



**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY
Single Audit
For the Fiscal Year Ended June 30, 2019**

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150 W. Main St., #A
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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Northeastern Local School District
1414 Bowman Road
Springfield, OH 45502

We have reviewed the *Independent Auditor's Report* of Northeastern Local School District, Clark County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

February 6, 2020

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**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Federal CFDA Number	Grant Year	Disbursements	Non-Cash Disbursements
Program Title				
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	2019	\$ 63,504	\$ -
National School Lunch Program				
Cash Assistance	10.555	2019	361,142	-
Non-Cash Assistance	10.555	2019	-	64,993
Total National School Lunch Program			<u>361,142</u>	<u>64,993</u>
Total Child Nutrition Cluster			<u>424,646</u>	<u>64,993</u>
Total U.S. Department of Agriculture			<u>424,646</u>	<u>64,993</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	2018	36,508	-
Title I Grants to Local Educational Agencies	84.010	2019	218,654	-
Total Title I Grants to Local Educational Agencies			<u>255,162</u>	<u>-</u>
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	2018	161,438	-
Special Education Grants to States	84.027	2019	415,787	-
Special Education Preschool Grant	84.173	2019	11,099	-
Total Special Education Cluster (IDEA)			<u>588,324</u>	<u>-</u>
Supporting Effective Instruction State Grant	84.367	2018	(957)	-
Supporting Effective Instruction State Grant	84.367	2019	62,092	-
Total Supporting Effective Instruction State Grant			<u>61,135</u>	<u>-</u>
Total U.S. Department of Education			<u>904,621</u>	<u>-</u>
Total Federal Assistance			<u>\$ 1,329,267</u>	<u>\$ 64,993</u>

The accompanying notes are an integral part of this schedule.

See accompanying notes to this schedule

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Northeastern Local School District (the School District) under programs of the federal government for the year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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



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

December 20, 2019

Northeastern Local School District
Clark County
1414 Bowman Road
Springfield, Ohio 45502

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Northeastern Local School District**, Clark County, (the School District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 20, 2019.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." The signature is written in a cursive, flowing style.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



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

December 20, 2019

Northeastern Local School District
Clark County
1414 Bowman Road
Springfield, Ohio 45502

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited **Northeastern Local School District's** (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Northeastern Local School District's major federal program for the year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the School District's major federal program.

Management's Responsibility

The School District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

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Opinion on the Major Federal Program

In our opinion, Northeastern Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster (IDEA), CFDA #84.027 and #84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Northeastern Local School District

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019



Northeastern Local School District
1414 Bowman Rd.
Springfield, Oh 10 45502
www.nesld.org





Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

Prepare by: Dale R Miller, Treasurer/CFO





INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCE REPORT

For the Fiscal Year Ended June 30, 2019





*Northeastern Local School District
Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2019*

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December 20, 2019

To the Citizens and Board of Education of the Northeastern Local School District:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Northeastern Local School District (District) for the fiscal year ended June 30, 2019. This CAFR is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The intent of this report is to provide taxpayers of the Northeastern Local School District with comprehensive financial data in a format that enables them to gain a true understanding of the School District's financial affairs as well as provide management with better financial information for future decision making.

Superintendent:
Dr. John P. Kronour

Treasurer:
Dale R. Miller

Board Members:
Joel Augustus
Dr. John Crankshaw
Jill Parker
Steve Schwitzgable
Jeff Yinger

This report was prepared by the Treasurer's Office. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

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

This report includes all funds of the School District. The School District provides a full range of traditional and nontraditional educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory and vocational levels; a broad range of co-curricular and extracurricular activities; and community education offerings; and special education programs and facilities.

The basic financial statements of the School District for the fiscal year ended June 30, 2019, were audited by Perry and Associates whose unmodified opinion is included at the beginning of the Financial Section of this report.

ORGANIZATION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education of the Northeastern Local School District (the "Board") consists of five members and is incorporated as defined by Section 3313.02, Ohio Revised Code. The Board serves as the taxing authority, contracting body, policy maker, ensures that all other general laws of the State of Ohio are followed in the expenditure of the School District's tax dollars, and approves the annual appropriation resolution and tax budget.

The Board members represent a cross section of professions found in the Clark County and surrounding areas. The Board members on June 30, 2019, were as follows:

<u>Board Member</u>	<u>Service as a Board Member</u>		
	<u>Began</u>	<u>Expires</u>	
Jill Parker	01/01/16	12/31/19	Board President
Joel Augustus	01/01/16	12/31/19	Board Vice-President
Dr. John Crankshaw	01/01/18	12/31/21	Board Member
Steve Schwitzgable	01/01/16	12/31/21	Board Member
Jeff Yinger	01/01/18	12/31/21	Board Member

The Superintendent is the chief executive officer of the School District, responsible directly to the Board of Education for all educational and support operations. Dr. John P. Kronour began his tenure as Superintendent on August 1, 2015. The Treasurer is the chief financial officer of the School District, responsible directly to the Board of Education for all financial records and statutorily defined duties which in part relate to paying all expenses, debt issuance, reporting, record retention, strategic planning and many other areas. Mr. Dale R. Miller began his tenure as Treasurer on March 1, 2018.

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

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

In addition to providing the general activities mentioned above, the School District has administrative responsibility for State funds distributed to private schools located within School District boundaries. In accordance with GASB Statement No. 24, this responsibility is included in the reporting entity as a special revenue fund. The private school served is Emmanuel Christian. While these organizations share operations and services similar with the School District, all are separate and distinct entities. Because of their independent nature, none of these organization’s financial statements are included in this report.

The Southwestern Ohio Educational Purchasing Council and the Springfield-Clark Career Technology Center are reported as jointly governed organizations in Note 16.

The School Board adopts an annual budget by July 1 which may be amended any time during the fiscal year as new information becomes available. This annual budget serves as the foundation of the Northeastern Local School District's financial planning and control. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution. The legal level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The Treasurer has been authorized to allocate Board appropriations to the object level within the funds.

THE SCHOOL DISTRICT AND ITS FACILITIES

The School District serves an area of approximately 118 square miles east and northeast of the City of Springfield. It is located in Clark County and Champaign County, approximately 45 miles west of downtown Columbus, the State capital.

Currently, the District serves approximately 3,140 students, in five (5) buildings. The original construction of the buildings are the 1952 Northeastern High School, the 1961 Northridge Middle & Elementary and South Vienna Middle and Elementary, the 1972 Rolling Hills Elementary, and the 1978 Kenton Ridge High School. Enrollment has remained stable for Northeastern Local School District compared to the fiscal year ending June 30, 2018. The School District estimates enrollment be approximately 3,100 for the fiscal years ending June 30, 2019. The School District's enrollment figures do not include students living within the School District's attendance area who attend charter schools. Currently, the School District has 192 students attending charter schools.

In May 2018 Northeastern Local School District's taxpayers approved a bond levy for the construction of two (2) new pre-Kindergarten through 12th grade facilities. One on the Kenton Ridge property and one on the South Vienna property. The District anticipates opening the new facilities in August 2023.

SERVICES PROVIDED BY THE SCHOOL DISTRICT

The School District provides a wide variety of educational and support services as mandated by the Ohio Revised Code or by Board directives. At the center of the School District's services are the instructional programs. The School District offers regular instructional programs daily to students in Grades pre-K through 12. The School District serves approximately 100 students with an interest in vocational education, and approximately 325 children who need individual instruction or are physically or mentally handicapped. These students receive service through the wide array of special education programs offered in the School District. The School District issued 150 diplomas to our Kenton Ridge High School graduates and 87 to our Northeastern High School graduates in 2019.

There are also several academic and athletic programs for students, providing them with a number of enriching experiences. The programs and activities provide a lifetime of memories for the Northeastern Local School District students.

In addition to the educational services provided, the School District's fleet of 31 buses traveled approximately 2,200 miles each day providing transportation services to 2,459 public and 131 private and parochial students. Many of the School District's students walk to school because of the proximity of neighborhood schools to the students' homes. The Food Service Department serves over 1,150 breakfast and lunch meals daily for a total of over 205,000 meals served annually through the School District's lunchrooms.

Along with transportation and school lunch services offered to children in the School District, the students also receive guidance, psychological, and health services free of charge. The guidance services are designed to help a student match his/her natural skills with vocational and/or academic programs to help him/her achieve his/her full potential in life. Psychological services offer a wide variety of help to students ranging from early developmentally handicapped identification to drug and behavior counseling. Health services provide limited medical services free of charge to many of the School District's youths.

EMPLOYEE RELATIONS

The School District currently has 374 full-time and part-time employees. There are two organizations representing School District employees. The Northeastern Local Education Association (NELEA) represents certificated employees, including teachers and educational specialists, for collective bargaining purposes. Classified employees, which include bus drivers, cooks, and clerical staff, are represented for collective bargaining purposes by the Northeastern Local Association of School Employees (NELASE). During the summer of 2019, the Board successfully concluded negotiations with both labor organizations on a multi-year agreement for wages and fringe benefits. The NELEA's wage agreement is in effect for the period August 1, 2019, through July 31, 2022. The NELASE's wage agreement is in effect for the period July 1, 2019, through June 30, 2022.

ECONOMIC CONDITION AND OUTLOOK

The City of Springfield areas employment is dominated by healthcare activities, which includes the Springfield Regional Medical Center, and Premier Health Partners. Other large employers within the area are Wright Patterson Air Force Base and three universities.

Ohio's seasonally adjusted unemployment rate continues to decline as the economy begins to recover. The Ohio unemployment rate for June 2019 decreased to 4.0 percent from 4.5 percent in June 2018. The nation's unemployment rate for June 2019 was 4.0 percent. Specific employment figures for the Northeastern Local School District are not available. However, the Clark County unemployment rate for June 2019 was 4.0 percent (Ohio Department of Job and Family Services).

FINANCIAL OUTLOOK

It is important to review the financial history of the School District and to understand its current financial position requires constant review and accountability of the Board of Education, Administration, and Treasurer. The current financial plans are included in the five-year forecast which indicates the School District will maintain a positive cash balance through fiscal year 2024. Currently, the most significant risks to the School District are uncertainties related to the biennium State budgets related to our state aid and health care costs.

For fiscal year 2019, the School District's General Fund revenues exceeded its expenditures primarily due to a complete fiscal year of collection of the earned income tax. The School District intends to continue monitoring its revenue and expenditure streams in order to provide consistency each fiscal year.

FINANCIAL PLANNING AND POLICIES

The School District annually prepares a five-year financial forecast to ensure long-term financial success. The five-year financial forecast is prepared and approved by the Board in November and May of each fiscal year. The five-year financial forecast provides actual data on each major revenue and expenditure category of the general fund for the past three fiscal years and forecasts these same categories for an additional five fiscal years.

The five-year financial forecast is a planning tool used to certify if funds are available for future expenditures and additionally to strategize when the School District will need to return to voters for additional funds or reduce expenditures accordingly. The five-year financial forecast is published on the Ohio Department of Education's website for public use.

DISTRICT GOALS

In fiscal year 2019 the Board approved goals for the District to ensure that the quality of educational opportunities for our students are the best available. The goals identified are as follows:

- 1) Improve student achievement across the District.
- 2) Engage the Community during the construction phases of the building project.
- 3) Focus our communications plans to engage our stakeholders.

The School District will continue to revisit the plan annually to make adjustments as necessary to strive to the highest success of the community and its schools.

MAJOR INITIATIVES AND EVENTS

The Northeastern Local School District is a district moving toward a bright future. The last year has been so exciting for our school and community. The passage of a bond issue to build two new PreK-12 buildings on the respective sides of the district. The fourth year of a one-to-one district wide technology plan that actually expanded to not only cover our high school students, but also middle school students. We wrapped up curriculum initiatives so that almost the entire set of our course offerings have been revised. Finally, we have worked diligently to upgrade our school bus and maintenance equipment fleet.

In May 2018, the passage of the 7.96 mill bond issue has our community excited to see ground break and new buildings sprout from the earth. We have begun our partnership with the Ohio Facilities Construction Commission who are contributing almost \$41 million dollars to the project. An architect has been selected in Ruetschle Brothers and we selected Shook Touchstone as the construction manager. Planning for the design of the buildings has already started as we continue to engage our staff and community in forums to gather input and feedback on key areas of grade banding, building layout, and safety. The process has been slowed by the significant estimated increases construction cost.

The one-to-one technology implementation for our students began its third year. We expanded to add grades six, seven, and eight in 2018. In 2019 the refreshment cycle started as Students have a Chromebook that they can use in class and at home each and every day of the school year. This technology tool is helping equip our student's skill set for the technology they will be exposed to in the future. The Chromebook is a tool to add to the strong teaching that is happening in our classrooms each day.

Updating our course curriculums has been happening for the past five years and is almost ready to begin the cycle again. Many of our curriculums had not been update in at least twenty years. This was something that needed to change desperately if our students were to receive the education that they need to be successful in the future. So, with curriculum updates and professional development now in place our staff is equipped to drive our student's forward and this has been authenticated by our State value added scores which have been solid A's the past two years.

Finally, the district has been committed to upgrade our bus fleet and maintenance equipment. A total of seven new buses have been added to our fleet to replace old buses over the past four years. There had not been any new buses purchased in at least four years prior to that time. The district has added a new school van, maintenance box truck, one-ton dump truck, and pick-up truck with snowplow to our fleet. These new equipment purchases allow the district to better serve our students and community in terms of transportation, building maintenance, or plowing snow.

ACKNOWLEDGEMENTS

The preparation and publication of this Comprehensive Annual Financial Report on a timely basis could not have been possible without the cooperation of the entire Treasurer's Department.

Finally, this report would not have been possible without the support of the Board of Education, without their leadership and commitment to excellence, this report would not be possible.

Sincerely,



Dale R Miller
Treasurer/CFO



Dr. John P Kronour
Superintendent


The Northeastern Local School District Officials

(937)325-7615

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John P. Kronour, Ph.D
Superintendent
(937) 325-7615

Dale R Miller
Treasurer/CFO
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Board of Education
Mrs. Jill Parker, President
Mr. Joel Augustus, Vice President

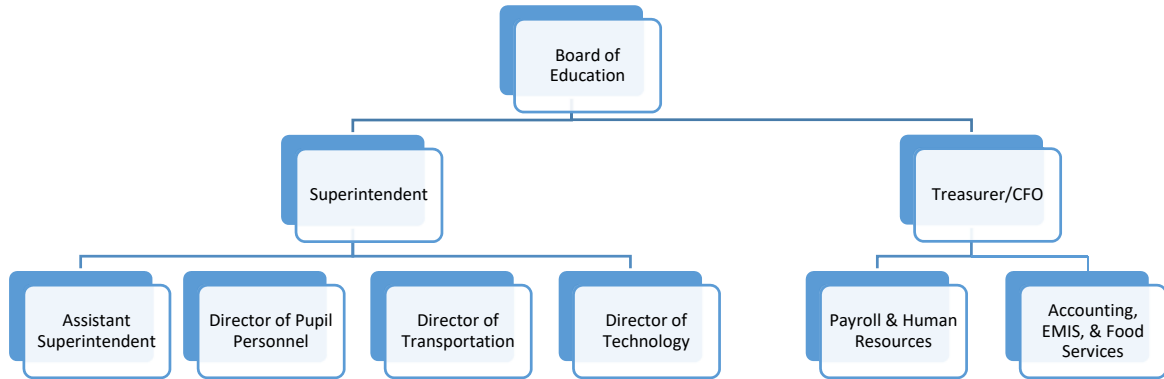
Board Members
Dr. John Crankshaw
Mr. Steve Schwitzgable
Mr. Jeff Yinger

Assistant Superintendent
Director of Pupil Personnel
Director of Technology
Director of Transportation
Assistant Treasurer

Mr. Shawn Blazer
Mr. Steve Linson
Mr. John Schmid
Mr. Randy Phares
Mrs. Teri Molden

The Northeastern Local School District

Table of Organization





FINANCIAL SECTION

COMPREHENSIVE ANNUAL FINANCE REPORT

For the Fiscal Year Ended June 30, 2019







313 Second St.
Marietta, Oh 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

December 20, 2019

Northeastern Local School District
Clark County
1414 Bowman Road
Springfield, Ohio 45502

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **Northeastern Local School District**, Clark County, Ohio (the School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Northeastern Local School District, Clark County, Ohio, as of June 30, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

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

Northeastern Local School District
Clark County
Independent Auditor's Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Northeastern Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

The discussion and analysis of the Northeastern Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

Total net position for fiscal year 2019 increased \$10.2 million from fiscal year 2018 net position. This increase was primarily due to the change in reporting of the net pension liability and pension benefits liability. Revenues sources, income tax collections increased and salary expenses were reduced which increased the net position.

General revenues accounted for \$39,786,271 or 88% of total revenues. Program specific revenues accounted for \$5,535,763 or 12% of total revenues of \$45,332,034.

The School District had \$35,129,009 in expenses related to governmental activities; only \$5,535,763 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily grants and entitlements, property taxes and the earned income tax) of \$39,786,271 were adequate to provide for these programs.

Using this Basic Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Northeastern Local School District as a financial whole, an entire operating entity.

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

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2019?" The Statement of Net Position and the Statement of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

Northeastern Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds. The major funds for Northeastern Local School District are the General Fund, Permanent Improvement Fund, and Building Construction Fund.

Governmental Funds

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

Fiduciary Funds

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's Net Position for fiscal year 2019 compared to fiscal year 2018:

Table 1 Net Position

Assets:	2019	2018
Current and Other	\$ 117,485,213	\$ 27,915,968
Capital Assets, Net	16,464,204	14,251,276
Total Assets	133,949,417	42,167,244
Deferred Outflows of Resources:		
Pension	8,865,891	11,390,535
OPEB	409,211	391,437
Total Deferred Outflows or Resources	9,275,102	11,781,972

Northeastern Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

(Table 1)

Net Position
(Continued)

Liabilities:	<u>2019</u>	<u>2018</u>
Current and Other Liabilities	\$ 4,088,085	\$ 3,720,334
Long-term Liabilities		
Due Within One Year	971,264	525,884
Due In More than One Year		
Net Pension Liability	35,956,981	39,433,749
Net OPEB	3,960,343	8,986,393
Other Amounts	81,185,776	1,040,529
Total Liabilities	126,162,449	53,706,889
Deferred Inflows of Resources		
Property Taxes	12,971,968	9,785,955
Deferred Inflows -Pension	3,257,895	3,622,453
Deferred Inflows -OPEB	3,805,263	-
Total Deferred Inflows of Resources	20,035,126	13,408,408
Net Position		
Net Investment in Capital Assets	14,339,871	13,759,087
Restricted	4,187,545	1,485,687
Unrestricted	(21,500,472)	(28,410,855)
Total Net Position (restated)	\$ (2,973,056)	\$(13,166,081)

The net pension liability (NPL) is the second largest single liability reported by the School District at June 30, 2019 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." In fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

Northeastern Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

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

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

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

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

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

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

Changes in net position from the prior year are as follows:

- In August 2018, the district issued \$79.3 million for the construction of two Pre-K to 12 facilities to be completed fiscal year 2022-2023.
- The Pension and Employee Benefits liabilities drop from \$48.4 million to \$39.9 million.

Northeastern Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Table 2 shows the changes in Net Position for fiscal years 2019 and 2018:

Table 2
Changes in Net Position

Revenues:	<u>2019</u>	<u>2018</u>
Program Revenues:		
Charges for Services	3,476,089	3,516,445
Operation Grants and Contributions	2,059,674	1,776,048
General Revenues:		
Property Taxes	16,677,291	12,382,691
Income Taxes	4,998,002	4,535,898
Grants and Entitlements	15,126,275	15,112,212
Other	2,984,703	370,227
Total Revenues	<u>\$ 45,322,034</u>	<u>\$ 37,693,521</u>
Program Expenses:		
Instruction	18,717,497	8,058,435
Support Services:		
Pupils & Instructional Staff	2,995,657	1,989,276
Board of Education, Administration, Fiscal	2,934,329	2,040,640
Operation and Maintenance	2,378,007	2,094,860
Pupil Transportation	2,217,919	1,713,050
Central	27,393	42,182
Operation of Non-Instructional Services:	1,204,222	1,055,990
Extracurricular Activities	961,625	720,675
Capital Outlay	831,823	-
Interest and Fiscal Charges	1,992,863	20,771
Cost of Debt Issuance	867,674	-
Total Expenses	<u>\$ 35,129,009</u>	<u>\$ 17,735,879</u>
Change In Net Position	<u>10,193,025</u>	<u>19,957,642</u>
Net Position, Beginning of Year (restated)	<u>(13,166,081)</u>	<u>(33,123,723)</u>
Net Position, End of Year	<u>\$ (2,973,056)</u>	<u>\$ (13,166,081)</u>

The revenues within the Statement of Activities reflects the increases for new 7.96 mil bond construction levy collected in fiscal year 2019, interest on the building construction cash balance, and strong growth in the income tax collections. Grants and Entitlements programs small increase is as a result of the School District has a limited opportunity for growth based on the funding formula provisions in the State biennium budget that determines a significant portion of the district resources.

Grants and Entitlements made up \$15.1 million or 38.0% of the total general revenues for governmental activities of the Northeastern Local School District for fiscal year 2019. Property Tax revenues made up \$16.7 million or 41.9% of the total general revenues for governmental activities. Income Tax revenues are \$5.0 million or 12.6% of the total general revenues for governmental activities. Grants Entitlements, Property Tax, and Income Tax totaled \$36.8 million, or 81.2% of total revenues.

Northeastern Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

The School District's Funds

On a modified accrual basis of accounting, all governmental funds had total revenues of \$44.8 million and expenditures of \$42.0 million. The net change in fund balances in the Governmental Funds was an increase of \$84,053,093, adjusting for the issuance of the Building Construction Fund debt the increase was \$ 2,940,838. The increase in the General Fund was \$2,864,141 as a result of receiving additional local taxes were higher than the prior year and efforts made to keep costs under control.

The fund balance for the Permanent Improvement Fund had an increase of \$269,704 from the reducing expenditures, the ending fund balance of \$544,108.

The fund balance for the Building Construction fund is from the issuance of the \$79,335,000 debt that will be combined with \$40,389,146 from the State of Ohio to construct two Pre-K to 12 educational facilities. The ending fund balance was \$79,741,092.

General Fund Budgeting Highlights

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

During the course of fiscal year 2019, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, original and final budget basis revenues (excluding other financial sources) were \$33.9 million with final actual revenues (excluding other financial sources) of \$35.2 million for a difference of \$1.3 million. The excess of actual revenue over final budgeted revenues is due primarily to an increase in income tax revenue.

Original budget basis appropriations (excluding other financial uses) were \$30.6 million with final budget basis appropriations (excluding other financial uses) of \$33.6 million for an increase of \$3.0 million.

Actual expenditures were less than budgeted expenditures by \$0.1 million. The primary reason for the decrease is due to the School District closely monitoring expenditures to keep expenditures at or below the budgeted appropriations.

The School District's ending unobligated cash balance was \$1.6 million above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the School District had \$16.5 million invested in land, construction in progress, buildings, furniture and equipment, and vehicles in governmental activities. The major portion of the additions is related to the land purchase and construction in progress for the building construction. (See Note 10 of the Notes to the Basic Financial Statements).

Northeastern Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Debt

At June 30, 2019, the School District had total bonded debt outstanding in the amount of \$79,333,000 bonded debt outstanding and \$800,000 due within one year. The School District also had capital lease obligations outstanding of \$114,901. See Note 15 of the Notes to the Basic Financial Statements for capital lease details and Note 16 for details on the long-term obligations.

As of June 30, 2019, the School District's overall legal debt margin was \$509,666. On August 23, 2018 the district issued \$79,335,000 in Bonds for new facilities supported by a 7.96 mil levy.

Current Financial Issues and Concerns

The Board of Education is committed to the process used to generate the Five Year forecast in budgeting building as it has proved valuable in maintaining fiscal stability in the District. The actual expenditures in the General fund were .9% above budget.

One of the most significant concerns for fiscal year 2019 is related to the biennium State budget (HB166) as there are several variables and uncertainties related to some provisions that could increase District expenditures in the form of school choice scholarships or vouchers, additional special education costs, school reform initiatives and college credit plus. A second concern is continuing related to the funding model by the state as it relates to our enrollment and the State froze the funding at the same level in fiscal year 2020.

The District is preparing the schematic design with our architect and construction manager at risk to build two new PreK-12 instructional facilities. The concerns on the cost of construction has slowed the process as we moved. The administration and community are excited about a major project that will provide our student new facilities.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at Northeastern Local School District, 1414 Bowman Road, Springfield, Ohio 45502, or call (937) 325-7615.



Northeastern Local School District
Statement of Net Position
June 30, 2019

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash, Cash Equivalents and Investments	\$94,439,805
Restricted Assets:	
Cash and Cash Equivalents with Escrow Agent	10,000
Materials and Supplies Inventory	53,722
Accrued Interest Receivable	1,099,788
Accounts Receivable	64,824
Intergovernmental Receivable	880,109
Prepaid Items	41,884
Property Taxes Receivable	16,831,187
Income Tax Receivable	2,026,062
Capital Assets:	
Land and Construction In Progress	2,666,841
Depreciable Capital Assets, Net	13,797,363
Net OPEB Assets	2,037,832
<i>Total Assets</i>	133,949,417
 <u>Deferred Outflows of Resources:</u>	
Deferred Pension Liability	8,865,891
Deferred OPEB	409,211
<i>Total Deferred Outflows of Resources</i>	9,275,102
 <u>Liabilities:</u>	
Accounts Payable	302,313
Accrued Wages and Benefits Payable	2,770,282
Intergovernmental Payable	662,243
Accrued Interest Payable	266,281
Matured Compensated Absences Payable	86,966
Long-Term Liabilities:	
Due Within One Year	971,264
Due in More Than One Year:	
Net Pension Liability	35,956,981
Net OPEB Liability	3,960,343
Other Long-Term Liabilities	81,185,776
<i>Total Liabilities</i>	126,162,449
 <u>Deferred Inflows of Resources:</u>	
Property Taxes	12,971,968
Deferred Pension	3,257,895
Deferred OPEB	3,805,263
<i>Total Deferred Inflows of Resources</i>	20,035,126
 <u>Net Position:</u>	
Net Investment in Capital Assets	14,339,871
Restricted for:	
Debt Service	1,887,578
Capital Improvements	1,741,736
Other Purposes	558,231
Unrestricted(Deficit)	(21,500,472)
<i>Total Net Position</i>	(\$2,973,056)

See accompanying notes to the basic financial statements

Northeastern Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities	
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$ 13,225,474	\$ 2,577,876	\$ 86,877	\$ (10,560,721)
Special	4,078,282	-	924,187	(3,154,095)
Vocational	456,856	-	157,151	(299,705)
Student Intervention Services	35,022	-	-	(35,022)
Other	921,863	-	-	(921,863)
Support Services:				
Pupils	1,745,362	-	123,629	(1,621,733)
Instructional Staff	1,250,295	-	12,696	(1,237,599)
Board of Education	161,336	-	-	(161,336)
Administration	1,909,885	-	-	(1,909,885)
Fiscal	863,108	-	-	(863,108)
Operation and Maintenance of Plant	2,378,007	-	-	(2,378,007)
Pupil Transportation	2,217,919	-	-	(2,217,919)
Central	27,393	-	-	(27,393)
Operation of Non-Instructional Services	1,204,222	600,231	689,346	85,355
Extracurricular Activities	961,625	297,982	65,788	(597,855)
Capital Outlay	831,823	-	-	(831,823)
Interest and Fiscal Charges	1,992,863	-	-	(1,992,863)
Cost of Issuance	867,674	-	-	(867,674)
Total Governmental Activities	\$ 35,129,009	\$ 3,476,089	\$ 2,059,674	(29,593,246)
 <u>General Revenues:</u>				
Property Taxes				16,677,291
Income Taxes				4,998,002
Operating Grants and Entitlements not Restricted to Specific Programs				15,126,275
Investment Earnings				2,425,259
Miscellaneous				559,444
Total General Revenues				39,786,271
Change in Net Position				10,193,025
Net Position at Beginning of Year				(13,166,081)
Net Position at End of Year				(\$2,973,056)

See accompanying notes to the basic financial statements

Northeastern Local School District
 Balance Sheet
 Governmental Funds
 June 30, 2019

	General	Permanent Improvement Fund	Building Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 13,580,584	\$ 511,241	\$ 78,569,961	\$ 1,778,019	\$ 94,439,805
Cash and Cash Equivalents with Escrow Agent	-	-		10,000	10,000
Receivables:					
Property Taxes	12,228,536	416,255	-	4,186,396	16,831,187
Income Tax	2,026,062	-	-	-	2,026,062
Accounts	64,824	-	-	-	64,824
Intergovernmental	272,031	-	348,000	260,078	880,109
Accrued Interest	268,797	-	830,991	-	1,099,788
Interfund	67,650	-	-	-	67,650
Materials and Supplies Inventory	39,826	-	-	13,896	53,722
Prepaid Items	19,766	-	-	22,118	41,884
Total Assets	\$ 28,568,076	\$ 927,496	\$ 79,748,952	\$ 6,270,507	\$ 115,515,031
<u>Liabilities:</u>					
Accounts Payable	283,586	10,000	7,860	\$ 867	\$ 302,313
Accrued Wages and Benefits Payable	2,581,590	-	-	188,692	2,770,282
Intergovernmental Payable	627,753	-	-	34,490	662,243
Interfund Payable	-	-	-	67,650	67,650
Matured Compensated Absences Payable	86,966	-	-	-	86,966
Total Liabilities	3,579,895	10,000	7,860	291,699	3,889,454
<u>Deferred Inflows of Resources:</u>					
Property Taxes Not Levied for Current Year	9,127,067	362,335	-	3,482,566	12,971,968
Unavailable Delinquent Property Tax Revenues	512,237	11,053	-	92,824	616,114
Unavailable Grant Revenues	86,749	-	-	-	86,749
Unavailable Income Tax Revenues	397,303	-	-	-	397,303
Total Deferred Inflows of Resources	10,123,356	373,388	-	3,575,390	14,072,134
<u>Fund Balances:</u>					
Nonspendable	59,592	-	-	29,747	89,339
Restricted	11,000	544,108	79,741,092	2,294,081	82,590,281
Committed	-	-	-	168,770	168,770
Assigned	6,939,399	-	-	-	6,939,399
Unassigned (Deficit)	7,854,834	-	-	(89,180)	7,765,654
Total Fund Balances	14,864,825	544,108	79,741,092	2,403,418	97,553,443
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 28,568,076	\$ 927,496	\$ 79,748,952	\$ 6,270,507	\$ 115,515,031

See accompanying notes to the basic financial statements

Northeastern Local School District
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2019

Total Governmental Fund Balances \$97,553,443

**Amounts reported for governmental activities in the
 Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	1,337,854	
Construction in Progress	1,328,987	
Other Capital Assets	33,539,573	
Accumulated Depreciation	<u>(19,742,210)</u>	
Total		16,464,204

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows in the funds.

Property Taxes	616,114	
Intergovernmental	86,749	
Income Tax	<u>397,303</u>	
Total		1,100,166

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds Payable	(79,335,000)	
Accrued Interest on Bonds	(266,281)	
Premium on Bonds	(1,730,491)	
Capital Leases	(114,901)	
Compensated Absences	<u>(976,648)</u>	
Total Liabilities		(82,423,321)

The net pension and OPEB liabilities are not due and payable in the current period; therefore, the assets and liability and related deferred inflows/outflows are not reported in the governmental funds:

Net OPEB Assets	2,037,832	
Deferred Outflows - Pension	8,865,891	
Deferred Outflows - Post Employment Benefits	409,211	
Deferred Inflows - Pension	(3,257,895)	
Deferred Inflows - Post Employment Benefits	(3,805,263)	
Net Pension Liability	(35,956,981)	
Net Post Employment Benefits	<u>(3,960,343)</u>	
		<u>(35,667,548)</u>

Net Position of Governmental Activities (\$2,973,056)

See accompanying notes to the basic financial statements

Northeastern Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General	Permanent Improvement Fund	Building Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Property Taxes	\$ 11,748,259	\$ 401,935	\$ -	\$ 2,932,293	\$ 15,082,487
Income Taxes	5,225,562	-	-	-	5,225,562
Intergovernmental	15,360,130	85,462	908,000	\$ 1,820,029	18,173,621
Investment Earnings	645,104	-	1,778,906	3,332	2,427,342
Tuition and Fees	2,577,876	-	-	-	2,577,876
Extracurricular Activities	87,369	-	-	210,613	297,982
Charges for Services	9,640	-	-	560,771	570,411
Contributions and Donations	30,427	-	-	34,666	65,093
Miscellaneous	396,827	3,232	-	19,398	419,457
Total Revenues	36,081,194	490,629	2,686,906	5,581,102	44,839,831
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	15,484,542	31,023	-	87,736	15,603,301
Special	3,848,949	-	-	742,755	4,591,704
Vocational	550,383	-	-	-	550,383
Student Intervention Services	35,022	-	-	-	35,022
Other	922,842	-	-	-	922,842
Support Services:					
Pupils	1,890,131	-	-	116,734	2,006,865
Instructional Staff	1,380,655	-	-	200	1,380,855
Board of Education	172,622	-	-	-	172,622
Administration	2,391,737	-	-	-	2,391,737
Fiscal	865,101	6,975	-	37,695	909,771
Operation and Maintenance of Plant	2,386,530	-	-	4,988	2,391,518
Pupil Transportation	2,386,085	166,792	-	-	2,552,877
Central	16,294	-	-	20,529	36,823
Operation of Non-Instructional Services	-	-	-	1,274,974	1,274,974
Extracurricular Activities	783,333	16,135	-	219,811	1,019,279
Capital Outlay	130,491	-	2,276,173	-	2,406,664
Debt Service:					
Principal Retirement	47,868	-	-	390,000	437,868
Interest and Fiscal Charges	-	-	-	2,476,705	2,476,705
Issuance Costs	-	-	867,674	-	867,674
Total Expenditures	33,292,585	220,925	3,143,847	5,372,127	42,029,484
Excess of Revenues Over (Under) Expenditures	2,788,609	269,704	(456,941)	208,975	2,810,347
<u>Other Financing Sources (Uses):</u>					
Proceeds from Sale of Bonds	-	-	79,335,000	-	79,335,000
Premium on Debt Issuance	-	-	863,033	914,222	1,777,255
Inception of Capital Lease	130,491	-	-	-	130,491
Transfers In	-	-	-	54,959	54,959
Transfers Out	(54,959)	-	-	-	(54,959)
Total Other Financing Sources (Uses)	75,532	-	80,198,033	969,181	81,242,746
Net Change in Fund Balances	2,864,141	269,704	79,741,092	1,178,156	84,053,093
Fund Balances at Beginning of Year	12,000,684	274,404	-	1,225,262	13,500,350
Fund Balances at End of Year	\$ 14,864,825	\$ 544,108	\$ 79,741,092	\$ 2,403,418	\$ 97,553,443

See accompanying notes to the basic financial statements

Northeastern Local School District
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$84,053,093

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

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Assets Additions	3,257,732	
Carrying Value of Capital Assets Deletions	(301,925)	
Depreciation Expense	<u>(742,879)</u>	
Total		2,212,928

Because some revenues will not be collected for several months after the School District's fiscal year end, they are not considered "available" revenues and are reported as deferred inflows in the governmental funds.

Delinquent Property Taxes	43,788	
Intergovernmental	83,931	
Income Taxes	<u>61,899</u>	
Total		189,618

Issuance and Repayment of long-term debt is reported as a other funding sources or expenditures in the governmental funds, issuances increase and repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:

Proceeds from the Sale of Bonds	(79,335,000)	
Premium on Debt Issuance	(1,777,255)	
Principal Retirement	390,000	
Interest Payable	(265,062)	
Net (Increase) decrease in Capital Leases	(65,454)	
Amortization of Bond Premium	<u>24,277</u>	
Total		(81,028,494)

Contractually required pension and OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows

Pension Plan Contribution	2,655,568	
OPEB Plan Contribution	<u>106,542</u>	
Total		2,762,110

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability and the OPEB liabilities are reported as negative expenses and are allocated to the appropriate functional categories in the statement of activities:

Pension Expense	(2,535,620)	
Negative OPEB Expense	<u>4,366,585</u>	
Total		1,830,965

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

These activities consist of:

Long-Term Compensated Absence	<u>172,805</u>
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Change in Net Position of Governmental Activities \$10,193,025

See accompanying notes to the basic financial statements

Northeastern Local Schools
Schedule of Revenues Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Property and Other Local Taxes	11,520,250	11,520,250	11,542,325	22,075
Income Tax	4,121,999	4,121,999	5,129,277	1,007,278
Intergovernmental	15,325,914	15,325,914	15,342,678	16,764
Interest	130,000	130,000	376,517	246,517
Tuition and Fees	2,637,350	2,637,350	2,564,970	(72,380)
Extracurricular Activities	75,200	75,200	72,649	(2,551)
Gifts and Donations	-	-	30,627	30,627
Miscellaneous	97,081	97,081	168,830	71,749
Total Revenues	33,907,794	33,907,794	35,227,874	1,320,080
EXPENDITURES:				
Current:				
Instruction:				
Regular	16,042,205	15,612,195	15,684,855	(72,660)
Special	2,635,780	3,934,066	3,918,754	15,312
Vocational	645,482	510,306	511,020	(714)
Other	32,737	958,471	959,491	(1,020)
Support Services:				
Pupils	1,624,431	1,934,436	1,928,517	5,919
Instructional Staff	1,304,937	1,366,737	1,300,710	66,027
Board of Education	180,488	235,586	205,355	30,231
Administration	2,426,242	2,377,435	2,372,092	5,343
Fiscal	889,308	876,808	871,961	4,846
Operation and Maintenance of Plant	2,223,282	2,471,785	2,468,550	3,235
Pupil Transportation	2,039,302	2,440,845	2,436,979	3,866
Central	5,000	17,701	17,701	-
Operation of Non-Instructional/Shared Services:				
Community Services	-	5,656	5,656	-
Extracurricular Activities:				
Academic Oriented Activities	41,065	47,597	47,597	-
Sport Oriented Activities	493,475	760,299	701,975	58,324
School and Public Service Co-Curricular Activities	24,877	32,166	32,166	-
Total Expenditures	30,608,611	33,582,089	33,463,380	118,709
Excess of Revenues Over (Under) Expenditures	3,299,183	325,705	1,764,494	1,438,789
OTHER FINANCING SOURCES AND USES:				
Advances In	30,000	30,000	67,903	37,903
Refund of Prior Year Expenditures	155,873	155,873	274,933	119,060
Transfers Out	(42,000)	(54,959)	(54,959)	-
Advances Out	-	(52,031)	(52,031)	-
Total Other Financing Sources and Uses	143,873	78,883	235,846	156,963
Net Change in Fund Balances	3,443,056	404,588	2,000,340	1,595,752
Fund Balance (Deficit) at Beginning of Year	10,540,620	10,540,620	10,540,620	
Prior Year Encumbrances Appropriated	460,544	460,544	460,544	
Fund Balance (Deficit) at End of Year	13,523,132	10,484,664	12,080,416	1,595,752

Northeastern Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$ 29,260	\$ 244,261
<i>Total Assets</i>	29,260	244,261
<u>Liabilities:</u>		
Due to Students	-	155,664
Due to Other Governments	-	88,597
<i>Total Liabilities</i>	-	\$ 244,261
<u>Net Position:</u>		
Restricted - Nonexpendable	-	
Held in Trust for Scholarships	29,260	
<i>Total Net Position</i>	\$ 29,260	

See accompanying notes to the basic financial statements

Northeastern Local School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2019

	Private Purpose Trust
<u>Additions:</u>	
Investment Earnings	\$151
Contributions and Donations	9,000
<i>Total Additions</i>	9,151
<u>Deductions:</u>	
Payment in Accordance with Trust Agreements	3,600
<i>Change in Net Position</i>	5,551
<i>Net Position at Beginning of Year</i>	23,709
<i>Net Position at End of Year</i>	\$29,260

See accompanying notes to the basic financial statements

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1916 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 118 square miles. It is located in Clark County, and includes the Villages of South Vienna and Catawba, and the Townships of Moorefield, Pleasant, and Harmony.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; (4) 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. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

The School District participates in the Miami Valley Educational Computer Association (MVECA), Springfield/Clark County Career Technical Center and the Southwestern Ohio Educational Purchasing Council (SOEPC) which are defined as jointly governed organizations, and the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), which is defined as an insurance purchasing pool. These organizations are presented in Note 18 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

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

2. Fund Financial Statements:

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

B. Fund Accounting

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

1. Governmental Funds:

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Permanent Improvement Capital Projects Fund - The permanent improvement capital projects fund accounts for a property tax levy to be used for the acquisition, construction, or improvement of capital facilities other than those financed by the private purpose trust fund.

Building Construction Fund – The building construction fund accounts for the proceeds from the original debt issuance for the local share and the state support by the Ohio Facility Commission. The expenditures are the capital outlays related to the project.

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

2. Fiduciary Fund Types:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has thirteen private purpose trust funds. Twelve account for scholarship programs for students. The other is a memorial fund which accounts for monies for construction and maintenance of a memorial for a past graduate. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The School District's agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Measurement Focus

1. Government-wide Financial Statements:

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

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

D. Basis of Accounting

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

1. Revenues - Exchange and Non-Exchange Transactions:

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

2. Deferred Outflows/Inflows of Resources:

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB, which are further explained in Notes 12 and 13.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and income tax revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 12 and 13)

Pensions/OPEB

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the pension and OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension and OPEB 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 and OPEB systems report investments at fair value.

3. Expenses/Expenditures:

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

E. Budgetary Data

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

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 in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the

**NORTHEASTERN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate that was in effect at the time the final appropriations were passed by the Board of Education. Prior to fiscal year-end, the School District requested an amended certificate of estimated resources that reflects actual revenue for the fiscal year.

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

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as "Cash and Cash Equivalents with Fiscal Agents" and represents deposits. The School District has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented in the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the School District treasury.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the funds during fiscal year 2019 amounted to \$645,104 in the General Fund, \$1,778,906 to the Building Construction Fund, and \$3,332 to the Non Major Governmental Funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, 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 an expenditure/expense is reported in the year in which services are consumed.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the cost and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method on the government-wide statements and the fund financial statements.

On the fund financial statements, reported material and supplies inventory is equally offset by non-spendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, school supplies held for resale, donated food and purchased food are reported at cost.

I. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-99 years
Buildings and Improvements	20-100 years
Furniture and Equipment	5-50 years
Vehicles	20 years

J. 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 termination method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which the employees will be paid.

K. Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the governmental funds. However, compensated absences and contractually required pension and OPEB contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

L. Net Position

Net position represents the difference between asset and deferred outflows of resources, and liabilities and deferred inflows 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 is 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.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. None of the restricted net position is restricted by enabling legislation.

M. Fund Balance

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

Non-spendable – The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

N. Interfund Activity

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

Interfund transfers for the year ended June 30, 2019 consisted of a transfer from the General fund to the District's food service fund, in the amount of \$54,949, as reported on the fund financial statements.

Interfund transfers are eliminated on the entity-wide statement of activities and statement of net position.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2019.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Estimates

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

3. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year 2019, the School District implemented the Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Assets Retirement Obligations* and No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*.

GASB Statement No.83 establishes uniform criteria for governments to recognize and measure certain assets retirement obligations (AROs), including obligations that may not have been previously reported, including requiring certain disclosures regarding AROs. The implementation of this accounting standard had no effect on the School District’s financial statements for the current year.

GASB Statement No. 88 clarifies what information is to be disclosed in the notes to the financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Debt is defined for disclosure as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Required disclosure include, unused line(s) of credit, assets pledged as collateral for debt, terms specified in debt agreement related to default, significant termination events and significant subjective acceleration clauses. The implementation of the accounting state had no effect on the School District’s financial statements for the current year.

4. ACCOUNTABILITY AND COMPLIANCE

The School District had deficit fund balances in the following special revenue funds as of June 30, 2019:

<u>Fund</u>	<u>Amount</u>
Food Service	\$73,912
High Schools that Work Grant	7,639

The general fund is liable for deficits in these funds and will provide operating transfers when cash is required, not when accruals occur.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

5. BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as an assigned fund balance (GAAP).
4. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the major funds.

Net Change in Fund Balance

	General Fund	Permanent Improvement Fund	Building Construction Fund
GAAP Basis	\$ 2,864,141	\$ 269,704	\$ 79,741,092
Net Adjustment for Revenue Accruals	(853,320)	(3,774)	(1,178,991)
Net Adjustment for Expenditure Accruals	170,795	9,845	3,219
Encumbrances	(617,523)		(105,488,173)
Net Other Financing Sources	436,247	-	4,641
Budget Basis	<u>\$ 2,000,340</u>	<u>\$ 275,775</u>	<u>\$ (26,918,212)</u>

6. 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 monies are public deposits that the Board of Education 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.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

6. DEPOSITS AND INVESTMENTS (Continued)

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, 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 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 and 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 eighty days from the purchase date 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 it will be held to maturity.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

6. DEPOSITS AND INVESTMENTS (Continued)

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.

A. Cash on Hand:

At year end, the School District had \$10,000 in cash on hand which is included on the financial statements of the School District as "Cash and Cash Equivalents in Segregated Accounts."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

B. Deposits:

At year-end, the carrying amount of the School District's deposits and investments totaled \$94,439,805 and the bank balance was \$189,401 which was covered by federal depository insurance. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

C. Investments:

The District's investments at June 30, 2019 are summarized below:

Investment	Matures In		Credit Rating	% of Portfolio
	0-1 Years Before Maturity	1-5 Years Before Maturity		
Treasury Money Market	\$ 532,726	\$ -		0.57%
Commercial Paper	\$ 426,164	\$ 37,720,865	P-1, A-1+	41.00%
Negotiable Certificate of Deposit	\$ 1,748,382	\$ 4,520,052	P-1, A-1	6.74%
US Treasury Notes	\$ 21,948,320	\$ -		23.59%
US Treasury Bills	\$ 10,554,842	\$ -		11.35%
Federal Farm Credit Bank Notes	\$ -	\$ 1,106,699	Aaa,AA+	1.19%
Federal Home Loan Bank Notes	\$ 5,399,297		Aaa,AA+	5.80%
Federal National Mortgage Notes	\$ 1,070,489	\$ 313,853	Aaa,AA+	1.49%
Federal Home Loan Mortgage Corp.	\$ 2,810,836	\$ 4,879,864	Aaa,AA+	8.27%
Total Investments	\$ 44,491,056	\$ 48,541,333		100.00%

The School District's investments in federal agency securities, negotiable certificates of deposit and commercial paper are valued using quoted market prices (Level 1 inputs).

**NORTHEASTERN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

6. DEPOSITS AND INVESTMENTS (Continued)

D. Custodial Credit Risk:

The risk that, in the event of a failure of a counter party, the District will not be able to recover the value of its investments or collateral securities that is in the possession of an outside party. The District employs the use of "safekeeping" accounts to hold and maintain custody of its investments as identified within this policy and as a means of mitigating this risk.

E. Interest Rate Risk:

Interest rate risk is the risk that the District will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. Per the Board of Education investment policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific obligation or debt of the District.

F. Credit Risk:

The Ohio Revised Code limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations at the time of purchase.

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed values as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Public utility real and personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

7. PROPERTY TAXES (continued)

Public utility tangible personal property currently is assessed at varying percentages of true value public utility real property is assessed at thirty-five percent of true value. 2018 public utility property taxes became a lien December 31, 2017, are levied after April 1, 2018, and are collected in 2018 with real property taxes. 2018 tangible personal property taxes are levied after April 1, 2017, on the value as of December 31, 2017. Collections are made in 2018. Tangible personal property assessments are twenty-five percent of true value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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. The assessed values upon which the fiscal year 2019 taxes were collected are:

	2018 Second Half Collections		2019 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real	\$486,648,190	97.0%	\$494,038,560	97.0%
Public Utility Personal	14,887,870	3.0%	15,162,440	3.0%
Total	<u>\$501,526,060</u>	<u>100.0%</u>	<u>\$509,201,000</u>	<u>100.0%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$44.99		\$55.50	

The School District receives property taxes from Clark and Champaign Counties. 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, 2019, are available to finance fiscal year 2019 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property and public utility property taxes which are measurable as of June 30, 2019, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources. At June 30, 2019, \$2,589,232 was available as an advance to the general fund, \$42,867 in the permanent improvement fund, and \$611,006 in the non-major governmental funds.

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

8. INCOME TAX

The School District levies an income tax of one percent on substantially all income earned by School District residents. Employers with employees based in the state of Ohio are required to withhold income tax on employee compensation and remit the tax to the Ohio Department of Taxation either monthly or quarterly. Individuals may make estimated payments. Income tax proceeds are to be used to pay General Fund operations of the School District. The proceeds are allocated to the General Fund. Income tax revenue for fiscal year 2019 on the modified accrual basis was \$ 5,225,562.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

9. RECEIVABLES

Receivables at June 30, 2019, consisted of property taxes, income taxes, accounts (tuition and student fees), intergovernmental grants and interest. All receivables are considered collectible in full and will be received within one year. A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivable	
SERS Overcharge	\$ 80,352
BWC Refund	\$ 86,749
Motor Fuel Tax Reimbursement	\$ 2,894
Casino Tax Money	\$ 88,658
Medicaid Reimbursement	\$ 13,378
OFCC Building Fund	\$ 348,000
Title VI-B Grant	\$ 225,763
Title I Grant	\$ 33,292
Title II- A Grant	\$ 1,023
Total Intergovernmental Receivables	<u>\$ 880,109</u>

10. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Beginning Balance 7/1/2018	Additions	Deletions	Ending Balance 6/30/2019
Land	\$ 268,349	\$ 1,069,505	\$ -	\$ 1,337,854
Construction In Progress	-	1,328,987	-	1,328,987
Total Capital Assets, not being depr.	\$ 268,349	\$ 2,398,492	\$ -	\$ 2,666,841
Land Improvements	\$ 683,569	\$ -	\$ (35,415)	\$ 648,154
Buildings	26,646,793	69,747	(174,996)	26,541,544
Furniture Fixture & Equipment	3,838,464	215,756	(127,097)	3,927,123
Vehicles	2,410,091	573,737	(561,076)	2,422,752
Total Capital Assets, being depr	\$ 33,578,917	\$ 859,240	\$ (898,584)	\$ 33,539,573
Less: Accumulated Depreciation :				
Land Improvements	(405,924)	(6,109)	28,546	(383,487)
Buildings	(15,364,733)	(484,745)	123,567	(15,725,911)
Furniture Fixture & Equipment	(2,205,903)	(142,164)	69,205	(2,278,862)
Vehicles	(1,619,430)	(109,861)	375,341	(1,353,950)
Total Accumulated Depreciation	\$ (19,595,990)	\$ (742,879)	\$ 596,659	\$ (19,742,210)
Total Capital Assets being depr, net	\$ 13,982,927	\$ 116,361	\$ (301,925)	\$ 13,797,363
Governmental Activities Cap Assets, Net	\$ 14,251,276	\$ 3,374,093	\$ (301,925)	\$ 16,464,204

**NORTHEASTERN LOCAL SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

10. CAPITAL ASSETS (continued)

* Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 286,589
Special Instruction	50,955
Vocational Instruction	38,767
Support Services Pupils	31,829
Support Services Staff	28,925
Administration	46,923
Fiscal	13,635
Operation of Maint & Equipment	27,590
Pupil Transportation	111,322
Non-Instructional Services	62,545
Extracurricular Activities	43,798
Total Depreciation	\$ 742,879

11. RISK MANAGEMENT

A. Property and Liability

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 2019, the School District contracted with the Southwestern Ohio Educational Purchasing Council for property and fleet insurance, liability insurance, crime, terrorism, and automobile coverage. Coverage provided through this Council is as follows:

Building and Contents - replacement cost; including Boiler and Machinery	\$250,000,000
Excess Property	\$350,000,000
Flood	\$25,000,000
Earthquake	\$25,000,000
Automobile Liability (\$0 deductible)	\$1,000,000
General Liability Per Occurrence	\$1,000,000
Sexual Molestation	\$1,000,000
Site Pollution	\$1,000,000

Settled claims have not exceeded this commercial coverage in the past three years. There have been no significant reductions in insurance coverage from last year.

B. Workers' Compensation

For fiscal year 2019, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling fund" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp Incorporated provides administrative, cost control, and actuarial services to the GRP.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

12. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

GASB Statement No. 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 contractually-required pension contributions outstanding at the end of the fiscal year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

B. Plan Description - School Employees Retirement System (SERS)

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

12. DEFINED BENEFIT PENSION PLANS (Continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% 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% for plan members and 14% 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, 2019, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the 14% employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$635,194 for fiscal year 2019. Of this amount, \$145,197 is reported as an intergovernmental payable.

C. Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. 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.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

12. DEFINED BENEFIT PENSION PLANS (Continued)

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. For the DB Plan, from August 1, 2015 – July 1, 2017, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 26 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2017 – July 1, 2019, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14%-member rate goes to the DC Plan and 2% goes the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of 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 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The NELSD's contractually required contribution to STRS was approximately \$2,020,374 for fiscal year 2019. Of this amount, \$392,200 is reported as an intergovernmental payable.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

12. DEFINED BENEFIT PENSION PLANS (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected 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	\$ 8,072,594	\$ 27,884,387	\$ 35,956,981
Proportion of the net pension liability	0.140952%	0.126818%	
Change in proportionate share	-0.003062%	-0.002961%	
Pension expense	\$ 276,299	\$ 2,259,321	\$ 2,535,620

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 442,731	\$ 643,656	\$ 1,086,387
Change in assumptions	182,297	4,941,639	5,123,936
School District contributions subsequent to the measurement date	<u>635,194</u>	<u>2,020,374</u>	<u>2,655,568</u>
Total	<u>\$ 1,260,222</u>	<u>\$ 7,605,669</u>	<u>\$ 8,865,891</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ 182,103	\$ 182,103
Net difference between projected and actual earnings on pension plan investments	223,667	1,690,878	1,914,545
Change in School District's proportionate share and difference in employer contributions	<u>331,606</u>	<u>829,641</u>	<u>1,161,247</u>
Total	<u>\$ 555,273</u>	<u>\$ 2,702,622</u>	<u>\$ 3,257,895</u>

\$2,655,568 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$ 373,478	\$ 2,026,089	\$ 2,399,567
2021	29,794	1,344,891	1,374,685
2022	(264,921)	(16,310)	(281,231)
2023	<u>(68,596)</u>	<u>(471,997)</u>	<u>(540,593)</u>
	<u>\$ 69,755</u>	<u>\$ 2,882,673</u>	<u>\$ 2,952,428</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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12. DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – SERS

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will consider the employee's entire career with the employer and 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, 2018, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent on or after April 1, 2018, COLA's for future retirees will be delayed for three years following retirement
Investment rate of return	7.50 percent of net investments expense, including inflation
Actuarial cost method	Entry Age Normal

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females for active members. Mortality among service retired members and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members were based upon the 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.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015 adopted by the Board on April 21, 2016.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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12. DEFINED BENEFIT PENSION PLANS (Continued)

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 asset 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	<u>10.00%</u>	3.00%
Total	<u>100.00%</u>	

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

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

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
School District's proportionate share of the net pension liability	\$ 11,370,857	\$ 8,072,594	\$ 5,307,221

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12. DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Investment rate of return	7.45%, net of investment expenses, including inflation
Discount rate of return	7.45%
Cost-of-living adjustments (COLA)	0.00%

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

The actuarial assumptions were based on the results of an actual experience study for the period July 1, 2011 through June 30, 2016.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return **</u>
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	<u>1.00%</u>	<u>2.25%</u>
Total	<u>100.00%</u>	<u>6.84%</u>

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

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12. DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. 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. 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, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$ 40,721,476	\$ 27,884,387	\$ 17,019,532

Social Security System

All employees not covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2018, two of the members of the Board of Education has elected social security. The Board's liability is 6.2% of wages paid.

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Net OPEB Liability (Asset)

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

The net OPEB liability (asset) represents the School District’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life

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13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

expectancies, earnings on investments, cost of living adjustments, health care cost trend rates and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description—The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the

**NORTHEASTERN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

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

Funding Policy—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, the minimum compensation amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the School District's surcharge obligation was \$83,016.

The surcharge, added to the 0.5% allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$106,542 for fiscal year 2019. Of this amount \$5,378 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy—Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

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13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

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

The net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net OPEB asset	\$ -	\$ 2,037,832	\$ 2,037,832
Proportionate share of the net OPEB liability	3,960,343	-	3,960,343
Proportion of the net OPEB asset/liability	0.1427526%	0.1268178%	
Change in proportionate share	-0.0034207%	-0.0029608%	
OPEB (negative) expense	\$ 80,256	\$ (4,446,841)	\$ (4,366,585)

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 64,644	\$ 238,025	\$ 302,669
School District contributions subsequent to the measurement date	<u>106,542</u>	<u>-</u>	<u>106,542</u>
Total	<u>\$ 171,186</u>	<u>\$ 238,025</u>	<u>\$ 409,211</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ 118,728	\$ 118,728
Net difference between projected and actual earnings on OPEB plan investments	5,943	232,804	238,747
Change in assumptions	355,807	2,776,707	3,132,514
Difference between School District's contributions and proportionate share of contributions	<u>163,558</u>	<u>151,716</u>	<u>315,274</u>
Total	<u>\$ 525,308</u>	<u>\$ 3,279,955</u>	<u>\$ 3,805,263</u>

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13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

\$106,542 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	\$ (207,883)	\$ (544,284)	\$ (752,167)
2021	(164,588)	(544,284)	(708,872)
2022	(27,480)	(544,284)	(571,764)
2023	(24,951)	(491,412)	(516,363)
2024	(25,362)	(472,865)	(498,227)
2025	(10,400)	(444,801)	(455,201)
	\$ (460,664)	\$ (3,041,930)	\$ (3,502,594)

Actuarial Assumptions – SERS

The total OPEB liability is determined by SERS’ actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality,

disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Investment rate of return	7.50% net of investment expense, including inflation
Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Municipal bond index rate:	
Prior measurement date	3.56%
Measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Prior measurement date	3.63%
Measurement date	3.70%
Municipal bond index rate:	
Pre-Medicare	7.25% - 4.75%
Medicare	5.375% - 4.75%

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

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

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13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, 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	<u>10.00%</u>	3.00%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62% as of June 30, 2018 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability calculated using the discount rate of 3.70%, as well as what the School District’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.70%) and one percentage point higher (4.70%) than the current rate.

	<u>1% Decrease (2.70%)</u>	<u>Current Discount Rate (3.70%)</u>	<u>1% Increase (4.70%)</u>
School District's proportionate share of the net OPEB liability	\$ 4,805,565	\$ 3,960,343	\$ 3,291,085

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13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the School District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.25% decreasing to 3.75%) and one percentage point higher (8.25% decreasing to 5.75%) than the current rates.

	1% Decrease (6.25% decreasing to 3.75%)	Current Trend Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$ 3,195,270	\$ 3,960,343	\$ 4,973,436

Actuarial Assumptions - STRS

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Investment rate of return	7.45%, net of investment expenses, including inflation
Discount rate of return	7.45%
Health care cost trends	
Medical	
Pre-Medicare	6.00% initially, 4.00% ultimately
Medicare	5.00% initially, 4.00% ultimately
Prescription Drug	
Pre-Medicare	8.00% initially, 4.00% ultimately
Medicare	-5.23% initially, 4.00% ultimately

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

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13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 4.13% to 7.45% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return **</u>
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	<u>1.00%</u>	<u>2.25%</u>
Total	<u>100.00%</u>	<u>6.84%</u>

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

Discount Rate – The discount rate used to measure the total OPEB liability was 7.45% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.45% was used to measure the total OPEB liability as of June 30, 2018.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and the Health Care Cost Trend Rates – The following table presents the School District's proportionate share of the net OPEB asset calculated using the current period discount rate assumption of 7.45%, as well as what the School District's proportionate share of

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13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) and one percentage point higher (8.45%) than the current rate. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	\$ 1,746,613	\$ 2,037,832	\$ 2,282,589
	1% Decrease	Current Trend Rates	1% Increase
School District's proportionate share of the net OPEB asset	\$ 2,268,772	\$ 2,037,832	\$ 1,803,296

14. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 280 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, unused sick leave up to the maximum of 280 days. Administrators retiring in fiscal year 2019 were eligible to receive payment of 40 percent of accrued, unused sick leave up to the maximum of 280 days.

B. Insurance Benefits

The School District provides life insurance to most employees through Sun Life Insurance. Medical/surgical is offered to employees through EPC Insurance Consortium.

15. CAPITAL LEASES

The School District has entered into several lease agreements for copiers for the district. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards

No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the general purpose financial statements for governmental funds. During fiscal year 2016, the School District entered into three new lease agreements, replacing expired leases, for copiers for the district. These leases were to expire in fiscal year 2020. During 2019, the district entered into a new lease and aligned all the copiers to expire in 2022. These items are being

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capitalized as part of fixed assets. A corresponding liability is included in governmental activities general long term debt. Principal payments in fiscal year 2019 totaled \$47,868. Future minimum lease payments are as follows:

Fiscal Year Ended	Amount
2020	\$ 40,253
2021	\$ 40,253
2022	<u>\$ 34,395</u>
	<u>\$ 114,901</u>

16. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2019 were as follows:

	Amount Outstanding June 30, 2018	Additions	Deletions	Amount Outstanding June 30, 2019	Amount Due Within One Year
Governmental Activities:					
General Obligation Bonds:	\$0	\$79,335,000	\$0	\$79,335,000	\$800,000
2018 School Construction Bonds 3%-5.25% 37 years					
Premium on 2018 Issue	<u>\$0</u>	<u>\$1,777,225</u>	<u>46,734</u>	<u>\$1,730,491</u>	<u>\$46,770</u>
Total 2018 Bond Debt	<u>\$0</u>	<u>\$81,112,225</u>	<u>\$46,734</u>	<u>\$81,065,491</u>	<u>\$846,770</u>
General Obligation Bonds:					
2005 Refunding GO Bonds 3%-5.75% 14 years	\$390,000	\$0	\$390,000	\$0	\$0
Premium on 2005 Refunding	<u>\$24,272</u>	<u>\$0</u>	<u>\$24,272</u>	<u>\$0</u>	<u>\$0</u>
Total Refunding Bond Debt	\$414,272	\$0	\$414,272	\$0	\$0
Total General Obligation Bonds	\$414,272	\$81,112,225	\$461,006	\$81,065,491	\$846,770
Capital Leases	\$32,298	\$130,471	\$47,868	\$114,901	\$40,253
Compensated Absences	\$1,119,843	\$29,610	\$172,805	\$976,648	\$84,241
Net Pension Liability					
STRS	\$30,829,196		\$2,944,809	\$27,884,387	\$0
SERS	\$8,604,553		\$531,959	\$8,072,594	\$0
Net OPEB Liability					
STRS	\$5,063,485	\$0	(\$5,063,485)	\$0	\$0
SERS	<u>\$3,922,908</u>	<u>\$37,435</u>	<u>\$0</u>	<u>\$3,960,343</u>	<u>\$0</u>
Total Long-Term Liability	<u>\$49,986,555</u>	<u>\$81,309,741</u>	<u>(\$905,038)</u>	<u>\$122,074,364</u>	<u>\$971,264</u>

2005 Refunding General Obligation Bonds – On September 15, 2005, the School District issued School Improvement Refunding General Obligation Bonds, with semi-annual payments due on June 1 and December 1 of each year, and interest payable beginning December 1, 2005. The refunding bonds are issued for the purpose of refunding outstanding general obligation bonds originally issued for the purpose of new construction, improvements, renovations, and additions to school facilities and providing equipment, including educational equipment and curriculum materials,

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16. LONG-TERM OBLIGATIONS (continued)

furnishings and site improvements. The refunding bonds will be paid from the bond retirement fund, December 1, 2018 was the final payment on these bonds.

2018 School Improvement Unlimited Tax General Obligation Bonds – On August 23, 2018, the School District issued \$79,335,000 School Improvement Unlimited Tax General Obligation Bonds, with semi-annual payments due on June 1 and December 1 of each year, and interest payable beginning December 1, 2018. Interest on the bonds will be 3.0% to 5.25% for a 37 years. The bonds are issued for the purpose to construct of two (2) Pre-K thru 12 educational facilities. The bonds will be paid from the bond retirement fund, December 1, 2055 will be the final payment on these bonds. These bonds are supported by 7.96 mils passed by the taxpayers in May 2018

The capital lease obligation will be paid from the General Fund.

Compensated absences as well as pension and OPEB plan contributions, will be paid from the fund from which the employees' salaries are paid.

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

2018 Construction Bonds			
Fiscal Year Ending	Principal	Interest	Totals
2020	\$800,000	\$3,185,775	\$3,985,775
2021	\$690,000	\$3,159,975	\$3,849,975
2022	\$770,000	\$3,130,775	\$3,900,775
2023	\$805,000	\$3,099,275	\$3,904,275
2024-2028	\$4,835,000	\$14,940,700	\$19,775,700
2029-2033	\$7,080,000	\$13,620,425	\$20,700,425
2034-2038	\$9,725,000	\$11,944,359	\$21,669,359
2039-2043	\$11,555,000	\$9,974,650	\$21,529,650
2044-2048	\$13,930,000	\$7,404,603	\$21,334,603
2049-2053	\$17,135,000	\$4,169,100	\$21,304,100
2054-2056	\$12,010,000	\$733,000	\$12,743,000
Total	<u>\$79,335,000</u>	<u>\$75,362,638</u>	<u>\$154,697,638</u>

17. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL

A. Jointly Governed Organizations

Miami Valley Educational Computer Association - The School District is a participant in the Miami Valley Educational Computer System (MVECA), which is a computer consortium. MVECA is an association of public schools within the boundaries of Clark, Clinton, Fayette, Greene, Madison, and Highland Counties. 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 governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member

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17. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL (cont.)

school districts except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The School District paid MVECA \$75,953 for services provided during the year. Financial information can be obtained from Thor Sage, Executive Director, at 330 East Enon Road, Yellow Springs, Ohio 45387.

Springfield/Clark County Career Technical Center - The Springfield/Clark County Career Technical Center (CTC) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards, which possess its own budgeting and taxing authority. One member is appointed from the following: Clark-Shawnee Local School District, Greenon Local School District, Northeastern Local School District, Northwestern Local School District, Southeastern Local School District, Tecumseh Local School District, and the Clark County Educational Service Center. Two members are appointed from the Springfield City School District. To obtain financial information, write to the Springfield/Clark County Career Technical Center, Steven Clark, Treasurer, 1901 Selma Road, Springfield, Ohio 45505-4239.

Southwestern Ohio Educational Purchasing Council -The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 130 school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One-year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

Payments to SOEPC are made from the general fund. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

B. Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a fourteen-member committee consisting of various GRP representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

18. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, 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, 2019.

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18. CONTINGENCIES (continued)

B. School District Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2019 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2019 financial statements is not determinable, at this time. Management believes this may result in an immaterial amount as either an additional receivable to, or a liability of, the School District.

C. Litigation

The School District's attorney estimates that any potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

19. SIGNIFICANT COMMITMENTS

A. Commitments

The School District had no significant contractual commitments as of June 30, 2019.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Encumbrances are reported as a component of assigned, restricted, or committed fund balances since they do not constitute expenditure or liabilities. Outstanding encumbrances in governmental funds as of June 30, 2019 were as follows:

<u>Fund Type</u>	<u>Encumbrances</u>
General Fund	\$ 579,253
Permanent Improvement	20,996
Building Construction Fund	105,488,174
Other Governmental	<u>29,330</u>
Total	<u>\$ 106,117,753</u>

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

20. INTERFUND RECEIVABLES/PAYABLES

An inter-fund receivable and payable of \$67,650 reported within the General Fund and Other Governmental Funds respectively, represents the amount due to the General Fund from:

<u>Fund</u>	<u>Amount</u>
Food Service	\$ 13,985
High School That Work Grant	7,437
Title VI-B IDEA	46,228
Total	\$ 67,650

The negative cash balance reported within the High Schools That Work Grant and Idea Title VI-B funds is due to the timing of receipts of federal grant cash requests and state grant requests.

21. FUND BALANCE

Fund balance is classified as non-spendable, 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 governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General Fund	Permanent Improvement	Building Construction Fund	Other Governmental Funds	Total
Non-spendable					
Inventory	39,826	-	-	7,629	47,455
Prepaid Items	19,766	-	-	22,118	41,884
Total Non-Spendable	59,592	-	-	29,747	89,339
Restricted for:					
Underground Storage Tank	11,000	-	-	-	11,000
Permanent Improvement	-	544,108	-	-	544,108
Capital Outlay	-	-	79,741,092	-	79,741,092
Debt Retirement	-	-	-	1,871,999	1,871,999
Special Trusts & Grants	-	-	-	46,479	46,479
Classroom Facility Maintenance	-	-	-	153,458	153,458
District Managed Student Activities	-	-	-	24,301	24,301
Data Communication	-	-	-	12,600	12,600
Auxiliary Services	-	-	-	7,678	7,678
Title VI-B IDEA	-	-	-	113,245	113,245
Title I - Improve Basic Programs	-	-	-	53,945	53,945
Early Childhood	-	-	-	2,602	2,602
Title II-A Improve Teaching	-	-	-	7,774	7,774
Total Restricted	11,000	544,108	79,741,092	2,294,081	82,590,281
Assigned for					
Future Appropriations	-	-	-	-	-
Public School Support	113,414	-	-	-	113,414
Special Trusts & Grants	-	-	-	6,628	6,628
Latchkey	-	-	-	162,152	162,152
Other Purposes	6,825,985	-	-	-	6,825,985
Total Assigned	6,939,399	-	-	168,780	7,108,179
Unassigned (Deficit)	7,854,834	-	-	(89,190)	7,765,644
Total Fund Balance	14,864,825	544,108	79,741,092	2,403,418	97,553,443



Required Supplemental Information



**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

Required Supplementary Information
Schedule of District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Six Fiscal Years (1) (2)

	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.165392%	\$ 9,835,331	\$ 4,753,764	206.90%	65.52%
2015	0.165392%	8,370,395	4,138,528	202.26%	71.70%
2016	0.152599%	8,707,464	4,625,410	188.25%	69.16%
2017	0.149997%	10,978,418	4,354,957	252.09%	62.98%
2018	0.144015%	8,604,553	4,777,593	180.10%	69.50%
2019	0.140952%	8,072,594	4,620,207	174.72%	71.36%

(1) Information prior to 2014 is not available. The District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the District's measurement date, which is the prior fiscal year-end.

Notes to Schedule:

Change in assumptions. In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction of the discount rate from 7.75% to 7.50%, a reduction in the wage inflation rate from 3.25% to 3.00%, a reduction in the payroll growth assumption used from 4.00% to 3.50%, reduction in the assumed real wage growth rate from 0.75% to 0.50%, update of the rates of withdrawal, retirement and disability to reflect recent experience, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables for active members and service retired members and beneficiaries.

Changes of benefit and funding terms. In measurement year 2018, post-retirement increases in benefits included the following changes:

1. Members, or their survivors, retiring prior to January 1, 2018, receive a COLA increase of 3% of their base benefit on the anniversary of their initial date of retirement.
2. Members, or their survivors, retiring on and after January 1, 2018, receive a COLA increase on each anniversary of their initial date of retirement equal to the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0%, nor greater than 2.5%. COLAs are suspended for calendar years 2018, 2019, and 2020.
3. Members, or their survivors, retiring on and after April 1, 2018, will have their COLA delayed for three years following their initial date of retirement.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

Required Supplementary Information
Schedule of District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Six Fiscal Years (1) (2)

	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.133435%	\$ 38,661,494	14,240,285	271.49%	69.30%
2015	0.133435%	32,456,100	14,345,823	226.24%	74.70%
2016	0.131644%	36,382,657	13,746,314	264.67%	72.09%
2017	0.130988%	43,845,699	13,919,879	314.99%	66.78%
2018	0.129779%	30,829,196	14,281,250	215.87%	75.30%
2019	0.126818%	27,884,387	14,417,043	193.41%	77.30%

(1) Information prior to 2014 is not available. The District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the District's measurement date, which is the prior fiscal year-end.

Notes to Schedule:

Change in assumptions. In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0/25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Change in benefit terms. Effective July 1, 2017, the COLA was reduced to zero.

NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY
 Required Supplementary Information
 Schedule of District Pension Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2010	\$ 806,877	\$ (806,877)	\$ -	\$ 5,959,210	13.54%
2011	535,034	(535,034)	-	4,256,436	12.57%
2012	621,403	(621,403)	-	4,620,097	13.45%
2013	657,921	(657,921)	-	4,753,764	13.84%
2014	573,600	(573,600)	-	4,138,528	13.86%
2015	609,629	(609,629)	-	4,625,410	13.18%
2016	609,694	(609,694)	-	4,354,957	14.00%
2017	668,863	(668,863)	-	4,777,593	14.00%
2018	623,728	(623,728)	-	4,620,207	13.50%
2019	635,194	(635,194)	-	4,705,141	13.50%

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2010	\$ 1,936,092	\$ (1,936,092)	\$ -	\$ 14,893,015	13.00%
2011	1,697,684	(1,697,684)	-	13,059,108	13.00%
2012	1,907,322	(1,907,322)	-	14,671,708	13.00%
2013	1,851,237	(1,851,237)	-	14,240,285	13.00%
2014	1,864,957	(1,864,957)	-	14,345,823	13.00%
2015	1,924,484	(1,924,484)	-	13,746,314	14.00%
2016	1,948,783	(1,948,783)	-	13,919,879	14.00%
2017	1,999,375	(1,999,375)	-	14,281,250	14.00%
2018	2,018,386	(2,018,386)	-	14,417,043	14.00%
2019	2,020,374	(2,020,374)	-	14,431,243	14.00%

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

Required Supplementary Information
Schedule of District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Three Fiscal Years (1) (2)

	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.152061%	\$ 4,334,304	\$ 4,354,957	99.53%	11.49%
2018	0.146173%	3,922,908	4,777,593	82.11%	12.46%
2019	0.142753%	3,960,343	4,620,207	85.72%	13.57%

(1) Information prior to 2017 is not available. The District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the District's measurement date, which is the prior fiscal year-end.

Notes to Schedule:

Change in assumptions. In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction in the rate of inflation from 3.25% to 3.00%, a reduction in the payroll growth assumption from 4.00% to 3.50%, a reduction in assumed real wage growth from 0.75% to 0.50%, an update in rates of withdrawal, retirement and disability, and transitioning to the following mortality tables: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set back for both active male and female members; RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB (120% of male rates, and 110% of female rates) for service retired members and beneficiaries; and 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 among disabled members.

In measurement year 2018, medical trend rates have been adjusted to reflect premium decreases.

Change in benefit and funding terms. In measurement year 2018, SERS' funding policy allowed a 2.0% health care contribution rate to be allocated to the Health Care fund. The 2.0% is a combination of 0.5% employer contributions and 1.5% surcharge.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

Required Supplementary Information
Schedule of District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Three Fiscal Years (1) (2)

	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2017	0.130988%	\$ 7,005,283	\$ 13,919,879	50.33%	37.3%
2018	0.129779%	5,063,485	14,281,250	35.46%	47.1%
2019	0.126818%	(2,037,832)	14,417,043	(14.13%)	176.0%

(1) Information prior to 2017 is not available. The District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the District's measurement date, which is the prior fiscal year-end.

Notes to Schedule:

Change in assumption. For measurement year 2017, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For measurement year 2018, the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74. Valuation year per capital health care costs were updated.

Change in benefit terms. For measurement year 2017, the subsidy multiplier for non-Medicare benefit recipient was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

For measurement year 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

Required Supplementary Information
Schedule of District's OPEB Contributions
School Employees Retirement System of Ohio
Last Four Fiscal Years (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 77,178	\$ (77,178)	\$ -	\$ 4,354,957	1.77%
2017	79,815	(79,815)	-	4,777,593	1.67%
2018	99,141	(99,141)	-	4,620,207	2.15%
2019	106,542	(106,542)	-	4,705,141	2.26%

(1) The District elected not to present information prior to 2016. The District will continue to present information for years available until a full ten-year trend is compiled.

(2) Includes Surcharge

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

Required Supplementary Information
Schedule of District OPEB Contributions
State Teachers Retirement System of Ohio
Last Four Fiscal Years (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ -	\$ -	\$ -	\$ 13,919,879	0.00%
2017	-	-	-	14,281,250	0.00%
2018	-	-	-	14,417,043	0.00%
2019	-	-	-	14,431,243	0.00%

(1) The District elected not to present information prior to 2016. The District will continue to present information for years available until a full ten-year trend is compiled.

(2) STRS allocated the entire 14% employer contribution rate toward pension benefits.

NORTHEASTERN LOCAL SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCE REPORT

Combining and Individual Fund Statements and Schedules

For the Fiscal Year Ended June 30, 2019





*Northeastern Local School District
Nonmajor Governmental Fund Descriptions*

NONMAJOR SPECIAL REVENUE FUNDS

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

Food Service - To account for and report monies restricted to the food service operations of the School District.

Special Trust and Grants - To account for and report revenues and expenditures restricted in conjunction with programs, trust donations, and small grants for a specific purpose from state and local sources.

Latchkey Afterschool Enrichment - To account for and report the revenues and expenditures committed for after-school care and instructional services to students whose parents are not at home when the student gets out of school.

Classroom Facilities Maintenance – State Law requires the passage of ½ mil property tax in conjunction with a Facility Construction Bond to fund capital maintenance on the new facility for 23 years.

District Managed Student Activities -To account for and report the revenues and expenditures restricted for student activity programs which have student participation in the activity, but are not student managed programs.

Auxiliary Services - To account for and report restricted monies which provide services and materials to pupils attending non-public schools within the School District.

High School That Works Grant - To account for and report restricted monies to participate with schools across the nations implement goals to accelerate student achievement.

Data Communications - To account for and report restricted monies for Ohio Educational Computer Network connections.

Title VI-B Special Education Part B - IDEA -To account for and report restricted federal monies used to offer full educational opportunities to handicapped children at the preschool, elementary and secondary levels, and to assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

Title I –Improving Basic Programs -To account for and report restricted financial assistance to meet the special needs of educationally deprived children.

Early Childhood Education -To account for and report restricted monies used to assist school districts in paying the cost of preschool programs for three and four year-olds.

Title II-A Improving Teaching - To account for and report restricted financial assistance to reduce class size to provide assistance to students.

*Northeastern Local School District
Nonmajor Governmental Fund Descriptions*

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

Debt Service – To account for and report revenues and expenditures restricted in conjunction construction bond, the property tax levy and the related debt payments.

FUNDS WITH LEGALY ADOPTED BUDGETS

The following funds have been combined with the General Fund for reporting purposes but have legally adopted budgets as a nonmajor special revenue fund.

Public School Support - To account for special local revenue sources, other than taxes and permanent fund monies (i.e., profits from vending machines, sales of pictures, etc.) that are restricted to specified purposes approved by Board resolution



Northeastern Local School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 499,693	\$1,278,326	\$ 1,778,019
Restricted Assets:			
Cash and Cash Equivalents with Escrow Agent	10,000	-	10,000
Receivables:			
Intergovernmental	260,078	-	260,078
Property Taxes	249,969	3,936,427	4,186,396
Materials and Supplies Inventory	13,896	-	13,896
Prepaid Items	22,118	-	22,118
<i>Total Assets</i>	\$ 1,055,754	\$ 5,214,753	\$ 6,270,507
 Liabilities and Fund Balances			
<u>Liabilities:</u>			
Accounts Payable	\$ 867	\$ -	\$ 867
Accrued Wages and Benefits Payable	188,692	-	188,692
Intergovernmental Payable	34,490	-	34,490
Interfund Payable	67,650	-	67,650
<i>Total Liabilities</i>	291,699	-	291,699
 <u>Deferred Inflows of Resources:</u>			
Unavailable Revenue	5,582	87,242	92,824
Property Taxes Not Levied for Current Year	227,054	3,255,512	3,482,566
<i>Total Deferred Inflows of Resources</i>	232,636	3,342,754	3,575,390
 <u>Fund Balances:</u>			
Nonspendable	29,747	-	29,747
Restricted	422,082	1,871,999	2,294,081
Committed	168,770	-	168,770
Unassigned (Deficit)	(89,180)	-	(89,180)
<i>Total Fund Balances</i>	531,419	1,871,999	2,403,418
 <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	\$ 1,055,754	\$ 5,214,753	\$ 6,270,507

Northeastern Local School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2019

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$ 149,642	\$ 2,782,651	\$ 2,932,293
Intergovernmental	1,712,062	107,967	1,820,029
Investment Earnings	3,331	1	3,332
Extracurricular Activities	210,613	-	210,613
Charges for Services	560,771	-	560,771
Contributions and Donations	34,666	-	34,666
Miscellaneous	16,270	3,128	19,398
Total Revenues	2,687,355	2,893,747	5,581,102
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	87,736	-	87,736
Special	742,755	-	742,755
Support Services:			
Pupils	116,734	-	116,734
Instructional Staff	200	-	200
Fiscal	2,078	35,617	37,695
Operation and Maintenance of Plant	4,988	-	4,988
Central	20,529	-	20,529
Operation of Non-Instructional Services	1,274,974	-	1,274,974
Extracurricular Activities	219,811	-	219,811
Debt Service:			
Principal Retirement	-	390,000	390,000
Interest and Fiscal Charges	-	2,476,705	2,476,705
Total Expenditures	2,469,805	2,902,322	5,372,127
Excess of Revenues Over (Under) Expenditures	217,550	(8,575)	208,975
<u>Other Financing Sources (Uses):</u>			
Premuim on Bonds Issued	-	914,222	914,222
Transfers In	54,959	-	54,959
Total Other Financing Sources (Uses)	54,959	914,222	969,181
Net Change in Fund Balances	272,509	905,647	1,178,156
Fund Balances at Beginning of Year	258,910	966,352	1,225,262
Fund Balances at End of Year	\$ 531,419	\$1,871,999	\$ 2,403,418

Northeastern Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	Food Service	Special Trust & Grants	Latchkey After School Enrichment	Classroom Facility Maintenance Levy	District Managed Student Activities	Auxiliary Services
<u>Assets:</u>						
Equity in Pooled Cash, Cash Equivalents and Investments	\$ -	\$ 54,416	\$ 179,494	\$ 136,125	\$ 15,018	\$ 31,435
Cash and Cash Equivalents Escrow Agent	-	-	-	-	10,000	-
Property Taxes	-	-	-	249,969	-	-
Intergovernmental	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	22,118
Materials and Supplies Inventory	13,896	-	-	-	-	-
Total Assets	\$ 13,896	\$ 54,416	\$ 179,494	\$ 386,094	\$ 25,018	\$ 53,553
<u>Liabilities and Fund Balances</u>						
<u>Liabilities:</u>						
Accounts Payable	\$ -	\$ 439	-	-	\$ 92	\$ -
Accrued Wages and Benefits Payable	63,592	-	15,035	-	-	20,216
Intergovernmental Payable	10,231	879	2,307	-	625	3,541
Interfund Payable	13,985	-	-	-	-	-
Total Liabilities	87,808	1,318	17,342	-	717	23,757
<u>Deferred Inflows of Resources:</u>						
Unavailable Revenue	-	-	-	5,582	-	-
Property Taxes Not Levied for Current Year	-	-	-	227,054	-	-
Total Deferred Inflows of Resources	-	-	-	232,636	-	-
<u>Fund Balances:</u>						
Nonspendable	7,629	-	-	-	-	22,118
Restricted	-	46,479	-	153,458	24,301	7,678
Committed	-	6,618	162,152	-	-	-
Unassigned (Deficit)	(81,541)	-	-	-	-	-
Total Fund Balances (Deficit)	(73,912)	53,097	162,152	153,458	24,301	29,796
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,896	\$ 54,416	\$ 179,494	\$ 386,094	\$ 25,018	\$ 53,553

Northeastern Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	High School That Work Grant	Data Communications	Title VI-B Special Education Grant	Title I Improving Basic Programs Grant	Early Childhood Grant	Title II-A Improving Teaching	Total Special Revenue Funds
<u>Assets:</u>							
Equity in Pooled Cash, Cash Equivalents and Investments	\$ -	\$ 12,600		\$ 59,232	\$1,579	\$9,661	\$ 499,693
Cash and Cash Equivalents Escrow Agent	-	-	-	-	-	-	10,000
Property Taxes	-	-	-	-	-	-	249,969
Intergovernmental	-	-	225,763	33,292	1,023	-	260,078
Prepaid Items	-	-	-	-	-	-	22,118
Materials and Supplies Inventory	-	-	-	-	-	-	13,896
Total Assets	\$ -	\$ 12,600	\$ 225,763	\$ 92,524	\$2,602	\$9,661	\$ 1,055,754
<u>Liabilities and Fund Balances</u>							
<u>Liabilities:</u>							
Accounts Payable	\$ 202	\$ -	\$ -	\$ -	\$ -		\$ 867
Accrued Wages and Benefits Payable	-	-	57,980	31,869	-	-	188,692
Intergovernmental Payable	-	-	8,310	6,710	-	1,887	34,490
Interfund Payable	7,437	-	46,228	-	-	-	67,650
Total Liabilities	7,639	-	112,518	38,579	0	1,887	291,699
<u>Deferred Inflows of Resources:</u>							
Unavailable Revenue	-	-	-	-	-	-	5,582
Property Taxes Not Levied for Current Year	-	-	-	-	-	-	227,054
Total Deferred Inflows of Resources	-	-	-	-	-	-	232,636
<u>Fund Balances:</u>							
Nonspendable	-	-	-	-	-	-	29,747
Restricted	-	12,600	113,245	53,945	2,602	7,774	422,215
Committed	-	-	-	-	-	-	168,770
Unassigned (Deficit)	(7,639)	-	-	-	-	-	(89,180)
Total Fund Balances (Deficit)	(7,639)	12,600	113,245	53,945	2,602	7,774	531,419
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 12,600	\$ 225,763	\$ 92,524	\$ 2,602	\$ 9,661	\$ 1,055,754

Northeastern Local School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2019
For the Fiscal Year Ended June 30, 2019

	Food Service	Special Trust & Grants	Latchkey After School Enrichment	Classroom Facility Maintenance Levy	District Managed Student Activities	Auxiliary Services	High School That Work Grant
<u>Revenues:</u>							
Property Taxes	\$ -	\$ -	\$ -	\$ 149,642	\$ -	\$ -	\$ -
Intergovernmental	432,818	17,860	-	4,856	-	241,000	10,415
Investment Earnings	-	306	-	1,038	695	1,292	-
Extracurricular Activities	-	10,736	-	-	199,877	-	-
Charges for Services	390,551	-	170,220	-	-	-	-
Contributions and Donations	-	16,999	-	-	17,667	-	-
Miscellaneous	-	12,187	-	-	4,083	-	-
Total Revenues	823,369	58,088	170,220	155,536	222,322	242,292	10,415
<u>Expenditures:</u>							
Current:							
Instruction:							
Regular	-	10,393	-	-	-	-	16,219
Special	-	-	-	-	-	-	-
Support Services:							
Pupils	-	165	-	-	-	-	-
Instructional Staff	-	-	-	-	-	-	200
Fiscal	-	-	-	2,078	-	-	-
Operation and Maintenance of Plant	-	4,988	-	-	-	-	-
Central	-	20,529	-	-	-	-	-
Operation of Non-Instructional Services	874,694	80	144,406	-	-	240,485	-
Extracurricular Activities	-	-	-	-	219,272	539	-
Total Expenditures	874,694	36,155	144,406	2,078	219,272	241,024	16,419
Excess of Revenues Over (Under) Expenditures	(51,325)	21,933	25,814	153,458	3,050	1,268	(6,004)
<u>Other Financing Sources:</u>							
Transfers In	54,959	-	-	-	-	-	-
Total Other Financing Sources	54,959	-	-	-	-	-	-
Net Change in Fund Balances	3,634	21,933	25,814	153,458	3,050	1,268	(6,004)
Fund Balances (Deficit) at Beginning of Year	(77,546)	31,164	136,338	-	21,251	28,528	(1,635)
Fund Balances (Deficit) at End of Year	\$ (73,912)	\$ 53,097	\$ 162,152	\$ 153,458	\$ 24,301	\$ 29,796	\$ (7,639)

Northeastern Local School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2019
For the Fiscal Year Ended June 30, 2019

	Data Communications	Title VI-B Special Education Part B - IDEA	Title I Improving Basic Programs Grant	Early Childhood Grant	Title II-A Improving Teaching	Total Special Revenue Funds
<u>Revenues:</u>						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,642
Intergovernmental	12,600	595,813	311,249	13,701	71,750	1,712,062
Investment Earnings	-	-	-	-	-	3,331
Extracurricular Activities	-	-	-	-	-	210,613
Charges for Services	-	-	-	-	-	560,771
Contributions and Donations	-	-	-	-	-	34,666
Miscellaneous	-	-	-	-	-	16,270
Total Revenues	12,600	595,813	311,249	13,701	71,750	2,687,355
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	-	-	-	-	61,124	87,736
Special	-	445,050	286,606	11,099	-	742,755
Support Services:						
Pupils	-	116,569	-	-	-	116,734
Instructional Staff	-	-	-	-	-	200
Fiscal	-	-	-	-	-	2,078
Operation and Maintenance of Plant	-	-	-	-	-	4,988
Central	-	-	-	-	-	20,529
Operation of Non-Instructional Services	-	14,803	506	-	-	1,274,974
Extracurricular Activities	-	-	-	-	-	219,811
Total Expenditures	-	576,422	287,112	11,099	61,124	2,469,805
Excess of Revenues Over (Under) Expenditures	12,600	19,391	24,137	2,602	10,626	217,550
<u>Other Financing Sources:</u>						
Transfers In	-	-	-	-	-	54,959
Total Other Financing Sources	-	-	-	-	-	54,959
Net Change in Fund Balances	12,600	19,391	24,137	2,602	10,626	272,509
Fund Balances (Deficit) at Beginning of Year	-	93,854	29,808	-	(2,852)	258,910
Fund Balances (Deficit) at End of Year	\$ 12,600	\$ 113,245	\$ 53,945	\$ 2,602	\$ 7,774	\$ 531,419



FIDUCIARY FUNDS

Private Purpose Trust Funds

Private Purpose Trust Funds are used to account for any trust arrangement under which principal and income benefit individuals, private organizations, or other governments.

College Scholarship - To account for contributions and donations to be used as scholarships for students in the School District.

Endowment - To account for contributions and donations which have been set aside as an investment to provide scholarships to students of the School District. The income from this fund may be expended, but the principal must remain intact.

Agency Funds

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governmental units, and/or other funds.

District Agency - To account for money that is set aside each pay period to make the School District's semi-annual workers' compensation payments.

Student Managed Activities -To account for student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

Northeastern Local School District
 Combining Statement of Fiduciary Net Position
 Private Purpose Trust Funds
 June 30, 2019

	College Scholarship	Endowment	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 19,191	\$ 10,069	\$ 29,260
 <u>Net Position:</u>			
Restricted - Nonexpendable	-	10,069	10,069
Held in Trust for Scholarships	19,191	-	19,191
 <i>Total Net Position</i>	 \$ 19,191	 \$ 10,069	 \$ 29,260

Northeastern Local School District
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Fiscal Year Ended June 30, 2019

	<u>College Scholarship</u>	<u>Endowment</u>	<u>Total</u>
<u>Additions:</u>			
Investment Earnings	\$ 151	\$ -	\$ 151
Contributions and Donations	<u>9,000</u>	<u>-</u>	<u>9,000</u>
<i>Total Additions</i>	<u>9,151</u>	<u>-</u>	<u>9,151</u>
<u>Deductions:</u>			
Payments in Accordance with Trust Agreements	<u>3,600</u>	<u>-</u>	<u>3,600</u>
<i>Change in Net Position</i>	5,551	-	5,551
<i>Net Position at Beginning of Year</i>	<u>13,640</u>	<u>10,069</u>	<u>23,709</u>
<i>Net Position at End of Year</i>	<u>\$ 19,191</u>	<u>\$ 10,069</u>	<u>\$ 29,260</u>

Northeastern Local School District
Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2019

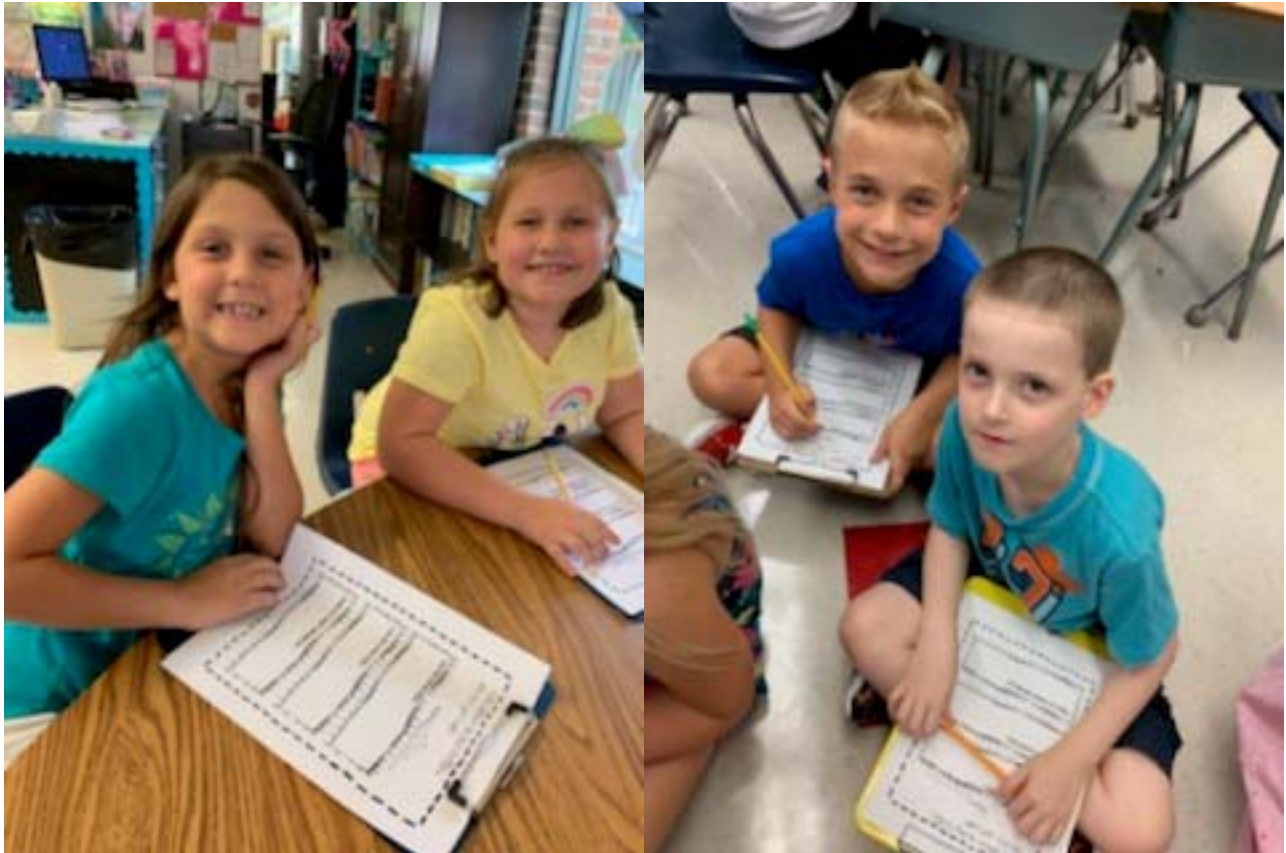
	Beginning Balance July 1, 2018	Additions	Reductions	Ending Balance June 30, 2019
District Agency Fund				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 85,985	\$ 87,164	\$ 84,552	\$ 88,597
<i>Total Assets</i>	<u>\$ 85,985</u>	<u>\$ 87,164</u>	<u>\$ 84,552</u>	<u>\$ 88,597</u>
<u>Liabilities:</u>				
Due to Other Governments	<u>\$ 85,985</u>	<u>\$ 87,164</u>	<u>\$ 84,552</u>	<u>\$ 88,597</u>
Student Managed Activities Fund				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 140,005	\$ 165,821	\$ 150,159	\$ 155,667
<i>Total Assets</i>	<u>\$ 140,005</u>	<u>\$ 165,821</u>	<u>\$ 150,159</u>	<u>\$ 155,667</u>
<u>Liabilities:</u>				
Due to Students	<u>\$ 140,005</u>	<u>\$ 165,821</u>	<u>\$ 150,159</u>	<u>\$ 155,667</u>
Total Agency Funds				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 225,990	\$ 252,985	\$ 234,711	\$ 244,264
<i>Total Assets</i>	<u>\$ 225,990</u>	<u>\$ 252,985</u>	<u>\$ 234,711</u>	<u>\$ 244,264</u>
<u>Liabilities:</u>				
Due to Students	\$ 140,005	\$ 165,821	\$ 150,159	\$ 155,667
Due to Other Governments	85,985	87,164	84,552	88,597
<i>Total Liabilities</i>	<u>\$ 225,990</u>	<u>\$ 252,985</u>	<u>\$ 234,711</u>	<u>\$ 244,264</u>

NORTHEASTERN LOCAL SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCE REPORT

Individual Fund Schedules or Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual

For the Fiscal Year Ended June 30, 2019





Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
PERMANENT IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Property and Other Local Taxes	\$ 398,676	\$ 398,191	\$ (485)
Intergovernmental	65,272	85,462	20,190
Miscellaneous	1,041	3,232	2,191
Total Revenues	<u>464,989</u>	<u>486,885</u>	<u>21,896</u>
EXPENDITURES:			
Current:			
Support Services:			
Fiscal	8,197	6,975	1,222
Capital Outlay	496,803	204,105	292,698
Total Expenditures	<u>505,000</u>	<u>211,080</u>	<u>293,920</u>
Excess of Revenues Over (Under) Expenditures	<u>(40,011)</u>	<u>275,805</u>	<u>315,816</u>
Fund Balance (Deficit) at Beginning of Year	226,539	226,539	-
Prior Year Encumbrances Appropriated	8,905	8,905	-
Fund Balance (Deficit) at End of Year	<u>\$ 177,623</u>	<u>\$ 493,439</u>	<u>\$ 315,816</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
BUILDING CONSTRUCTION FUND
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 40,968,961	\$ 560,000	\$ (40,408,961)
Interest Earnings	1,990,000	947,915	(1,042,085)
Total Revenues	<u>42,958,961</u>	<u>1,507,915</u>	<u>(41,451,046)</u>
EXPENDITURES:			
Capital Outlay	5,000,000	3,140,628	1,859,372
Total Expenditures	<u>5,000,000</u>	<u>3,140,628</u>	<u>1,859,372</u>
Excess of Revenues Over (Under) Expenditures	<u>37,958,961</u>	<u>(1,632,713)</u>	<u>(39,591,674)</u>
OTHER FINANCING SOURCES AND USES:			
Proceeds from the Sale of Bonds	79,335,000	79,335,000	-
Refund of Prior Year Expenditures	867,674	867,674	-
Total Other Financing Sources and Uses	<u>80,202,674</u>	<u>80,202,674</u>	<u>-</u>
Net Change in Fund Balances	118,161,635	78,569,961	
Fund Balance (Deficit) at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	105,488,173	105,488,173	-
Fund Balance (Deficit) at End of Year	<u>\$ 12,673,462</u>	<u>\$ (26,918,212)</u>	<u>\$ (39,591,674)</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
BOND RETIREMENT FUND
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Property and Other Local Taxes	\$ 2,566,757	\$ 2,249,331	\$ (317,426)
Intergovernmental	60,638	107,967	47,329
Total Revenues	<u>2,627,395</u>	<u>2,357,298</u>	<u>(270,097)</u>
EXPENDITURES:			
Current:			
Support Services:			
Fiscal	36,000	35,617	383
Debt Service:			
Principal	390,000	390,000	-
Interest	2,476,812	2,476,705	107
Total Expenditures	<u>2,902,812</u>	<u>2,902,322</u>	<u>490</u>
Excess of Revenues Over (Under) Expenditures	<u>(275,417)</u>	<u>(545,024)</u>	<u>(269,607)</u>
OTHER FINANCING SOURCES AND USES:			
Premium from the Sale of Bonds	-	914,222	914,222
Refund of Prior Year Expenditures	-	3,128	3,128
Total Other Financing Sources and Uses	<u>-</u>	<u>917,350</u>	<u>917,350</u>
Net Change in Fund Balances	(275,417)	372,326	647,743
Fund Balance (Deficit) at Beginning of Year	906,002	906,002	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	<u>\$ 630,585</u>	<u>\$ 1,278,328</u>	<u>\$ 647,743</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 467,265	\$ 432,818	\$ (34,447)
Customer Sales and Services	392,735	390,545	(2,190)
Total Revenues	860,000	823,363	(36,637)
EXPENDITURES:			
Current:			
Operation of Non-Instructional/Shared Services:			
Food Service Operations	895,000	878,698	16,302
Total Expenditures	895,000	878,698	16,302
Excess of Revenues Over (Under) Expenditures	(35,000)	(55,335)	(20,335)
OTHER FINANCING SOURCES AND USES:			
Transfers In	40,000	54,959	14,959
Total Other Financing Sources and Uses	40,000	54,959	14,959
Net Change in Fund Balances	5,000	(376)	(5,376)
Fund Balance (Deficit) at Beginning of Year	376	376	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	\$ 5,376	\$ -	\$ (5,376)

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
SPECIAL TRUSTS AND GRANTS
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 17,860	\$ 17,860	\$ -
Interest Earnings	300	\$ 306	6
Extracurricular Activities	\$ 10,000	\$ 10,736	736
Contributions and Donations	20,000	25,799	5,799
Miscellaneous	500	3,041	2,541
Total Revenues	<u>48,660</u>	<u>57,742</u>	<u>9,082</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	10,400	10,393	7
Special	1,408	-	1,408
Support Services			
Pupil	665	165	500
Staff	2,756	-	2,756
Operation and Maintenance of Plant	4,722	5,068	(346)
Central	21,090	20,530	560
Total Expenditures	<u>41,041</u>	<u>36,156</u>	<u>4,885</u>
Excess of Revenues Over (Under) Expenditures	<u>7,619</u>	<u>21,586</u>	<u>13,967</u>
Fund Balance (Deficit) at Beginning of Year	31,164	31,164	-
Prior Year Encumbrances Appropriated	707	707	-
Fund Balance (Deficit) at End of Year	<u>39,490</u>	<u>53,457</u>	<u>13,967</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
LATCHKEY AFTER SCHOOL ENRICHMENT
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Customer Sales and Services	\$ 160,000	\$ 170,220	\$ 10,220
Total Revenues	<u>160,000</u>	<u>170,220</u>	<u>10,220</u>
EXPENDITURES:			
Current:			
Operation of Non-Instructional/Shared Services:			
Community Services	163,108	143,572	19,536
Total Expenditures	<u>163,108</u>	<u>143,572</u>	<u>19,536</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,108)</u>	<u>26,648</u>	<u>29,756</u>
Fund Balance (Deficit) at Beginning of Year	152,863	152,863	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	<u>\$ 149,755</u>	<u>\$ 179,511</u>	<u>\$ 29,756</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
CLASSROOM FACILITY MAINTENANCE FUND
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Property and Other Local Taxes	\$ 121,000	\$ 132,309	\$ 11,309
Intergovernmental	4,000	4,855	855
Interest	2,500	1,038	(1,462)
 Total Revenues	127,500	138,202	10,702
 EXPENDITURES:			
Current:			
Support Services:			
Fiscal	3,750	2,078	1,672
 Total Expenditures	3,750	2,078	1,672
 Excess of Revenues Over (Under) Expenditures	123,750	136,124	12,374
 Fund Balance (Deficit) at Beginning of Year	-	-	-
 Prior Year Encumbrances Appropriated	-	-	-
 Fund Balance (Deficit) at End of Year	\$ 123,750	\$ 136,124	\$ 12,374

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
DISTRICT MANAGED ACTIVITIES FUND
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Interest	\$ 1,000	\$ 695	\$ (305)
Extracurricular Activities	180,000	178,900	(1,100)
Donations	10,600	20,977	10,377
Miscellaneous	10,000	21,750	11,750
Total Revenues	<u>201,600</u>	<u>222,322</u>	<u>20,722</u>
EXPENDITURES:			
Current:			
Extracurricular Activities:			
Sport Oriented Activities	209,422	219,759	(10,337)
Total Expenditures	<u>209,422</u>	<u>219,759</u>	<u>(10,337)</u>
Excess of Revenues Over (Under) Expenditures	<u>(7,822)</u>	<u>2,563</u>	<u>10,385</u>
Fund Balance (Deficit) at Beginning of Year	22,536	22,536	-
Prior Year Encumbrances Appropriated	4,201	4,201	-
Fund Balance (Deficit) at End of Year	<u>\$ 10,513</u>	<u>\$ 20,898</u>	<u>\$ 10,385</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
AUXILIARY FUND
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 298,000	\$ 241,000	\$ (57,000)
Interest	904	1294	390
 Total Revenues	<u>298,904</u>	<u>242,294</u>	<u>(56,610)</u>
 EXPENDITURES:			
Current:			
Operation of Non-Instructional/Shared Services:			
Community Services	263,386	263,386	0
 Total Expenditures	<u>263,386</u>	<u>263,386</u>	<u>0</u>
 Excess of Revenues Over (Under) Expenditures	<u>35,518</u>	<u>(21,092)</u>	<u>(56,610)</u>
 Fund Balance (Deficit) at Beginning of Year	52,536	52,536	-
 Prior Year Encumbrances Appropriated	-	-	-
 Fund Balance (Deficit) at End of Year	<u>\$ 88,054</u>	<u>\$ 31,444</u>	<u>\$ (56,610)</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
HIGH SCHOOLS THAT WORK GRANT
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 16,900	\$ 10,415	\$ (6,485)
Total Revenues	<u>16,900</u>	<u>10,415</u>	<u>(6,485)</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	16,900	16,018	882
Total Expenditures	<u>16,900</u>	<u>16,018</u>	<u>882</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>(5,603)</u>	<u>(5,603)</u>
OTHER FINANCING SOURCES AND USES:			
Advances In	5,804	5,804	\$ -
Total Other Financing Sources and Uses	<u>5,804</u>	<u>5,804</u>	<u>0</u>
Net Change in Fund Balances	<u>5,804</u>	<u>201</u>	<u>(5,603)</u>
Fund Balance (Deficit) at Beginning of Year	1,901	1,901	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	<u>\$ 7,705</u>	<u>\$ 2,102</u>	<u>\$ (5,603)</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
DATA COMMUNICATON GRANT FUND
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 6,300	\$ 12,600	\$ 6,300
Total Revenues	6,300	12,600	6,300
EXPENDITURES:			
Current:			
Instruction:			
Regular	6,300	0	6,300
Total Expenditures	6,300	0	6,300
Excess of Revenues Over (Under) Expenditures	0	12,600	12,600
Fund Balance (Deficit) at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	\$ -	\$ 12,600	\$ 12,600

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
TITLE VI-B SPECIAL EDUCATION FUND
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 785,000	\$ 565,931	\$ (219,069)
Total Revenues	<u>785,000</u>	<u>565,931</u>	<u>(219,069)</u>
EXPENDITURES:			
Current:			
Instruction:			
Special	450,439	448,235	2,204
Support Services:			
Pupils	261,210	116,574	144,636
Operation of Non-Instructional/Shared Services:			
Community Services	12,417	12,416	1
Total Expenditures	<u>724,066</u>	<u>577,225</u>	<u>146,841</u>
Excess of Revenues Over (Under) Expenditures	<u>60,934</u>	<u>(11,294)</u>	<u>(72,228)</u>
OTHER FINANCING SOURCES AND USES:			
Advances In	46,228	46,228	-
Advances Out	(34,934)	(34,934)	-
Total Other Financing Sources and Uses	<u>11,294</u>	<u>11,294</u>	<u>-</u>
Net Change in Fund Balances	72,228	-	(72,228)
Fund Balance (Deficit) at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	<u>\$ 72,228</u>	<u>\$ -</u>	<u>\$ (72,228)</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
TITLE I IMPROVING BASIC PROGRAMS
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 282,927	\$ 341,765	\$ 58,838
Total Revenues	<u>282,927</u>	<u>341,765</u>	<u>58,838</u>
EXPENDITURES:			
Current:			
Instruction:			
Special	282,927	255,226	27,701
Total Expenditures	<u>282,927</u>	<u>255,226</u>	<u>27,701</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>86,539</u>	<u>86,539</u>
OTHER FINANCING SOURCES AND USES:			
Advances Out	-	(27,300)	(27,300)
Total Other Financing Sources and Uses	<u>-</u>	<u>(27,300)</u>	<u>(27,300)</u>
Net Change in Fund Balances	-	59,239	59,239
Fund Balance (Deficit) at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	<u>-</u>	<u>59,239</u>	<u>59,239</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
EARLY CHILDHOOD SPECIAL EDUCATION
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 11,099	\$ 12,678	\$ 1,579
Total Revenues	11,099	12,678	1,579
EXPENDITURES:			
Current:			
Instruction:			
Special	11,099	11,099	-
Total Expenditures	11,099	11,099	-
Excess of Revenues Over (Under) Expenditures	-	1,579	1,579
Fund Balance (Deficit) at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	-	1,579	1,579

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
TITLE II-A IMPROVING TEACHER QUALITY
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 77,402	\$ 71,750	\$ (5,652)
Total Revenues	<u>77,402</u>	<u>71,750</u>	<u>(5,652)</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	66,805	62,092	4,713
Operation of Non-Instructional/Shared Services:			
Community Services	10,597	-	10,597
Total Expenditures	<u>77,402</u>	<u>62,092</u>	<u>15,310</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>9,658</u>	<u>9,658</u>
OTHER FINANCING SOURCES AND USES:			
Advances Out	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	9,658	9,658
Fund Balance (Deficit) at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	<u>-</u>	<u>9,658</u>	<u>9,658</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
PUBLIC SCHOOL SUPPORT FUND
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Interest	\$ 1,000	\$ 2,104	\$ 1,294
Extracurricular Activiites	49,700	55,811	6,111
Miscellaneous	14,300	15,536	1,236
 Total Additions	 <u>65,000</u>	 <u>73,451</u>	 <u>8,641</u>
 EXPENDITURES:			
Current:			
Instruction:			
Regular	108,936	79,535	29,401
Extracurricular Activiites:			
Academic Oriented Activities	-	-	-
 Total Expenditures	 <u>108,936</u>	 <u>79,535</u>	 <u>29,401</u>
 Excess of Revenues Over (Under) Expenditures	 <u>(43,936)</u>	 <u>(6,084)</u>	 <u>37,852</u>
 Fund Balance (Deficit) at Beginning of Year	 124,486	 124,486	 -
 Prior Year Encumbrances Appropriated	 4,989	 4,989	 -
 Fund Balance (Deficit) at End of Year	 <u>\$ 75,561</u>	 <u>\$ 113,413</u>	 <u>\$ 37,852</u>

STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCE REPORT

For the Fiscal Year Ended June 30, 2019





STATISTICAL TABLES

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

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	121-127
These schedules contain trend information to help the reader understand how the School District’s financial performance and well-being have changed over time.	
Revenue Capacity	128-132
These schedules contain information to help the reader assess the School District’s most significant local revenue sources.	
Debt Capacity	133-134
These schedules present information to help the reader assess the affordability of the School District’s current levels of outstanding debt and the School District’s ability to issue additional debt in the future.	
Demographic and Economic Information	135-138
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District’s financial activities take place.	
Operating information	138-139
These schedules contain service and capital assets data to help the reader understand how the information in the School District’s financial report relates to the services the School District provides and the activities it performs.	

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



Northeastern Local School District

Net Position by Component

Governmental Activities

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net Investment in Capital Assets	\$ 14,428,374	\$ 14,608,049	\$ 14,934,698	\$ 14,912,422	\$ 14,704,310	\$ 14,414,534	\$ 14,046,777	\$ 13,974,911	\$ 13,759,087	\$ 14,339,871
Restricted	\$ 1,947,677	\$ 1,914,402	\$ 1,728,565	\$ 1,444,812	\$ 1,681,413	\$ 1,947,340	\$ 1,647,781	\$ 1,387,817	\$ 1,485,687	\$ 4,187,545
Unrestricted(Deficit)	\$ 6,676,157	\$ 5,782,444	\$ 3,142,618	\$ 2,128,978	\$ 2,858,154	\$ (41,131,941)	\$ (38,600,254)	\$ (37,226,679)	\$ (28,410,855)	\$ (21,500,472)
Total Net Position	<u>\$ 23,052,208</u>	<u>\$ 22,304,895</u>	<u>\$ 19,805,881</u>	<u>\$ 18,486,212</u>	<u>\$ 19,243,877</u>	<u>\$ (24,770,067)</u>	<u>\$ (22,905,696)</u>	<u>\$ (21,863,951)</u>	<u>\$ (13,166,081)</u>	<u>\$ (2,973,056)</u>

The District implemented GASB 68 in 2015

The District implemented GASB 75 in 2018

Northeastern Local School District
 Changes in Net Position
 Governmental Activities
 Last Ten Fiscal Years
 (accrual basis of accounting)

Fiscal Year	2010	2011	2012	2013	2014	2015	2016
Expenses							
Current							
Instruction:							
Regular	\$ 14,373,676	\$ 14,765,031	\$ 15,058,467	\$ 14,242,926	\$ 14,005,168	\$ 13,919,806	\$ 14,859,188
Special	\$ 3,440,715	\$ 3,332,815	\$ 3,000,184	\$ 3,042,310	\$ 3,362,288	\$ 3,487,911	\$ 3,656,402
Vocational	\$ 897,504	\$ 889,026	\$ 635,211	\$ 680,364	\$ 684,088	\$ 693,528	\$ 728,913
Student Intervention Services	\$ 22,993	\$ 24,388	\$ 22,522	\$ 17,851	\$ 5,421	\$ 9,789	\$ 21,281
Other	\$ 14,377	\$ 14,809	\$ 16,495	\$ 16,328	\$ 52,097	\$ 135,155	\$ 396,257
Support Services:							
Pupils	\$ 1,791,418	\$ 1,744,433	\$ 1,857,061	\$ 1,800,927	\$ 1,877,286	\$ 1,872,337	\$ 1,774,426
Instructional Staff	\$ 1,840,369	\$ 1,739,292	\$ 1,662,660	\$ 1,496,572	\$ 1,127,112	\$ 1,262,880	\$ 1,285,981
Board of Education	\$ 63,446	\$ 50,956	\$ 70,740	\$ 49,315	\$ 69,422	\$ 108,299	\$ 142,587
Administration	\$ 2,784,636	\$ 2,868,092	\$ 2,828,228	\$ 2,645,629	\$ 2,668,787	\$ 2,271,039	\$ 2,337,776
Fiscal	\$ 717,685	\$ 707,316	\$ 744,783	\$ 708,076	\$ 741,597	\$ 750,453	\$ 785,045
Operation and Maintenance of Plant	\$ 2,712,816	\$ 2,785,345	\$ 2,770,352	\$ 2,508,741	\$ 2,319,977	\$ 2,164,226	\$ 2,310,274
Pupil Transportation	\$ 1,997,238	\$ 2,016,768	\$ 2,053,987	\$ 2,173,981	\$ 1,990,432	\$ 1,904,089	\$ 1,961,171
Central	\$ 63,500	\$ 53,268	\$ 65,466	\$ 14,392	\$ 12,554	\$ 9,400	\$ 25,124
Operation of Non-Instructional Services	\$ 1,391,725	\$ 1,728,386	\$ 1,484,498	\$ 1,600,105	\$ 1,510,784	\$ 1,555,570	\$ 1,400,503
Extracurricular Activities	\$ 1,016,291	\$ 1,030,873	\$ 1,027,415	\$ 961,713	\$ 996,431	\$ 962,925	\$ 1,025,889
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and Fiscal Charges	\$ 216,066	\$ 187,255	\$ 156,608	\$ 242,810	\$ 94,612	\$ 73,637	\$ 51,229
Cost of Issuance of Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$ 33,344,455</u>	<u>\$ 33,938,053</u>	<u>\$ 33,454,677</u>	<u>\$ 32,202,040</u>	<u>\$ 31,518,056</u>	<u>\$ 31,181,044</u>	<u>\$ 32,762,046</u>
Program Revenues							
Charges for Service							
Instruction:							
Regular	\$ 2,029,410	\$ 2,044,561	\$ 2,143,085	\$ 2,330,606	\$ 2,386,634	\$ 2,471,401	\$ 2,285,495
Support Services:							
Instructional Staff	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,980
Fiscal	\$ -	\$ -	\$ -	\$ 17,148	\$ -	\$ -	\$ -
Operation and Maintenance of Plant	\$ 2,508	\$ 1,361	\$ 1,453	\$ 11,387	\$ 1,025	\$ 2,000	\$ -
Operation of Non-Instructional Services	\$ 815,165	\$ 781,760	\$ 775,641	\$ 672,994	\$ 611,469	\$ 574,311	\$ 554,122
Extracurricular Activities	\$ 191,143	\$ 228,484	\$ 200,328	\$ 199,806	\$ 377,042	\$ 371,928	\$ 311,674
Operating Grants, Contribution, and Interest	\$ 3,687,362	\$ 3,678,521	\$ 2,428,655	\$ 2,221,943	\$ 2,262,169	\$ 2,181,183	\$ 2,057,511
<i>Total Program Revenues</i>	<u>\$ 6,725,588</u>	<u>\$ 6,734,687</u>	<u>\$ 5,549,162</u>	<u>\$ 5,453,884</u>	<u>\$ 5,638,339</u>	<u>\$ 5,600,823</u>	<u>\$ 5,210,782</u>
<i>Net Expense</i>	<u>\$ (26,618,867)</u>	<u>\$ (27,203,366)</u>	<u>\$ (27,905,515)</u>	<u>\$ (26,748,156)</u>	<u>\$ (25,879,717)</u>	<u>\$ (25,580,221)</u>	<u>\$ (27,551,264)</u>
General Revenues							
Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 815,967
Property Taxes Levied for:							
General Purposes	\$ 11,685,422	\$ 11,337,817	\$ 10,574,816	\$ 10,512,421	\$ 11,144,749	\$ 11,670,437	\$ 13,068,271
Grants and Entitlements not Restricted to specific programs	\$ 15,491,480	\$ 14,954,386	\$ 14,648,538	\$ 14,768,569	\$ 15,077,118	\$ 15,811,893	\$ 15,306,117
Grants and Donations Restricted to specific programs	\$ 37,539	\$ 70,868	\$ 98,373	\$ 87,209	\$ 101,146	\$ 37,318	\$ 48,394
Investment Earnings	\$ 47,688	\$ 23,410	\$ 27,042	\$ 13,787	\$ 31,227	\$ 35,936	\$ 84,274
Miscellaneous	\$ 70,733	\$ 65,562	\$ 57,732	\$ 46,501	\$ 283,142	\$ 68,961	\$ 92,612
Gain on Sale of Capital Assets	\$ -	\$ 4,010	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Total General Revenues</i>	<u>\$ 27,332,862</u>	<u>\$ 26,456,053</u>	<u>\$ 25,406,501</u>	<u>\$ 25,428,487</u>	<u>\$ 26,637,382</u>	<u>\$ 27,624,545</u>	<u>\$ 29,415,635</u>
<i>Change in Net Position</i>	<u>\$ 713,995</u>	<u>\$ (747,313)</u>	<u>\$ (2,499,014)</u>	<u>\$ (1,319,669)</u>	<u>\$ 757,665</u>	<u>\$ 2,044,324</u>	<u>\$ 1,864,371</u>

The District implemented GASB 68 in 2015
 The District implemented GASB 75 in 2018

<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 15,963,650	\$ 4,989,096	\$ 13,225,474
\$ 4,410,552	\$ 1,822,759	\$ 4,078,282
\$ 789,426	\$ 262,344	\$ 456,856
\$ 2,711	\$ 27,279	\$ 35,022
\$ 617,679	\$ 956,957	\$ 921,863
\$ 2,027,177	\$ 1,169,357	\$ 1,745,362
\$ 1,295,650	\$ 819,919	\$ 1,250,295
\$ 115,474	\$ 117,613	\$ 161,336
\$ 2,512,563	\$ 1,236,895	\$ 1,909,885
\$ 883,581	\$ 686,132	\$ 863,108
\$ 2,806,160	\$ 2,094,860	\$ 2,378,007
\$ 2,279,703	\$ 1,713,050	\$ 2,217,919
\$ 44,301	\$ 42,182	\$ 27,393
\$ 1,460,389	\$ 1,055,990	\$ 1,204,222
\$ 1,092,087	\$ 720,675	\$ 961,625
\$ -	\$ -	\$ 831,823
\$ 35,429	\$ 20,771	\$ 1,992,863
\$ -	\$ -	\$ 867,674
<u>\$ 36,336,532</u>	<u>\$ 17,735,879</u>	<u>\$ 35,129,009</u>

\$ 2,457,519	\$ 2,602,062	\$ 2,577,876
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ 713,097	\$ 717,739	\$ 600,231
\$ 202,839	\$ 196,644	\$ 297,982
<u>\$ 1,784,321</u>	<u>\$ 1,776,048</u>	<u>\$ 2,059,674</u>

\$ 5,157,776 \$ 5,292,493 \$ 5,535,763

\$ (31,178,756) \$ (12,443,386) \$ (29,593,246)

\$ 4,302,786	\$ 4,535,898	\$ 4,998,002
\$ 12,101,011	\$ 12,382,691	\$ 16,677,291
\$ 15,507,417	\$ 15,112,212	\$ 15,126,275
\$ 59,008	\$ 44,549	\$ 65,093
\$ 67,412	\$ 145,877	\$ 2,425,259
\$ 182,702	\$ 169,289	\$ 494,351
\$ 165	\$ 10,512	\$ -
<u>\$ 32,220,501</u>	<u>\$ 32,401,028</u>	<u>\$ 39,786,271</u>
<u>\$ 1,041,745</u>	<u>\$ 19,957,642</u>	<u>\$ 10,193,025</u>

Northeastern Local School District
Fund Balances- Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund:			
Nonspendable	\$ -	\$ 92,546	\$ 92,832
Restricted	\$ -	\$ 11,000	\$ 11,000
Committed	\$ -	\$ -	\$ -
Assigned	\$ -	\$ 203,930	\$ 3,191,209
Unassigned	\$ -	\$ 6,296,346	\$ 1,027,297
Reserved	\$ 3,852,915	\$ -	\$ -
Unreserved(Deficit)	<u>\$ 2,776,427</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Total General Fund</i>	\$ 6,629,342	\$ 6,603,822	\$ 4,322,338
All Other Governmental Funds			
Nonspendable	\$ -	\$ 14,660	\$ 13,081
Restricted	\$ -	\$ 1,985,502	\$ 1,718,277
Assigned	\$ -	\$ 55,343	\$ 99,114
Unassigned	\$ -	\$ (160,987)	\$ (87,506)
Reserved	\$ 309,208	\$ -	\$ -
Unreserved(Deficit) Reported In			
Special Revenue Funds	\$ 39,456	\$ -	\$ -
Debt Service Funds	\$ 909,665	\$ -	\$ -
Capital Projects Funds	<u>\$ 726,826</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Total All Other Governmental Funds</i>	<u>\$ 1,985,155</u>	<u>\$ 1,894,518</u>	<u>\$ 1,742,966</u>
<i>Total Governmental Funds</i>	<u>\$ 8,614,497</u>	<u>\$ 8,498,340</u>	<u>\$ 6,065,304</u>

The School District implemented GASB 54 in fiscal year 2011.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 100,345	\$ 83,498	\$ 84,814	\$ 97,565	\$ 82,256	\$ 95,771	\$ 59,592
\$ 11,000	\$ 11,000	\$ 63,335	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 996,160	\$ 1,574,678	\$ 6,939,399	\$ 966,858	\$ 1,638,696	\$ 6,939,399	\$ 6,939,399
\$ 1,840,495	\$ 1,831,009	\$ (2,275,334)	\$ 5,695,921	\$ 7,610,254	\$ 4,954,514	\$ 7,854,834
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 2,948,000</u>	<u>\$ 3,500,185</u>	<u>\$ 4,812,214</u>	<u>\$ 6,771,344</u>	<u>\$ 9,342,206</u>	<u>\$ 12,000,684</u>	<u>\$ 14,864,825</u>
\$ 12,405	\$ 11,090	\$ 19,377	\$ 37,561	\$ 14,750	\$ 9,314	\$ 36,014
\$ 1,412,146	\$ 1,629,802	\$ 1,893,159	\$ 1,617,956	\$ 1,340,281	\$ 1,437,042	\$ 82,598,622
\$ 133,264	\$ 116,677	\$ 118,950	\$ 121,087	\$ 119,061	\$ 144,250	\$ 168,913
\$ (105,800)	\$ (72,938)	\$ (73,406)	\$ (159,664)	\$ (107,022)	\$ (90,940)	\$ (114,931)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ (4,653)	\$ -	\$ -	\$ -
<u>\$ 1,452,015</u>	<u>\$ 1,684,631</u>	<u>\$ 1,958,080</u>	<u>\$ 1,612,287</u>	<u>\$ 1,367,070</u>	<u>\$ 1,499,666</u>	<u>\$ 82,688,618</u>
<u>\$ 4,400,015</u>	<u>\$ 5,184,816</u>	<u>\$ 6,770,294</u>	<u>\$ 8,383,631</u>	<u>\$ 10,709,276</u>	<u>\$ 13,500,350</u>	<u>\$ 97,553,443</u>

Northeastern Local School District

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	2010	2011	2012	2013	2014
REVENUES:					
Property and Other Local Taxes	\$ 11,605,181	\$ 11,649,231	\$ 10,821,581	\$ 10,370,511	\$ 11,318,649
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	\$ 19,077,144	\$ 18,733,820	\$ 17,076,948	\$ 16,876,028	\$ 17,228,985
Interest	\$ 48,251	\$ 23,632	\$ 27,287	\$ 12,127	\$ 30,231
Tuition and Fees	\$ 1,997,930	\$ 2,015,475	\$ 2,890,176	\$ 2,266,269	\$ 2,348,587
Rent					
Extracurricular Activities	\$ 198,183	\$ 231,276	\$ 206,973	\$ 258,836	\$ 378,067
Gifts and Donations	\$ 37,539	\$ 70,868	\$ 98,373	\$ 87,209	\$ 101,146
Customer Sales and Services	\$ 826,533	\$ 794,963		\$ 672,994	\$ 628,080
Miscellaneous	\$ 62,041	\$ 54,381	\$ 56,818	\$ 56,071	\$ 280,306
<i>Total Revenues</i>	<u>\$ 33,852,802</u>	<u>\$ 33,573,646</u>	<u>\$ 31,178,156</u>	<u>\$ 30,600,045</u>	<u>\$ 32,314,051</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	\$ 14,206,466	\$ 14,213,024	\$ 14,630,291	\$ 14,246,218	\$ 13,871,942
Special	\$ 3,477,166	\$ 3,253,327	\$ 2,980,031	\$ 3,002,042	\$ 3,307,113
Vocational	\$ 886,938	\$ 861,258	\$ 673,823	\$ 653,914	\$ 651,067
Student Intervention Services	\$ 22,993	\$ 24,388	\$ 22,522	\$ 17,851	\$ 5,421
Other	\$ 14,377	\$ 14,809	\$ 16,495	\$ 16,328	\$ 52,097
Support Services:					
Pupils	\$ 1,752,623	\$ 1,698,333	\$ 1,807,454	\$ 1,775,598	\$ 1,837,255
Instructional Staff	\$ 1,775,820	\$ 1,688,971	\$ 1,611,670	\$ 1,442,445	\$ 1,112,458
Board of Education	\$ 63,446	\$ 50,956	\$ 70,740	\$ 49,315	\$ 69,422
Administration	\$ 2,732,379	\$ 2,776,583	\$ 2,802,164	\$ 2,592,902	\$ 2,651,093
Fiscal	\$ 725,546	\$ 695,315	\$ 800,540	\$ 714,249	\$ 737,683
Operation and Maintenance of Plant	\$ 2,681,575	\$ 2,849,057	\$ 2,744,201	\$ 2,521,839	\$ 2,291,747
Pupil Transportation	\$ 1,980,890	\$ 1,990,317	\$ 2,006,030	\$ 2,114,195	\$ 1,965,566
Central	\$ 63,286	\$ 52,962	\$ 65,225	\$ 15,153	\$ 12,554
Operation of Non-Instructional/Shared Services	\$ 1,334,100	\$ 1,696,399	\$ 1,448,934	\$ 1,607,705	\$ 1,467,573
Extracurricular Activities	\$ 996,956	\$ 1,008,786	\$ 1,000,209	\$ 980,998	\$ 963,048
Capital Outlay	\$ -	\$ 141,605	\$ 118,338	\$ 31,582	\$ 52,534
Debt Service:					
Principal	\$ 601,355	\$ 637,598	\$ 673,012	\$ 368,012	\$ 384,408
Interest	\$ 198,765	\$ 170,025	\$ 139,513	\$ 114,988	\$ 96,269
Cost of Issuance	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Total Expenditures</i>	<u>\$ 33,514,681</u>	<u>\$ 33,823,713</u>	<u>\$ 33,611,192</u>	<u>\$ 32,265,334</u>	<u>\$ 31,529,250</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 338,121</u>	<u>\$ (250,067)</u>	<u>\$ (2,433,036)</u>	<u>\$ (1,665,289)</u>	<u>\$ 784,801</u>
OTHER FINANCING SOURCES AND USES:					
Transfers In	\$ -	\$ -	\$ 8,225	\$ 40,658	\$ 74,550
Proceeds from the Sale of Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on the Sale of Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Inception of Capital Lease	\$ -	\$ 129,900	\$ -	\$ -	\$ -
Transfers Out	\$ -	\$ -	\$ (8,225)	\$ (40,658)	\$ (74,550)
<i>Total Other Financing Sources and Uses</i>	<u>\$ -</u>	<u>\$ 129,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balances	<u><u>\$ 338,121</u></u>	<u><u>\$ (120,167)</u></u>	<u><u>\$ (2,433,036)</u></u>	<u><u>\$ (1,665,289)</u></u>	<u><u>\$ 784,801</u></u>

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 11,764,205	\$ 13,085,142	\$ 12,094,478	\$ 12,366,648	\$ 15,082,487
\$ -	\$ 815,967	\$ 3,997,660	\$ 4,505,620	\$ 5,225,562
\$ 18,058,433	\$ 17,410,326	\$ 17,339,228	\$ 16,945,987	\$ 18,173,621
\$ 33,671	\$ 90,560	\$ 69,218	\$ 147,402	\$ 2,427,342
\$ 2,456,820	\$ 2,271,579	\$ 2,457,519	\$ 2,602,062	\$ 2,577,876
\$ 373,928	\$ 313,654	\$ 300,241	\$ 307,100	\$ 297,982
\$ 37,318	\$ 48,394	\$ 59,008	\$ 44,549	\$ 65,093
\$ 588,892	\$ 568,038	\$ 577,648	\$ 568,289	\$ 570,411
\$ 44,689	\$ 68,340	\$ 208,320	\$ 188,208	\$ 419,457
<u>\$ 33,357,956</u>	<u>\$ 34,672,000</u>	<u>\$ 37,103,320</u>	<u>\$ 37,675,865</u>	<u>\$ 44,839,831</u>
\$ 14,150,075	\$ 14,924,448	\$ 14,898,416	\$ 15,567,931	\$ 15,603,301
\$ 3,530,052	\$ 3,657,437	\$ 4,178,246	\$ 4,305,414	\$ 4,591,704
\$ 679,701	\$ 705,110	\$ 716,210	\$ 632,194	\$ 550,383
\$ 9,789	\$ 11,115	\$ 1,226	\$ 25,120	\$ 35,022
\$ 136,550	\$ 396,257	\$ 623,295	\$ 956,948	\$ 922,842
\$ 1,896,382	\$ 1,775,920	\$ 1,910,160	\$ 2,028,977	\$ 2,006,865
\$ 1,267,331	\$ 1,291,842	\$ 1,200,788	\$ 1,177,673	\$ 1,380,855
\$ 108,299	\$ 142,587	\$ 116,524	\$ 150,584	\$ 172,622
\$ 2,270,924	\$ 2,329,018	\$ 2,308,609	\$ 2,293,094	\$ 2,391,737
\$ 756,490	\$ 786,994	\$ 848,714	\$ 846,029	\$ 909,771
\$ 2,186,882	\$ 2,202,345	\$ 2,755,664	\$ 2,263,065	\$ 2,391,518
\$ 1,822,974	\$ 1,957,166	\$ 2,113,164	\$ 1,983,191	\$ 2,604,145
\$ 9,400	\$ 25,124	\$ 44,704	\$ 42,182	\$ 36,823
\$ 1,542,161	\$ 1,394,425	\$ 1,560,070	\$ 1,271,153	\$ 1,223,706
\$ 931,931	\$ 961,945	\$ 1,024,575	\$ 883,451	\$ 1,019,279
\$ -	\$ 172,014	\$ -	\$ -	\$ 2,358,001
\$ 397,824	\$ 443,067	\$ 441,572	\$ 446,572	\$ 437,868
\$ 75,713	\$ 53,863	\$ 35,738	\$ 21,725	\$ 2,476,705
\$ -	\$ -	\$ -	\$ -	\$ 867,674
<u>\$ 31,772,478</u>	<u>\$ 33,230,677</u>	<u>\$ 34,777,675</u>	<u>\$ 34,895,303</u>	<u>\$ 41,980,821</u>
				\$ -
<u>\$ 1,585,478</u>	<u>\$ 1,441,323</u>	<u>\$ 2,325,645</u>	<u>\$ 2,780,562</u>	<u>\$ 2,859,010</u>
\$ 59,803	\$ 48,383	\$ 42,305	\$ 40,815	\$ 54,959
\$ -	\$ -	\$ -	\$ -	\$ 79,335,000
\$ -	\$ -	\$ -	\$ -	\$ 1,777,255
\$ -	\$ 172,014	\$ -	\$ -	\$ 81,828
\$ (59,803)	\$ (48,383)	\$ (42,305)	\$ (40,815)	\$ (54,959)
\$ -	\$ 172,014	\$ -	\$ -	\$ 81,194,083
<u>\$ 1,585,478</u>	<u>1,613,337</u>	<u>2,325,645</u>	<u>2,780,562</u>	<u>84,053,093</u>

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

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Unvoted Millage:										
Operating	<u>6.30</u>	<u>6.30</u>	<u>6.30</u>	<u>6.30</u>	<u>6.30</u>	<u>6.30</u>	<u>6.30</u>	<u>6.30</u>	<u>6.30</u>	6.30
Voted Millage by Levy:										
1976- Operating										
Residential/Agricultural Real	5.94	5.94	5.94	5.67	5.69	5.69	5.43	5.43	5.44	5.43
Commercial/Industrial and Public Utility Real	6.70	6.86	7.08	7.74	7.90	8.26	8.16	8.17	8.20	8.04
General Business and Public Utility Personal	16.64	16.64	16.64	16.64	16.64	16.64	16.64	16.64	16.64	16.64
1984- Operating										
Residential/Agricultural Real	1.82	1.82	1.82	1.74	1.74	1.74	1.67	1.67	1.67	1.67
Commercial/Industrial and Public Utility Real	2.13	2.18	2.25	2.46	2.51	2.63	2.59	2.60	2.61	2.56
General Business and Public Utility Personal	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90
1988- Operating										
Residential/Agricultural Real	2.15	2.15	2.15	2.05	2.05	2.06	1.96	1.96	1.96	1.96
Commercial/Industrial and Public Utility Real	2.59	2.65	2.73	2.99	3.05	3.19	3.15	3.15	3.16	3.10
General Business and Public Utility Personal	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
1992- Operating										
Residential/Agricultural Real	1.65	1.65	1.65	1.57	1.58	1.58	1.51	1.51	1.51	1.51
Commercial/Industrial and Public Utility Real	2.13	2.18	2.25	2.46	2.51	2.62	2.59	2.59	2.60	2.55
General Business and Public Utility Personal	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
1995- Operating										
Residential/Agricultural Real	1.80	1.80	1.80	1.72	1.72	1.73	1.65	1.65	1.65	1.65
Commercial/Industrial and Public Utility Real	2.08	2.13	2.19	2.40	2.45	2.56	2.53	2.53	2.54	2.49
General Business and Public Utility Personal	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80
1995- Bond										
Residential/Agricultural Real	0.94	0.95	0.96	0.94	0.95	0.94	0.87	0.85	0.84	0.00
Commercial/Industrial and Public Utility Real	0.94	0.95	0.96	0.94	0.95	0.94	0.87	0.85	0.84	0.00
General Business and Public Utility Personal	0.94	0.95	0.96	0.94	0.95	0.94	0.87	0.85	0.84	0.00
2004- Operating										
Residential/Agricultural Real	5.41	5.41	5.41	5.17	5.18	5.18	4.95	4.95	4.95	4.95
Commercial/Industrial and Public Utility Real	5.18	5.30	5.47	5.98	6.00	6.00	5.92	5.93	5.96	5.84
General Business and Public Utility Personal	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
2008- Permanent Improvement										
Residential/Agricultural Real	1.00	1.00	1.00	0.96	0.96	0.96	0.91	0.91	0.91	0.91
Commercial/Industrial and Public Utility Real	1.00	1.00	1.00	1.00	1.00	1.00	0.99	0.99	0.99	0.97
General Business and Public Utility Personal	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	1.00
2018- Bond Levy										
Residential/Agricultural Real	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.46	8.36
Commercial/Industrial and Public Utility Real	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.46	8.36
General Business and Public Utility Personal	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>8.46</u>	8.46
Total Voted Millage by Type of Property										
Residential/Agricultural Real	20.71	20.70	20.72	19.82	19.87	19.87	18.94	18.93	27.39	26.44
Commercial/Industrial and Public Utility Real	22.75	23.24	23.93	25.96	26.37	27.20	26.79	26.82	35.37	33.91
General Business and Public Utility Personal	<u>38.78</u>	<u>38.79</u>	<u>38.80</u>	<u>38.78</u>	<u>38.79</u>	<u>38.78</u>	<u>38.71</u>	<u>38.69</u>	<u>47.14</u>	<u>46.30</u>
Total Millage by Type of Property										
Residential/Agricultural Real	27.01	27.00	27.02	26.12	26.17	26.17	25.24	25.23	33.69	32.74
Commercial/Industrial and Public Utility Real	29.05	29.54	30.23	32.26	32.67	33.50	33.09	33.12	41.67	40.21
General Business and Public Utility Personal	<u>45.08</u>	<u>45.09</u>	<u>45.10</u>	<u>45.08</u>	<u>45.09</u>	<u>45.08</u>	<u>45.01</u>	<u>44.99</u>	<u>53.44</u>	<u>52.60</u>

Source: Ohio Department of Taxation

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

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

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

(1) The overlapping rates by taxing district are presented for all overlapping governments by type of government and property type. Each corresponding range provides the lowest and highest tax rate for each type of property by government type. All property tax rates for each type of government fall within



Northeastern Local School District
 Assessed Valuation and Estimated Actual Value of Taxable Property
 Last Ten Collection (Calendar) Year

Collection Year	Real Property			Estimated Actual Value
	Residential/ Agricultural	Commercial/ Industrial/PU	Total Real Property	
2010	\$ 394,895,130	\$ 53,266,370	\$ 448,161,500	\$ 1,280,461,429
2011	\$ 391,269,720	\$ 55,642,650	\$ 446,912,370	\$ 1,276,892,486
2012	\$ 391,903,600	\$ 56,985,390	\$ 448,888,990	\$ 1,282,539,971
2013	\$ 392,975,250	\$ 55,323,780	\$ 448,299,030	\$ 1,280,854,371
2014	\$ 412,680,510	\$ 51,016,140	\$ 463,696,650	\$ 1,324,847,571
2015	\$ 412,789,260	\$ 51,500,430	\$ 464,289,690	\$ 1,326,541,971
2016	\$ 413,851,080	\$ 49,121,630	\$ 462,972,710	\$ 1,322,779,171
2017	\$ 435,337,180	\$ 49,443,060	\$ 484,780,240	\$ 1,385,086,400
2018	\$ 437,257,630	\$ 49,560,270	\$ 486,817,900	\$ 1,390,908,286
2019	\$ 440,550,490	\$ 53,653,810	\$ 494,204,300	\$ 1,412,012,286

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

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

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

Source: Ohio Department of Taxation

(1) Ratio represents assessed value/total estimated actual value.

Tangible Personal Property				Total			Direct Rate (per \$1,000 of assessed value)
Public Utility		General Business		Assessed Value	Estimated Actual Value	Ratio (1)	
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
\$ 8,317,650	\$ 33,270,600	\$ 1,191,080	\$ 11,910,800	\$ 457,670,230	\$ 1,325,642,829	34.52	45.06
\$ 8,582,460	\$ 34,329,840	\$ 623,530	\$ 12,470,600	\$ 456,118,360	\$ 1,323,692,926	34.46	45.08
\$ 9,095,990	\$ 36,383,960	\$ -	\$ -	\$ 457,984,980	\$ 1,318,923,931	34.72	45.09
\$ 9,910,010	\$ 39,640,040	\$ -	\$ -	\$ 458,209,040	\$ 1,320,494,411	34.70	45.10
\$ 11,037,670	\$ 44,150,680	\$ -	\$ -	\$ 474,734,320	\$ 1,368,998,251	34.68	45.08
\$ 11,512,380	\$ 46,049,520	\$ -	\$ -	\$ 475,802,070	\$ 1,372,591,491	34.66	45.09
\$ 11,937,120	\$ 47,748,480	\$ -	\$ -	\$ 474,909,830	\$ 1,370,527,651	34.65	45.08
\$ 13,492,340	\$ 53,969,360	\$ -	\$ -	\$ 498,272,580	\$ 1,439,055,760	34.62	45.01
\$ 14,877,870	\$ 59,511,480	\$ -	\$ -	\$ 501,695,770	\$ 1,450,419,766	34.59	44.99
\$ 15,162,440	\$ 60,649,760	\$ -	\$ -	\$ 509,366,740	\$ 1,472,662,046	34.59	44.99

Northeastern Local School District
 Property Tax Levies and Collections - Real, Public Utility Personal
 and General Business Personal Property
 Last Six Collection (Calendar) Year

Collection Year	Total Tax Levied	Current Tax Collection	Percent of Current Levy Collected	Delinquent Tax Collection	Total Tax Collections	Percent of Total Collections to Total Levy	Outstanding Delinquent Taxes	Percent of Outsanding Delinquent Taxes to Total Tax Levied
2013	\$ 12,268,029	\$ 11,517,038	93.9%	\$ 7,988	\$ 11,525,026	93.9%	\$ 743,003	6.5%
2014	\$ 12,447,200	\$ 11,695,076	94.0%	\$ 76,517	\$ 11,771,593	94.6%	\$ 675,607	5.8%
2015	\$ 12,347,894	\$ 11,761,318	95.2%	\$ 107,728	\$ 11,869,046	96.1%	\$ 478,848	4.1%
2016	\$ 12,289,035	\$ 11,635,413	94.7%	\$ 156,439	\$ 11,791,852	96.0%	\$ 497,183	4.3%
2017	\$ 12,577,803	\$ 12,042,404	95.7%	\$ 53,471	\$ 12,095,875	96.2%	\$ 481,928	4.0%
2018	\$ 12,651,621	\$ 12,007,741	94.9%	\$ 255,614	\$ 12,263,355	96.9%	\$ 388,266	3.2%

*Source Clark County Auditor

Northeastern Local School District
Principal Real Property Taxpayers
Tax Year 2019

	Taxpayer	Assessed Value	Percentage of Real Property Assessed Valuation
1	Ohio Edison	\$ 8,101,570	1.6%
2	Navistar Inc	\$ 5,858,190	1.2%
3	Trioly Healthcare of Sprungfield	\$ 5,427,910	1.1%
4	American Transmission Systems	\$ 4,966,560	1.0%
5	Woodland Manor Property Holding LLC	\$ 2,450,000	0.5%
6	Spring Meadow LLC	\$ 2,190,340	0.4%
7	Eaglewood Property Holdings LLC	\$ 1,925,010	0.4%
8	Springfield Northridge Apartments	\$ 1,751,210	0.3%
9	Columbia Gas og Ohio Inc.	\$ 1,679,470	0.3%
10	Springfield Hufford Associates	\$ 1,440,560	0.3%
	Subtotal	<u>\$ 35,790,820</u>	<u>7.1%</u>
	All Others	<u>\$ 465,904,950</u>	<u>92.9%</u>
	Total Assessed Valuations	<u>\$ 501,695,770</u>	<u>100.0%</u>

Northeastern Local School District
 Computation of Legal Debt Margin
 Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Assessed Value	\$ 456,118,360	\$ 457,984,980	\$ 458,209,040
Overall Debt Limitation - 9% of assessed value	\$ 41,050,652	\$ 41,218,648	\$ 41,238,814
Gross Indebtedness Authorized by the School District	\$ 3,403,453	\$ 3,104,181	\$ 2,779,909
Less Exempted Debt			
Energy Conservation	\$ (640,000)	\$ (325,000)	\$ -
Debt within the 9% Limitation	\$ 2,763,453	\$ 2,779,181	\$ 2,779,909
Less amount available in debt service fund	\$ (909,665)	\$ (903,380)	\$ (909,131)
Net Debt within the 9% Limitation	\$ 1,853,788	\$ 1,875,801	\$ 1,870,778
Legal Debt Margin within the 9% Limitation	\$ 39,196,864	\$ 39,342,847	\$ 39,368,036
Legal Debt Margin as a Percentage of Debt Limit	95.5%	95.4%	95.5%
Unvoted Debt Limitation .10% of Assessed Value	\$ 456,118	\$ 457,985	\$ 458,209
Gross Indebtedness Authorized by the School District	\$ -	\$ -	\$ -
Legal	\$ 456,118	\$ 457,985	\$ 458,209

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 474,734,320	\$ 475,802,070	\$ 474,909,830	\$ 498,272,580	\$ 494,694,410	\$ 502,816,800	\$ 509,666,430
\$ 42,726,089	\$ 42,822,186	\$ 42,741,885	\$ 44,844,532	\$ 44,522,497	\$ 45,253,512	\$ 45,869,979
\$ 2,435,637	\$ 2,066,365	\$ 1,672,093	\$ 1,257,821	\$ 838,549	\$ 79,335,000	\$ 79,335,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,435,637	\$ 2,066,365	\$ 1,672,093	\$ 1,257,821	\$ 838,549	\$ 79,335,000	\$ 79,335,000
\$ (889,309)	\$ (894,901)	\$ (898,737)	\$ (897,016)	\$ (901,278)	\$ (906,002)	\$ (1,278,328)
\$ 1,546,328	\$ 1,171,464	\$ 773,356	\$ 360,805	\$ (62,729)	\$ 78,428,998	\$ 78,056,672
\$ 41,179,761	\$ 41,650,722	\$ 41,968,529	\$ 44,483,727	\$ 44,585,226	\$ (33,175,486)	\$ (32,186,693)
96.4%	97.3%	98.2%	99.2%	100.1%	-73.3%	-70.2%
\$ 474,734	\$ 475,802	\$ 474,910	\$ 498,273	\$ 494,694	\$ 502,817	\$ 509,666
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 474,734	\$ 475,802	\$ 474,910	\$ 498,273	\$ 494,694	\$ 502,817	\$ 509,666

Northeastern Local School District
 Enrollment
 Last Ten Years

<u>Year</u>	<u>PS</u>	<u>K</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>Total</u>
2010	12	118	213	264	256	249	286	282	312	321	326	333	308	303	3583
2011	27	244	250	215	269	250	247	296	287	314	320	322	342	310	3693
2012	13	237	245	237	217	257	252	243	289	282	319	319	304	328	3542
2013	11	253	239	252	250	232	265	262	258	306	292	323	323	302	3568
2014	15	237	275	248	249	263	241	274	266	260	313	297	319	315	3572
2015	60	215	243	279	248	249	267	242	274	276	260	316	239	251	3419
2016	56	229	223	234	288	255	260	260	255	292	259	247	246	245	3349
2017	57	239	234	230	234	280	251	261	261	251	279	256	209	236	3278
2018	55	201	231	223	231	234	274	232	231	228	232	258	242	202	3074
2019	84	240	220	227	254	244	251	283	227	239	245	230	202	196	3142

Source: School District Records

Northeastern Local School District

Employee by Function

Last Eight Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities								
Instruction								
Regular	174	169	169	163	170	166	155	153
Special	30	29	30	30	30	29	31	29
Vocational	10	9	8	8	7	7	5	5
Support Services								
Pupils	23	22	22	22	21	21	19	18
Instructional Staff	54	48	49	49	45	44	47	54
Administration	35	33	33	32	32	30	30	29
Fiscal	7	7	7	7	7	7	7	7
Opertion & Maintenance	29	22	22	19	20	21	22	22
Pupil Transportation	36	35	34	34	32	32	32	33
Non-InStructuional Services	<u>33</u>	<u>33</u>	<u>30</u>	<u>29</u>	<u>25</u>	<u>25</u>	<u>24</u>	<u>24</u>
Total	<u>431</u>	<u>407</u>	<u>404</u>	<u>393</u>	<u>389</u>	<u>382</u>	<u>372</u>	<u>374</u>

Northeastern Local School District

Percentage of Students who Receive Free and Reduced Lunches
Last Ten Fiscal Years

Fiscal							Total	
Year	Total Students	Free	% Free	Reduced	% Reduced	Disadvantage	% Total	
2010	3615	737	20.4%	146	4.0%	883	24.4%	
2011	3576	874	24.4%	150	4.2%	1024	28.6%	
2012	3494	910	26.0%	159	4.6%	1069	30.6%	
2013	3500	935	26.7%	163	4.7%	1098	31.4%	
2014	3438	1005	29.2%	179	5.2%	1184	34.4%	
2015	3370	949	28.2%	176	5.2%	1125	33.4%	
2016	3295	405	12.3%	90	2.7%	495	15.0%	
2017	3208	878	27.4%	178	5.5%	1056	32.9%	
2018	3086	823	26.7%	175	5.7%	998	32.3%	
2019	3142	809	25.7%	182	5.8%	991	31.5%	

Northeastern Local School District

Building Statistic

Last Ten Fiscal Years

Building	Primary Use	Year Built/Renovated	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Northeastern High School	High School 9 to 12	1952/1974	529	542	507	484	528	442	405	383	370	319
Kenton Ridge High School	High School 9 to 12	1978/2002	746	754	765	757	718	627	596	599	542	554
Northridge Elementary	Elementary K to 5	1961/1996	401	444	419	434	422	416	427	464	447	431
South Vienna Elementary	Elementary K to 5	1961/1974	478	505	510	544	572	608	584	560	510	553
Rolling Hills Elementary	Elementary K to 5	1972/1996	517	552	527	523	532	535	531	499	502	536
Northridge Middle	Middle School 6 to 8	1961/1996	563	532	492	475	489	492	509	478	437	452
South Vienna Middle	Middle School 6 to 8	1961/1996	<u>349</u>	<u>364</u>	<u>322</u>	<u>351</u>	<u>311</u>	<u>299</u>	<u>297</u>	<u>295</u>	<u>266</u>	<u>297</u>
Total			<u>3,583</u>	<u>3,693</u>	<u>3,542</u>	<u>3,568</u>	<u>3,572</u>	<u>3,419</u>	<u>3,349</u>	<u>3,278</u>	<u>3,074</u>	<u>3,142</u>

Northeastern Local School District

Per Pupil Cost

Last Ten Fiscal Years

<u>Year</u>	<u>General Governmental Expenditures (1)</u>	<u>Average Daily Membership</u>	<u>Per Pupil Cost</u>	<u>Teaching Staff</u>	<u>Pupils per Teacher</u>
2010	\$ 33,514,681	3583	\$ 9,354	213	16.8
2011	\$ 33,823,713	3693	\$ 9,159	218	16.9
2012	\$ 33,611,192	3542	\$ 9,489	214	16.6
2013	\$ 32,265,334	3568	\$ 9,043	207	17.2
2014	\$ 31,529,250	3572	\$ 8,827	207	17.3
2015	\$ 31,772,478	3419	\$ 9,293	201	17.0
2016	\$ 33,230,677	3349	\$ 9,923	207	16.2
2017	\$ 34,777,675	3278	\$ 10,609	202	16.2
2018	\$ 34,895,303	3074	\$ 11,352	191	16.1
2019	\$ 41,980,821	3142	\$ 13,361	193	16.3

(1) Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

OHIO AUDITOR OF STATE KEITH FABER



NORTHEASTERN LOCAL SCHOOL DISTRICT

CLARK 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 18, 2020**