1,250	1,250
Enrollment	1,154	1,104	1,102	1,038

Source: School District Records.

(1) Capacity considers many variables just as class size, federally required programs, and district-level programs thus may change accordingly.

2012	2013	2014	2015	2016	2016
77,591	77,591	77,591	77,591	77,591	77,591
675	675	675	675	675	675
619	593	595	595	568	573
108,230	108,230	108,230	108,230	108,230	108,230
1,100	1,100	1,100	1,100	1,100	1,100
792	787	752	709	707	710
81,950	81,950	81,950	81,950	81,950	81,950
735	735	735	735	735	735
764	792	763	754	759	728
193,768	193,768	193,768	193,768	193,768	193,768
2,100	2,100	2,100	2,100	2,100	2,100
2,073	1,997	1,998	1,976	1,908	1,912
163,345	163,345	163,345	163,345	163,345	163,345
1,250	1,250	1,250	1,250	1,250	1,250
1,039	1,018	1,003	1,007	975	897

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Dave Yost • Auditor of State

NORTHWEST LOCAL 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
MARCH 13, 2018**