

NORWOOD CITY SCHOOL DISTRICT



Basic Financial Statements

June 30, 2017



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Norwood City School District, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

1. Finding for Recovery – Repaid Under Audit

The Norwood City School District held a trivia night fundraiser for the boys' basketball program. Peter Zestermann was the coordinator for the event. \$500 in alcohol was purchased for the fundraiser.

State ex rel. McClure v. Hagerman, 155 Ohio St. 320, provides that governmental expenditures should serve a public purpose. In McClure, the Ohio Supreme Court offered the following guidelines to determine a public purpose:

1. Whether the expenditure is for or promotes the public health, safety, morals or general welfare;
2. Whether the primary objective is to promote a public purpose, although it may incidentally advance a private interest;
3. If there has been a prospective legislative determination of a proper public purpose.

The purchase of an alcoholic beverage is not deemed a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Peter Zestermann in the amount of \$500 and in favor of the Norwood City School District's Athletic Fund (Fund 300).

On December 14, 2017, Peter Zestermann paid \$500 to Norwood City School District. The finding for recovery has been repaid in full.

2. Finding for Recovery – Repaid Under Audit

During the Auditor of State's review of confirmable receipts at Norwood Conversion Community School (the Community School), the Auditor of State identified the school foundation payment for January 2016 totaling \$14,830 issued by the Ohio Department of Education (ODE) to the Community School had not been recorded and deposited by the Community School. Therefore, the Auditor of State contacted the Office of Budget and Management and obtained a copy of the canceled warrant. Upon review of the warrant the Auditor of State determined the warrant was endorsed with a stamped¹ signature of the Norwood City School District Treasurer, Ernie Strawser and then it was paid to the order of Valley Association of School Administrators (VASA)² and endorsed by Robert Amodio in January 2016. Mr. Amodio was the Norwood City School District Superintendent and a Board Member of the Community School. Per discussions with Mr. Amodio, he told the Auditor of State that he was a VASA official and had served as their Treasurer, Vice President, and President.

The Auditor of State obtained bank statements for two VASA bank accounts (#508 and #993) during the period of July 1, 2014 through July 10, 2017. The Auditor of State reviewed VASA bank statements for two bank accounts during the period and identified the following:

1. Mr. Amodio deposited three warrants issued to the Norwood Conversion Community School from ODE totaling \$35,018 into the VASA bank accounts. Two of the checks were for school foundation payments from January 2016 and March 2017 totaling \$32,518 and the third was for a Title II-A grant issued in May 2017.
2. Mr. Amodio deposited two checks issued to Norwood City School District from ProSource totaling \$16,750 into a VASA bank account. These checks were issued to the District by ProSource for a technology grant and a reimbursement.
3. Mr. Amodio made 33 unallowable cash withdrawals from the VASA accounts totaling \$48,650.
4. Mr. Amodio issued nine checks to himself from the VASA accounts totaling \$12,020.
5. Mr. Amodio made 22 electronic withdrawals from the VASA accounts totaling \$4,440 to make payments to Capital One and Kohl's.
6. Mr. Amodio issued two electronic checks totaling \$1,263 to CITICARDS.

¹ During an interview with Mr. Amodio he stated he obtained Mr. Strawser's stamp from the Treasurer's Office and used it to endorse the warrant.

² Valley Association of School Administrators (VASA) is a non-profit organization made up of Superintendent's from school districts in Hamilton, Clermont, Butler, and Brown County.

7. On June 27, 2017, Mr. Amodio attempted to refund Norwood Conversion Community School for the warrant he deposited into the VASA bank account totaling \$14,830, however, the VASA account had insufficient funds resulting in the check being returned by the bank and incurring an overdraft fee of \$37. In addition, Mr. Amodio incurred four other transactions that resulted in overdraft fees of \$136. Total overdraft fees charged to VASA's accounts totaled \$173.
8. The unauthorized/illegal withdrawals (items #3 through #7) made from VASA account totaled \$66,546.
9. Mr. Amodio deposited personal funds totaling \$3,542 into the VASA account. Since these were his personal funds, we deducted this amount from the unauthorized/illegal withdrawals reported in item #8 and determined the total unauthorized/illegal withdrawals from the VASA accounts totaled \$63,004.
10. VASA bank account #508 had a balance of \$6,562 at July 1, 2004. The VASA account was closed on July 28, 2016 by Fifth Third Bank with a negative balance of \$96. During the period of July 1, 2014 through July 28, 2016, we determined VASA collected \$4,163 in revenue and incurred expenses totaling \$2,210. Therefore, we determined the account should have had a balance of \$8,515.
11. VASA account #993 was opened on September 9, 2016 by Mr. Amodio because VASA's other account had been closed by Fifth Third Bank. During the period of September 9, 2016 through July 11, 2017, we determined VASA collected \$1,700 in revenue, collected \$5,500 from a Certificate of Deposit they owned and matured in December 2016, and incurred expenses totaling \$1,901. Therefore, we determined the account should have had a balance of \$5,299. However, the account was frozen by Fifth Third Bank on July 11, 2017 with a balance of \$2,674.

Based on the above listed items, the Auditor of State determined \$63,004 (\$35,018 related to the Norwood Conversion Community School funds³, \$16,750 related to Norwood City School District funds, \$11,140 related to VASA funds⁴, and \$96 related to Fifth Third Bank because the account had a negative balance and had to be closed) had been illegally withdrawn from the VASA account by Mr. Amodio.

³ A finding for recovery repaid under audit was reported in Norwood Conversion Community School's fiscal year 2017 financial audit.

⁴ Since VASA is a non-profit organization and not audited by the AOS we referred these misappropriated funds to the Hamilton County Prosecutor's Office and the VASA funds illegally withdrawn by Mr. Amodio was included in the restitution he was ordered to pay at his sentencing. On January 11, 2018, Norwood City School District issued a check to VASA totaling \$11,235.88

In accordance with the forgoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public property which has been converted or misappropriated is hereby issued against Robert Amodio in the amount of \$16,750 in favor of the Norwood City School District's General Fund.

On November 13, 2017, Mr. Amodio pled guilty to theft in office. On January 4, 2018, Mr. Amodio was sentenced and ordered to pay restitution totaling \$63,004. On January 4, 2018, Norwood City School District received and deposited a restitution payment totaling \$63,004 issued to them by Mr. Amodio's attorney, resulting in no remaining balance. Of the \$63,004 received by Norwood City School District, \$35,018 was credited to an Agency Fund maintained for the Norwood Conversion Community School's financial activity. The remaining \$27,986 was credited to Norwood City School District's General Fund⁴.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

January 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Norwood City School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Norwood City School District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2017, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

December 13, 2017

Norwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

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

Financial Highlights

Key financial highlights for 2017 are as follows:

- Net position of governmental activities increased \$3,380,735 which represents an 18% increase from 2016.
- General revenues accounted for \$29,970,617 in revenue or 84% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,858,207 or 16% of total revenues of \$35,828,824.
- The District had \$32,448,089 in expenses related to governmental activities; \$5,858,207 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$29,970,617 were also used to provide for these programs.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2017?" The Government-wide Financial Statements answers this question. These statements include *all assets, deferred outflows, liabilities, and deferred inflows* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Norwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

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

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

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

Fund Financial Statements

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

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

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

The District as a Whole

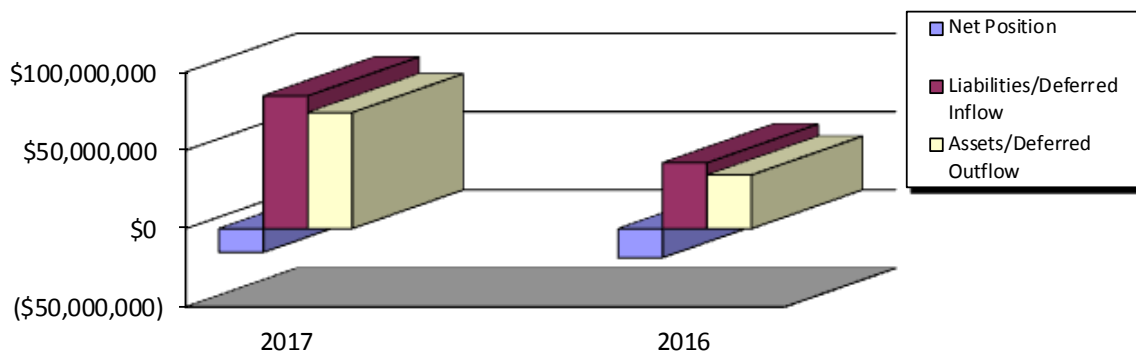
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for fiscal year 2017 compared to fiscal year 2016:

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**Norwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

**Table 1
Net Position**

	Governmental Activities	
	2017	2016
Assets:		
Current and Other Assets	\$67,714,907	\$27,642,719
Capital Assets	6,439,565	6,629,534
Total Assets	74,154,472	34,272,253
Deferred Outflows of Resources:		
Pension	8,561,890	5,212,468
Total Deferred Outflows of Resources	8,561,890	5,212,468
Liabilities:		
Other Liabilities	3,407,697	2,786,451
Long-Term Liabilities	81,399,689	39,270,964
Total Liabilities	84,807,386	42,057,415
Deferred Inflows of Resources:		
Property Taxes	10,390,955	9,843,952
Grants and Other Taxes	2,064,143	1,050,473
Pension	582,030	5,041,768
Total Deferred Inflows of Resources	13,037,128	15,936,193
Net Position:		
Net Investment in Capital Assets	4,402,655	4,192,034
Restricted	2,327,682	419,628
Unrestricted	(21,858,489)	(23,120,549)
Total Net Position	(\$15,128,152)	(\$18,508,887)



**Norwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows by \$15,128,152.

At year-end, capital assets represented 9% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2017, were \$4,402,655. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$2,327,682 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Net position of governmental activities increased \$3,380,735 from 2016 to 2017. Capital assets decreased due to depreciation being lower than the additions for the current year. Long-term liabilities increased from 2016 to 2017 due to the increase in Net Pension Liability and new debt obligations.

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

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**Norwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

**Table 2
Changes in Net Position**

	Governmental Activities	
	2017	2016
Revenues:		
Program Revenues		
Charges for Services	\$930,518	\$523,283
Operating Grants, Contributions	4,927,689	4,826,959
General Revenues:		
Property Taxes	18,176,320	14,106,242
Grants and Entitlements	8,727,016	9,399,057
Other	3,067,281	1,609,929
Total Revenues	<u>35,828,824</u>	<u>30,465,470</u>
Expenses:		
Instruction	21,081,935	19,671,780
Support Services:		
Pupil and Instructional Staff	2,756,800	2,670,628
School Administrative, General		
Administration and Fiscal	2,548,681	2,486,150
Operations and Maintenance	2,923,516	1,958,559
Pupil Transportation	561,556	513,996
Central	134,444	133,471
Operation of Non-Instructional Services	1,130,473	1,021,055
Extracurricular Activities	779,941	712,972
Interest and Fiscal Charges	530,743	54,133
Total Expenses	<u>32,448,089</u>	<u>29,222,744</u>
Changes in Net Position	3,380,735	1,242,726
Net Position - Beginning of Year	<u>(18,508,887)</u>	<u>(19,751,613)</u>
Net Position - End of Year	<u><u>(\$15,128,152)</u></u>	<u><u>(\$18,508,887)</u></u>

Of the total governmental activities revenues of \$35,828,824, \$5,858,207 is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, \$18,176,320 (61%) comes from property tax levies and \$8,727,016 (29%) is from state funding. This District's operations are reliant upon its property tax levy and the state's foundation program.

The District revenues are mainly from two sources. Property taxes levied for general purposes, debt service and capital projects and grants and entitlements comprised 75% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues

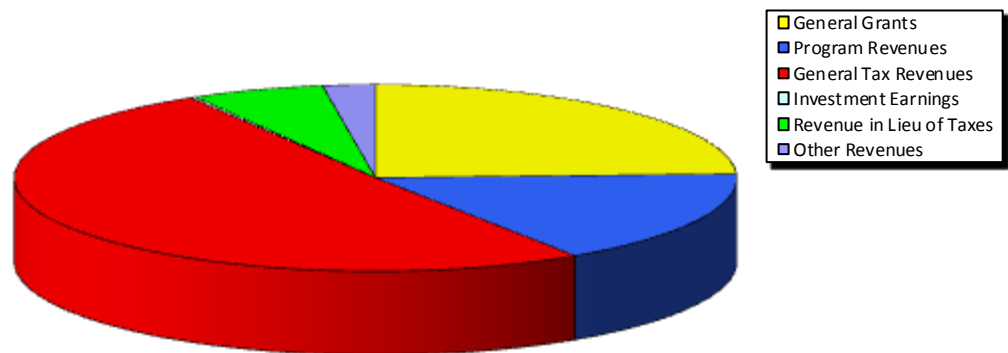
**Norwood City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts do not collect additional property tax revenue on the increased value of homes that is due to appreciation and must regularly return to the voters to maintain a constant level of service. Property taxes made up 51% of revenue for governmental activities for the District in fiscal year 2017.

**Governmental Activities
Revenue Sources**

Revenue Sources	2017	Percentage
General Grants	\$8,727,016	24.36%
Program Revenues	5,858,207	16.35%
General Tax Revenues	18,176,320	50.73%
Investment Earnings	84,395	0.24%
Revenue in Lieu of Taxes	2,138,103	5.97%
Other Revenues	844,783	2.35%
	<u>\$35,828,824</u>	<u>100.00%</u>



Instruction comprises 65% of governmental program expenses. Support services expenses were 28% of governmental program expenses. All other program expenses including interest and fiscal charges were 7%. Interest expense was attributable to the outstanding lease purchase agreement and borrowing for capital projects.

Property tax revenue increased in 2017 compared to 2016 due to new levy being approved in November 2016. Total expenses increased from 2016 to 2017 mainly due to the increase of instructional services provided by the District.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net

Norwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

cost of services. 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	\$21,081,935	\$19,671,780	(\$16,493,732)	(\$15,800,352)
Support Services:				
Pupil and Instructional Staff	2,756,800	2,670,628	(2,176,997)	(1,993,238)
School Administrative, General				
Administration and Fiscal	2,548,681	2,486,150	(2,394,262)	(2,311,220)
Operations and Maintenance	2,923,516	1,958,559	(2,907,158)	(1,945,301)
Pupil Transportation	561,556	513,996	(466,798)	(424,692)
Central	134,444	133,471	(51,656)	(59,835)
Operation of Non-Instructional Services	1,130,473	1,021,055	(975,057)	(773,374)
Extracurricular Activities	779,941	712,972	(593,479)	(510,357)
Interest and Fiscal Charges	530,743	54,133	(530,743)	(54,133)
Total Expenses	<u>\$32,448,089</u>	<u>\$29,222,744</u>	<u>(\$26,589,882)</u>	<u>(\$23,872,502)</u>

The District's Funds

The District has two major governmental funds: the General Fund and the Building Fund. Assets of the general fund comprised \$25,852,140 (38%), and assets of the building fund comprised \$31,362,616 (46%) of the total \$67,969,431 governmental funds assets.

General Fund: Fund balance at June 30, 2017 was \$11,488,258, an increase in fund balance of \$2,961,248 from 2016. The primary reason for the increase in fund balance was due to an increase in property and other tax revenues.

Building Fund: Fund balance at June 30, 2017 was \$31,275,706, an increase in fund balance of \$31,275,706 from 2016. The primary reason for the increase in fund balance was due to the issuance of long-term capital-related debt.

General Fund Budgeting Highlights

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

During the course of fiscal year 2017, the District amended its general fund budget at times, however none were significant. The District's budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, the final budgeted revenue was \$27,854,873 and the original budgeted revenue was \$27,854,873.

**Norwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

The District's final budgeted revenue was \$436,831 less than actual revenue. This was due to underestimating tax and intergovernmental revenues.

The District's ending unobligated actual fund balance for the General fund was \$7,760,528.

Capital Assets and Long-Term Obligations

Capital Assets

At the fiscal year end, the District had \$6,439,565 invested in land, construction in progress, buildings and improvements, and equipment. Table 4 shows fiscal year 2017 balances compared to fiscal year 2016:

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

	Governmental Activities	
	2017	2016
Land	\$524,809	\$524,809
Construction In Progress	492,910	0
Buildings and Improvements	5,079,447	5,453,257
Equipment	342,399	651,468
Total Net Capital Assets	<u>\$6,439,565</u>	<u>\$6,629,534</u>

Overall, capital assets decreased due to depreciation expense being more than current fiscal year additions.

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

Long-Term Obligations

At June 30, 2017, the District had \$35,561,132 in debt outstanding, \$2,222,500 due within one year. Table 5 summarizes long-term obligations outstanding.

**Table 5
Outstanding Debt at Year End**

	Governmental Activities	
	2017	2016
2017 School Improvement GO Bonds	\$31,310,000	\$0
2017 School Improvement GO Bonds - Premium	2,301,132	0
2013 Lease-purchase agreement	1,950,000	2,437,500
Total	<u>\$35,561,132</u>	<u>\$2,437,500</u>

**Norwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

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

For the Future

The district's demographics continue to point toward economic challenges as enrollment decreases. And while the district's per pupil valuation is above state average the taxpayer median income trails that of the state of Ohio as a whole.

The district's school buildings are older and voters did approve new levies in November of 2016 to address issues such as air conditioning, safety, roofing, and utilities. The project is expected to exceed \$42,000,000 and while it only addresses the fundamentals the work will help ensure that the district's facilities can support the educational programs the house. The repairs and renovations included in the project will also help to lower ongoing maintenance cost and effort.

Like many school districts in Ohio, Norwood's general operating fund projects to trend toward revenue shortfall and that is with the passage of a renewal of an existing levy. Current cash reserves provide a stable environment through FY 2022 and ongoing effort to maintain levies, pursue new sources of revenue, and contain as well as cut costs will help in the pursuit of financial success beyond FY 2022.

Contacting the District's Financial Management

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

Norwood City School District
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$46,440,076
Restricted Cash and Investments	26,953
Receivables (Net):	
Taxes	18,687,093
Accounts	55,613
Interest	37,278
Intergovernmental	2,418,902
Prepays	41,206
Inventory	7,786
Nondepreciable Capital Assets	1,017,719
Depreciable Capital Assets, Net	<u>5,421,846</u>
 Total Assets	 <u>74,154,472</u>
Deferred Outflows of Resources:	
Pension	<u>8,561,890</u>
 Total Deferred Outflows of Resources	 <u>8,561,890</u>
Liabilities:	
Accounts Payable	242,366
Accrued Wages and Benefits	2,670,988
Contracts Payable	294,907
Retainage Payable	6,953
Accrued Interest Payable	192,483
Long-Term Liabilities:	
Due Within One Year	2,380,263
Due In More Than One Year:	
Net Pension Liability	44,482,620
Other Amounts	<u>34,536,806</u>
 Total Liabilities	 <u>84,807,386</u>
Deferred Inflows of Resources:	
Property Taxes	10,390,955
Grants and Other Taxes	2,064,143
Pension	<u>582,030</u>
 Total Deferred Inflows of Resources	 <u>13,037,128</u>
Net Position:	
Net Investment in Capital Assets	4,402,655
Restricted for:	
Local Grants	34,037
State Grants	72,444
Federal Grants	8,942
Nonexpendable	20,000
Expendable	24,130
Capital Projects	952,744
Debt Service	1,177,903
Other Purposes	37,482
Unrestricted	<u>(21,858,489)</u>
 Total Net Position	 <u><u>(\$15,128,152)</u></u>

See accompanying notes to the basic financial statements.

Norwood City 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 and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$13,556,763	\$419,476	\$1,284,778	(\$11,852,509)
Special	5,909,850	204,289	2,107,486	(3,598,075)
Vocational	0	0	4,337	4,337
Other	1,615,322	31,529	536,308	(1,047,485)
Support Services:				
Pupil	2,086,833	0	389,028	(1,697,805)
Instructional Staff	669,967	0	190,775	(479,192)
General Administration	18,633	0	0	(18,633)
School Administration	2,007,783	0	154,419	(1,853,364)
Fiscal	522,265	0	0	(522,265)
Operations and Maintenance	2,923,516	16,358	0	(2,907,158)
Pupil Transportation	561,556	0	94,758	(466,798)
Central	134,444	0	82,788	(51,656)
Operation of Non-Instructional Services	1,130,473	72,404	83,012	(975,057)
Extracurricular Activities	779,941	186,462	0	(593,479)
Interest and Fiscal Charges	530,743	0	0	(530,743)
Total Governmental Activities	32,448,089	930,518	4,927,689	(26,589,882)
General Revenues:				
Property Taxes Levied for:				
				15,636,100
				1,640,093
				900,127
				8,727,016
				2,138,103
				389,151
				84,395
				455,632
Total General Revenues				29,970,617
Change in Net Position				3,380,735
Net Position - Beginning of Year				(18,508,887)
Net Position - End of Year				(\$15,128,152)

See accompanying notes to the basic financial statements.

Norwood City School District
Balance Sheet
Governmental Funds
June 30, 2017

	General	Building	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$7,510,295	\$31,330,862	\$7,598,919	\$46,440,076
Restricted Cash and Investments	0	6,953	20,000	26,953
Receivables (Net):				
Taxes	15,909,824	0	2,777,269	18,687,093
Accounts	49,076	0	6,537	55,613
Interest	9,609	24,801	2,868	37,278
Intergovernmental	2,073,691	0	345,211	2,418,902
Interfund	254,524	0	0	254,524
Prepays	37,335	0	3,871	41,206
Inventory	7,786	0	0	7,786
Total Assets	25,852,140	31,362,616	10,754,675	67,969,431
Liabilities:				
Accounts Payable	213,548	0	28,818	242,366
Accrued Wages and Benefits	2,421,631	0	249,357	2,670,988
Compensated Absences	47,236	0	0	47,236
Contracts Payable	0	79,957	214,950	294,907
Retainage Payable	0	6,953	0	6,953
Interfund Payable	0	0	254,524	254,524
Total Liabilities	2,682,415	86,910	747,649	3,516,974
Deferred Inflows of Resources:				
Property Taxes	9,617,324	0	1,669,769	11,287,093
Grants and Other Taxes	2,064,143	0	162,864	2,227,007
Total Deferred Inflows of Resources	11,681,467	0	1,832,633	13,514,100
Fund Balances:				
Nonspendable	37,335	0	23,871	61,206
Restricted	0	31,275,706	4,578,284	35,853,990
Committed	0	0	3,692,665	3,692,665
Assigned	500,395	0	24,130	524,525
Unassigned	10,950,528	0	(144,557)	10,805,971
Total Fund Balances	11,488,258	31,275,706	8,174,393	50,938,357
Total Liabilities, Deferred Inflows and Fund Balances	\$25,852,140	\$31,362,616	\$10,754,675	\$67,969,431

See accompanying notes to the basic financial statements.

Norwood City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2017

Total Governmental Fund Balance		\$50,938,357
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		6,439,565
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	896,138	
Intergovernmental	<u>162,864</u>	
		1,059,002
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(192,483)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(1,308,701)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	8,561,890	
Deferred inflows of resources related to pensions	<u>(582,030)</u>	
		7,979,860
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	(44,482,620)	
Other Amounts	<u>(35,561,132)</u>	
		<u>(80,043,752)</u>
Net Position of Governmental Activities		<u><u>(\$15,128,152)</u></u>

See accompanying notes to the basic financial statements.

Norwood City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Building	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Taxes	\$15,710,589	\$0	\$2,397,951	\$18,108,540
Tuition and Fees	454,457	0	0	454,457
Investment Earnings	25,974	52,616	5,820	84,410
Intergovernmental	11,687,774	0	2,482,603	14,170,377
Extracurricular Activities	226,048	0	133,596	359,644
Charges for Services	89,986	0	0	89,986
Revenue in Lieu of Taxes	2,138,103	0	0	2,138,103
Other Revenues	215,702	0	302,365	518,067
Total Revenues	30,548,633	52,616	5,322,335	35,923,584
Expenditures:				
Current:				
Instruction:				
Regular	11,887,079	0	521,159	12,408,238
Special	4,336,500	0	1,196,135	5,532,635
Other	1,615,317	0	5	1,615,322
Support Services:				
Pupil	1,576,621	0	412,790	1,989,411
Instructional Staff	422,816	0	232,415	655,231
General Administration	18,633	0	0	18,633
School Administration	1,854,335	0	13,362	1,867,697
Fiscal	472,215	0	22,501	494,716
Operations and Maintenance	2,438,226	0	379,076	2,817,302
Pupil Transportation	544,791	0	16,505	561,296
Central	11,252	0	82,923	94,175
Operation of Non-Instructional Services	975,115	0	111,461	1,086,576
Extracurricular Activities	448,017	0	197,546	645,563
Capital Outlay	0	86,910	654,705	741,615
Debt Service:				
Principal Retirement	0	0	487,500	487,500
Interest and Fiscal Charges	0	0	44,972	44,972
Issuance Cost	0	0	297,452	297,452
Total Expenditures	26,600,917	86,910	4,670,507	31,358,334
Excess of Revenues Over (Under) Expenditures	3,947,716	(34,294)	651,828	4,565,250
Other Financing Sources (Uses):				
Issuance of Long-Term Capital-Related Debt	0	31,310,000	0	31,310,000
Premium on Bonds Issued	0	0	2,301,132	2,301,132
Transfers In	0	0	986,468	986,468
Transfers (Out)	(986,468)	0	0	(986,468)
Total Other Financing Sources (Uses)	(986,468)	31,310,000	3,287,600	33,611,132
Net Change in Fund Balance	2,961,248	31,275,706	3,939,428	38,176,382
Fund Balance - Beginning of Year	8,527,010	0	4,234,965	12,761,975
Fund Balance - End of Year	\$11,488,258	\$31,275,706	\$8,174,393	\$50,938,357

See accompanying notes to the basic financial statements.

Norwood City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2017

Net Change in Fund Balance - Total Governmental Funds \$38,176,382

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

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

Capital assets used in governmental activities	852,192	
Depreciation Expense	<u>(1,042,161)</u>	(189,969)

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

District pension contributions	2,122,147	
Cost of benefits earned net of employee contributions	<u>(3,213,638)</u>	(1,091,491)

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

Delinquent Property Taxes	67,780	
Intergovernmental	<u>(162,540)</u>	(94,760)

In the statement of activities, certain costs and proceeds associated with long-term debt obligations issued during the year are accrued and amortized over the life of the debt obligation. In governmental funds these costs and proceeds are recognized as financing sources and uses.

(2,301,132)

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

487,500

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

(188,319)

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

Compensated Absences		(107,476)
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Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position.

(31,310,000)

Change in Net Position of Governmental Activities

\$3,380,735

See accompanying notes to the basic financial statements.

Norwood City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$24,170	\$159,908
Receivables (Net):		
Accounts	0	343
Interest	57	0
Prepays	0	263
Total Assets	<u>24,227</u>	<u>160,514</u>
Liabilities:		
Accounts Payable	0	229
Accrued Wages and Benefits	0	16,950
Other Liabilities	0	143,335
Total Liabilities	<u>0</u>	<u>\$160,514</u>
Net Position:		
Held in Trust	<u>24,227</u>	
Total Net Position	<u>\$24,227</u>	

See accompanying notes to the basic financial statements.

Norwood City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust
Additions:	
Investment Earnings	\$89
Total Additions	89
Deductions:	
Other	0
Total Deductions	0
Change in Net Position	89
Net Position - Beginning of Year	24,138
Net Position - End of Year	\$24,227

See accompanying notes to the basic financial statements.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Note 1 – Summary of Significant Accounting Policies

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

Reporting Entity

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

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities. Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

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

The District is associated with three jointly governed organizations. These organizations are:

Jointly Governed Organizations:
Hamilton Clermont Cooperative Information Technology Center
Great Oaks Career Campuses
Greater Cincinnati Insurance Consortium

These organizations are presented in Note 12.

Basis of Presentation

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

those activities of the School District that are governmental and those that are considered business-type activities. The School District has no business-type activities.

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

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

Fund Financial Statements Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

Fund Accounting

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

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

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

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Building – A fund used to account for the receipts and expenditures related to all special bond funds in the district. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

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

Basis of Accounting

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

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable except for unmatured principal and interest on general long-term debt which is recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

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

Revenues - Exchange and Non-exchange transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

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

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 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 represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 7.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the District, deferred inflows of resources include property tax, pension, and grants and other taxes (which includes tax incremental financing 'TIF'). Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 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 governmental fund financial statements. Grants are reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Other taxes are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension (see Note 7) and other taxes are reported on the government-wide statement of net position.

Equity in Pooled Cash and Investments

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

During fiscal year 2017, the School District's investments were limited to STAR Ohio. Investments are reported at fair value, which is based on quoted market prices.

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

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes. Under existing Ohio statutes, all investment earnings accrue to the General Fund except those specifically related to agency funds, certain trust funds, and those other funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balance.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Inventory

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditure/expense is reported in the year in which services are consumed.

Capital Assets

Capital assets, which include land, buildings, building improvements, and equipment, are reported in the government-wide financial statements. The School District defines capital assets as those with an individual cost of more than \$1,000 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated acquisition values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

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

Interfund Balances

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

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The entire compensated absence liability is reported on the

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that have matured, for example, as a result of employee resignations and retirements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities those, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. The lease purchase agreement will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Pensions

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.

Net Position

Net position represents the difference between assets and deferred inflows of resources, and liabilities and deferred outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Of the School District's \$2,327,682 in restricted net position, none were restricted for enabling legislation.

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

Fund Balance

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

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

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

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

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

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

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

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

Restricted Assets

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

Estimates

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

Note 2 - Deposits and Investments

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

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

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

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

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

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

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

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

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Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's custodial credit risk policy requires that deposits be collateralized as required by ORC Chapter 135. As of June 30, 2017, \$4,725,257 of the School District's bank balance of \$5,225,257 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name. ORC Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

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

	<u>Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
STAR Ohio	41,496,580	N/A	0.12
Total Investments	<u>\$41,496,580</u>		
Portfolio Weighted Average Maturity			0.12

The 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 District's recurring fair value measurements as of June 30, 2017. STAR Ohio is reported at its share price (Net Asset value per share).

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the 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 District's investments in Star Ohio were rated AAAM by Standard and Poor's.

Concentration of Credit Risk – The District's investment policy allows investments in U.S. Agencies or Instrumentalities. The District has invested 100% in Star Ohio.

Custodial Credit Risk – The risk that in the event of the failure of the counterparty, the 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 District's securities are either insured and registered in the name of the District or at least registered in the name of the District

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Note 3 – Property Taxes

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31st; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. The School District receives property taxes from Hamilton County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2018 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2017. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations in the General Fund.

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

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$343,719,520
Public Utility Personal	<u>19,222,550</u>
Total	<u><u>\$362,942,070</u></u>

Note 4 – Interfund Transactions

Interfund transactions at June 30, 2017, consisted of the following fund for interfund receivables, interfund payables, transfers in and transfers out:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$254,524	\$0	\$0	\$986,468
Other Governmental Funds	<u>0</u>	<u>254,524</u>	<u>986,468</u>	<u>0</u>
Total All Funds	<u><u>\$254,524</u></u>	<u><u>\$254,524</u></u>	<u><u>\$986,468</u></u>	<u><u>\$986,468</u></u>

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

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

Note 5 – Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$524,809	\$0	\$0	\$524,809
Constructions in Progress	0	492,910	0	492,910
Capital Assets, being depreciated:				
Buildings and Improvements	18,670,256	181,936	0	18,852,192
Equipment	7,544,102	177,346	0	7,721,448
Totals at Historical Cost	<u>26,739,167</u>	<u>852,192</u>	<u>0</u>	<u>27,591,359</u>
Less Accumulated Depreciation:				
Buildings and Improvements	13,216,999	555,746	0	13,772,745
Equipment	6,892,634	486,415	0	7,379,049
Total Accumulated Depreciation	<u>20,109,633</u>	<u>1,042,161</u>	<u>0</u>	<u>21,151,794</u>
Governmental Activities Capital Assets, Net	<u>\$6,629,534</u>	<u>(\$189,969)</u>	<u>\$0</u>	<u>\$6,439,565</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$577,013
Special	124,596
Support Services:	
Pupil	18,824
School Administration	18,315
Operations and Maintenance	143,033
Central	36,320
Operation of Non-Instructional Services	16,708
Extracurricular Activities	107,352
Total Depreciation Expense	<u>\$1,042,161</u>

Norwood City School District
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Note 6 – Risk Management

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the School District contracted with Ohio Casualty for general liability insurance with a \$5,000,000 aggregate limit covering all employees and volunteers of the School District.

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

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

Note 7 - Defined Benefit 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 employer'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 obligation for this liability to annually required payments. The employer cannot control benefit terms or the manner in which pensions are financed; however, the employer 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

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contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30 or \$86.00 multiplied by the years of service credit. 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 employer 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 14.00 percent. None of the 14 percent contribution rate was allocated to the Health Care Fund.

The contractually required contribution to SERS was \$486,583 for fiscal year 2017. Of this amount \$67,016 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

Norwood City School District
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For The Fiscal Year Ended June 30, 2017

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, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The employer 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 contractually required contribution to STRS was \$1,635,564 for fiscal year 2017. Of this amount \$286,368 is reported as accrued wages and benefits.

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 proportion of the net pension liability was based on the share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$7,429,925	\$37,052,695	\$44,482,620
Proportion of the Net Pension Liability			
Prior Measurement Date	0.09833420%	0.10844463%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.10151450%</u>	<u>0.11069423%</u>	
	0.00318030%	0.00224960%	
Pension Expense	842,913	2,370,725	3,213,638

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

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$100,213	\$1,497,107	\$1,597,320
Changes of assumptions	495,988	0	495,988
Net difference between projected and actual earnings on pension plan investments	612,861	3,076,369	3,689,230
Changes in employer proportionate share of net pension liability	146,729	510,476	657,205
Contributions subsequent to the measurement date	486,583	1,635,564	2,122,147
Total Deferred Outflows of Resources	<u>\$1,842,374</u>	<u>\$6,719,516</u>	<u>\$8,561,890</u>
Deferred Inflows of Resources			
Changes in employer proportionate share of net pension liability	\$0	\$582,030	\$582,030
Total Deferred Inflows of Resources	<u>\$0</u>	<u>\$582,030</u>	<u>\$582,030</u>

\$2,122,147 reported as deferred outflows of resources related to pension resulting from 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:	SERS	STRS	Total
2018	\$357,696	\$657,728	\$1,015,424
2019	357,254	657,728	1,014,982
2020	464,669	1,838,218	2,302,887
2021	176,172	1,348,248	1,524,420
Total	<u>\$1,355,791</u>	<u>\$4,501,922</u>	<u>\$5,857,713</u>

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

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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	3.00 percent
Future Salary Increases, including inflation	3.50-18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 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 Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

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

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

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Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$9,836,757	\$7,429,925	\$5,415,306

Actuarial Assumptions - STRS

The total pension liability in the July 1, 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, including inflation
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.

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

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

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

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100.00 %	7.61 %

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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the 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%)
Proportionate share of the net pension liability	\$49,240,021	\$37,052,695	\$26,771,968

Changes Between Measurement Date and Report Date

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

Note 8 - Post Employment Benefits

School Employees Retirement System

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

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer 14% contribution to the Health Care Fund in accordance with the funding policy. For the year ended June 30, 2017, the health care allocation is 0.00%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the minimum compensation level was established at \$23,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2017, 2016, and 2015 were \$0, \$0, and \$79,503, respectively.

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

The financial reports of SERS' Health Care plan are included in its Comprehensive Annual Financial Report. That report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

State Teachers Retirement System

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

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2017, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$0, \$0, and \$0, respectively.

Note 9 – Employee Benefits

Compensated Absences

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of 15 sick days of leave for each year under contract. During regular employment, sick leave may be accumulated, up to a maximum of 260 days for teachers, 310 days for administrators and 260 days for classified. Upon retirement, severance pay is based upon one-fourth of the accrual of sick days up to a maximum of 50 days for teachers, 60 days for administrators and 45 days for classified.

Note 10 – Long-Term Obligations

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
Governmental Activities:					
2017 School Improvement GO Bonds	\$0	\$31,310,000	\$0	\$31,310,000	\$1,735,000
2017 School Improvement GO Bonds - Premium	0	2,301,132	0	2,301,132	0
Subtotal Bonds	0	33,611,132	0	33,611,132	1,735,000
2013 Lease-Purchase Agreement	2,437,500	0	(487,500)	1,950,000	487,500
Compensated Absences	1,251,495	271,843	(167,401)	1,355,937	157,763
Subtotal Bonds and Other Amounts	3,688,995	33,882,975	(654,901)	36,917,069	2,380,263
Net Pension Liability:					
STRS	29,970,924	7,081,771	0	37,052,695	0
SERS	5,611,045	1,818,880	0	7,429,925	0
Total Net Pension Liability	35,581,969	8,900,651	0	44,482,620	0
Total Long-Term Obligations	\$39,270,964	\$42,783,626	(\$654,901)	\$81,399,689	\$2,380,263

Compensated Absences: Compensated absences will be paid from the funds from which the employees' salaries are paid.

Lease-Purchase Agreement: In fiscal year 2013 the School District entered into a \$3,900,000 lease-purchase agreement. The lease-purchase agreement has an interest rate of 2.05% and will mature on December 1, 2020. Payments will be paid from the debt service fund.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

School Improvement Bonds: Series 2017A and 2017B School Improvement Unlimited Tax General Obligation Bonds were issued on April 25, 2017 and bear an average interest rate of 3.5%. The bonds mature on November 1, 2051. Principal and interest are paid from the debt service fund.

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

<u>General Obligation Bonds</u>			
Fiscal Year	Bond	Bond	
Ending June 30	Principal	Interest	Total
2018	\$1,735,000	\$691,985	\$2,426,985
2019	485,000	1,287,275	1,772,275
2020	520,000	1,270,375	1,790,375
2021	565,000	1,252,175	1,817,175
2022	685,000	1,243,000	1,928,000
2023-2027	2,135,000	5,962,688	8,097,688
2028-2032	1,900,000	5,682,787	7,582,787
2033-2037	2,960,000	5,224,119	8,184,119
2038-2042	4,330,000	4,558,562	8,888,562
2043-2047	6,445,000	3,419,563	9,864,563
2048-2052	9,550,000	1,514,324	11,064,324
Total	<u><u>\$31,310,000</u></u>	<u><u>\$32,106,853</u></u>	<u><u>\$63,416,853</u></u>

Note 11 – Lease-Purchase Agreement

The following is a schedule of the future minimum lease payments required under the lease-purchase agreement and the net present value of the minimum lease payments as of fiscal year end.

Fiscal Year	
Ending June 30	Lease
2018	\$522,479
2019	512,485
2020	502,490
2021	492,497
Total Minimum Lease Payments	\$2,029,951
Amount Representing Interest and Additonal program cost component	<u>(79,951)</u>
Present Value of Minimum Lease Payments	<u><u>\$1,950,000</u></u>

Note 12 – Jointly Governed Organizations

Great Oaks Career Campuses

Great Oaks Career Campuses, a jointly governed organization, is a distinct political subdivision of the State of Ohio which operates under the direction of a Board consisting of one representative from each participating school district's elected board. The Board possesses its own budgeting and taxing authority. Great Oaks Career Campuses provides academic preparation and job training which leads to employment and/or further education upon graduation from high school. The District has no ongoing financial interest in or responsibility for the Institute. To obtain financial information, write to Great Oaks Career Campuses at 3254 East Kemper Road, Cincinnati, Ohio 45241.

Hamilton Clermont Cooperative Information Technology Center

The District is a participant in the Hamilton Clermont Cooperative Information Technology Center (HCC). HCC is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of the School consists of one representative from each of the participating members. The degree of control exercised by any participating district is limited to its representation on the board. To obtain financial information, write to HCC, at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

Greater Cincinnati Insurance Consortium

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

Note 13 – Contingencies

School District Funding

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.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2017.

Litigation

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

Note 14 – Required Set-Asides

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

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

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2016	\$0
Current Year Set Aside Requirements	346,336
Qualified Disbursements	(169,573)
Current Year Offsets	(176,763)
Set Aside Reserve Balance as of June 30, 2017	<u>\$0</u>
Restricted Cash as of June 30, 2017	<u><u>\$0</u></u>

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

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Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Note 15 – Deficit Fund Balances

The following governmental funds had deficit fund balances at June 30, 2017:

<u>Fund</u>	<u>Deficit</u>
Other Governmental Funds:	
District Managed Student Activity	\$8,232
Preschool	1,453
Title VI-B	34,037
Title VII-A	14,045
Title III	2,146
Miscellaneous Federal Grants	175
Title I	80,598

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

Note 16 – Fund Balances

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

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Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Fund Balances	General	Building	Other Governmental Funds	Total
Nonspendable:				
Permanent	\$0	\$0	\$20,000	\$20,000
Prepays	37,335	0	3,871	41,206
Total Nonspendable	37,335	0	23,871	61,206
Restricted for:				
Local Grant	0	0	34,037	34,037
K-12 Network Subsidy	0	0	6,000	6,000
Career Development	0	0	4,944	4,944
High Schools That Work	0	0	1	1
Miscellaneous State Grants	0	0	4,398	4,398
Straight A Grant	0	0	62,045	62,045
Special Revenue	0	0	37,482	37,482
Debt Service	0	0	3,579,706	3,579,706
Capital Projects	0	0	849,671	849,671
Building	0	31,275,706	0	31,275,706
Total Restricted	0	31,275,706	4,578,284	35,853,990
Committed to:				
Capital Projects	0	0	3,692,665	3,692,665
Total Committed	0	0	3,692,665	3,692,665
Assigned to:				
Encumbrances	392,832	0	0	392,832
Public Support	107,563	0	0	107,563
Permanent	0	0	24,130	24,130
Total Assigned	500,395	0	24,130	524,525
Unassigned (Deficit)	10,950,528	0	(144,557)	10,805,971
Total Fund Balance	<u>\$11,488,258</u>	<u>\$31,275,706</u>	<u>\$8,174,393</u>	<u>\$50,938,357</u>

Note 17 – Construction and Other Commitments

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the Districts' commitments for encumbrances in the governmental funds were as follows:

<u>Description</u>	<u>Remaining Commitment</u>
General	\$490,184
Building	1,421,470
Other Governmental	307,745

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Note 18 – Implementation of New Accounting Principles

For the fiscal year ended June 30, 2017, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures, GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans", GASB Statement No. 80, "Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14" and GASB Statement No. 82, "Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73".

GASB Statement No. 77 establishes improved financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The implementation of GASB Statement No 77 did not have an effect on the financial statements of the District.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) 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 (c) 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). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the District.

Note 19 – Tax Abatements entered Into By Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area ("CRA") and Enterprise Zone (EZ) programs with the taxing districts of the District. The CRA and EZ programs are directive incentive tax exemption programs benefiting

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

property owners who renovate or construct new buildings. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, the City of Norwood has entered into such an agreement. Under this agreement the District's property taxes were reduced by approximately \$421,166. The District is receiving \$102,678 from this other government in association with the forgone property tax revenue.

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REQUIRED SUPPLEMENTARY INFORMATION

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share
 of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Four Fiscal Years (1)

	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.11069423%	0.10844463%	0.11183763%	0.11183763%
District's Proportionate Share of the Net Pension Liability	\$37,052,695	\$29,970,924	\$27,202,782	\$32,316,510
District's Covered-Employee Payroll	\$11,535,000	\$11,777,314	\$11,800,405	\$11,873,346
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	321.22%	252.40%	230.52%	272.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) - Information prior to 2014 is not available

Note - Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the Required Supplementary Information.

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share
 of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Four Fiscal Years (1)

	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.101515%	0.098334%	0.097943%	0.097943%
District's Proportionate Share of the Net Pension Liability	\$7,429,925	\$5,611,045	\$4,956,839	\$5,826,103
District's Covered-Employee Payroll	\$3,619,886	\$3,757,511	\$2,874,791	\$3,400,925
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	205.25%	200.53%	173.18%	171.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) - Information prior to 2014 is not available

Note - Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the Required Supplementary Information.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	\$1,635,564	\$1,614,900	\$1,648,824	\$1,599,740	\$1,584,876	\$1,582,596	\$1,695,336	\$1,749,708	\$1,753,140	\$1,767,876
Contributions in Relation to the Contractually Required Contribution	(1,635,564)	(1,614,900)	(1,648,824)	(1,599,740)	(1,584,876)	(1,582,596)	(1,695,336)	(1,749,708)	(1,753,140)	(1,767,876)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District Covered-Employee Payroll	\$11,682,600	\$11,535,000	\$11,774,443	\$12,305,692	\$11,873,346	\$11,719,001	\$12,150,874	\$12,882,774	\$12,673,926	N/A
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%	13.35%	13.50%	13.95%	13.58%	13.83%	N/A
N/A - Information unavailable										

See accompanying notes to the Required Supplementary Information.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	\$486,583	\$506,784	\$495,240	\$398,446	\$470,688	\$449,856	\$472,512	\$383,688	\$395,940	\$431,796
Contributions in Relation to the Contractually Required Contribution	(486,583)	(506,784)	(495,240)	(398,446)	(470,688)	(449,856)	(472,512)	(383,688)	(395,940)	(431,796)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District Covered-Employee Payroll	\$3,475,593	\$3,619,886	\$3,757,511	\$2,874,791	\$3,400,925	\$3,344,654	\$3,759,045	\$2,833,737	\$4,023,780	N/A
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	N/A
N/A - Information unavailable										

See accompanying notes to the Required Supplementary Information.

Norwood City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$14,978,864	\$14,978,864	\$15,213,768	\$234,904
Revenue in lieu of taxes	2,105,090	2,105,090	2,138,103	33,013
Tuition and Fees	447,440	447,440	454,457	7,017
Investment Earnings	45,566	45,566	46,281	715
Intergovernmental	10,044,402	10,044,402	10,201,922	157,520
Extracurricular Activities	70,210	70,210	71,311	1,101
Other Revenues	163,301	163,301	165,862	2,561
Total Revenues	27,854,873	27,854,873	28,291,704	436,831
Expenditures:				
Current:				
Instruction:				
Regular	12,329,714	12,674,833	11,852,145	822,688
Special	4,492,747	4,618,503	4,318,729	299,774
Other	1,680,404	1,727,440	1,615,317	112,123
Support Services:				
Pupil	1,643,679	1,689,687	1,580,014	109,673
Instructional Staff	438,504	450,778	421,519	29,259
General Administration	19,384	19,926	18,633	1,293
School Administration	1,940,523	1,994,839	1,865,360	129,479
Fiscal	597,766	614,498	574,613	39,885
Operations and Maintenance	2,689,192	2,764,465	2,585,031	179,434
Pupil Transportation	618,038	635,337	594,099	41,238
Central	12,335	12,680	11,857	823
Extracurricular Activities	460,306	473,190	442,477	30,713
Total Expenditures	26,922,592	27,676,176	25,879,794	1,796,382
Excess of Revenues Over (Under) Expenditures	932,281	178,697	2,411,910	2,233,213
Other Financing Sources (Uses):				
Advances In	353,829	353,829	359,378	5,549
Advances (Out)	(269,230)	(276,766)	(258,802)	17,964
Transfers (Out)	(1,038,497)	(1,067,566)	(998,273)	69,293
Total Other Financing Sources (Uses)	(953,898)	(990,503)	(897,697)	92,806
Net Change in Fund Balance	(21,617)	(811,806)	1,514,213	2,326,019
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	6,246,315	6,246,315	6,246,315	0
Fund Balance - End of Year	\$6,224,698	\$5,434,509	\$7,760,528	\$2,326,019

See accompanying notes to the required supplementary information.

Norwood City School District
Notes to the Required Supplementary Information
For The Year Fiscal Ended June 30, 2017

Note 1 - Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. During the course of fiscal 2017, the District amended its budget at several times, however none were significant.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2017.

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

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

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

Norwood City School District
Notes to the Required Supplementary Information
For The Year Fiscal Ended June 30, 2017

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$2,961,248
Revenue Accruals	(2,257,237)
Expenditure Accruals	1,210,199
Transfers Out	(11,805)
Advances In	359,378
Advances Out	(258,802)
Encumbrances	(486,464)
Funds Budgeted Elsewhere	<u>(2,304)</u>
Budget Basis	<u><u>\$1,514,213</u></u>

Note 2 – SERS Change in Assumptions

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: (1) discount rate was reduced from 7.75% to 7.50%, (2) the assumed rate of inflation was reduced from 3.25% to 3.00%, (3) payroll growth assumption was reduced from 4.00% to 3.50%, (4) assumed real wage growth was reduced from 0.75% to 0.50%, (5) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (6) 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, (7) 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 (8) mortality among disabled members 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.

Note 3 – STRS Change in Assumptions

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.

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NORWOOD CITY SCHOOL DISTRICT



Single Audit Reports

June 30, 2017

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NORWOOD CITY SCHOOL DISTRICT

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

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	3L70	10.553	\$217,988	\$0
National School Lunch Program	3L60	10.555	<u>516,473</u>	<u>62,217</u>
Total Child Nutrition Cluster			<u>734,461</u>	<u>62,217</u>
Total U.S. Department of Agriculture			<u>734,461</u>	<u>62,217</u>
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Special Education Cluster:				
Special Education-Grants to States	3M20	84.027	504,322	0
Special Education-Preschool Grants	3C50	84.173	<u>14,374</u>	<u>0</u>
Total Special Education Cluster			<u>518,696</u>	<u>0</u>
Twenty-First Century Community Learning Centers	3Y20	84.287	548,504	0
Improving Teacher Quality State Grants	3Y60	84.367	166,839	0
Title I Grants to Local Educational Agencies	3M00	84.010	1,243,088	0
English Language Acquisition State Grants	3Y70	84.365	<u>13,768</u>	<u>0</u>
Passed Through Great Oaks Career Campuses				
Career & Technical Education Basic Grants to States	GO11	84.048	<u>4,703</u>	<u>0</u>
Total Department of Education			<u>2,495,598</u>	<u>0</u>
Total Federal Assistance			<u>\$3,230,059</u>	<u>\$62,217</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared using the cash basis of accounting. The information in this schedule is presented 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). The District did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE B

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

NOTE C

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

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

To the Board of Education
Norwood City School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Norwood City School District (the District), as of and for the year ended June 30, 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 13, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
December 13, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE**

To the Board of Education
Norwood City School District

Report on Compliance for Each Major Federal Program

We have audited the Norwood City School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or

detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 13, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
December 13, 2017

**NORWOOD CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

- Child Nutrition Cluster:
 - School Breakfast Program CFDA #10.553
 - National School Lunch Program CFDA #10.555

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? Yes

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

None

Section III – Federal Award Findings and Questioned Costs

None

**NORWOOD CITY SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**

June 30, 2017

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



Dave Yost • Auditor of State

NORWOOD CITY SCHOOL DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 13, 2018**