



NORTHWEST LOCAL SCHOOL DISTRICT

Single Audit Reports

Year Ended June 30, 2012



Dave Yost • Auditor of State

Board of Education
Northwest Local School District
3240 Banning Road
Cincinnati, Ohio 45239

We have reviewed the Independent Auditors' Report of the Northwest Local School District, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2011 to June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

February 7, 2013

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NORTHWEST LOCAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

| <u>Federal Grantor/Program Title</u> | <u>Pass-Through Entity Number</u> | <u>Federal CFDA Number</u> | <u>Federal Revenues</u> | <u>Federal Expenditures</u> |
|---|---|------------------------------------|-----------------------------|---------------------------------|
| <u>U.S. Department of Agriculture:</u> | | | | |
| <i>(Passed through Ohio Department of Education)</i> | | | | |
| Nutrition Cluster: | | | | |
| <i>Non-Cash Assistance (Food Distribution)</i> | | | | |
| National School Lunch Program | n/a | 10.555 | \$ 215,331 | 215,331 |
| <i>Cash Assistance</i> | | | | |
| School Breakfast Program | 05PU-2012 | 10.553 | 220,498 | 220,498 |
| National School Lunch Program | LLP4-2012 | 10.555 | 1,395,371 | 1,395,371 |
| <i>Cash Assistance Subtotal</i> | | | <u>1,615,869</u> | <u>1,615,869</u> |
| Nutrition Cluster Total | | | <u>1,831,200</u> | <u>1,831,200</u> |
| Total U.S. Department of Agriculture | | | <u>1,831,200</u> | <u>1,831,200</u> |
| <u>U.S. Department of Education:</u> | | | | |
| <i>(Passed through Ohio Department of Education)</i> | | | | |
| Title I, Part A Cluster: | | | | |
| Title I Grants to Local Educational Agencies | C1S1-2011 | 84.010 | 280,822 | 151,923 |
| Title I Grants to Local Educational Agencies | C1S1-2012 | 84.010 | 1,717,393 | 1,762,364 |
| Title I Grants to Local Educational Agencies (Title I Neglected) | C1SN-2011 | 84.010 | 4,020 | - |
| Title I Grants to Local Educational Agencies (Title I Neglected) | C1SN-2012 | 84.010 | 21,449 | 21,106 |
| ARRA - Title I Grants to Local Educational Agencies | C1S1-2011 | 84.389 | 142,751 | 82,220 |
| ARRA - Title I Grants to Local Educational Agencies (Title I Neglected) | C1SN-2011 | 84.389 | 470 | - |
| Title I, Part A Cluster Total | | | <u>2,166,905</u> | <u>2,017,613</u> |
| Special Education Cluster: | | | | |
| Special Education - Grants to States | 6BSF-2011 | 84.027 | 538,632 | 158,575 |
| Special Education - Grants to States | 6BSF-2012 | 84.027 | 2,309,018 | 2,413,979 |
| Special Education - Preschool Grants | PGS1-2011 | 84.173 | 15,548 | 1,772 |
| Special Education - Preschool Grants | PGS1-2012 | 84.173 | 19,081 | 35,480 |
| ARRA - Special Education - Grants to States | 6BSF-2011 | 84.391 | 26,804 | 6,083 |
| ARRA - Special Education - Preschool Grants | PGS1-2011 | 84.392 | 31,446 | 30,851 |
| Special Education Cluster Total | | | <u>2,940,529</u> | <u>2,646,740</u> |
| Safe and Drug-Free Schools and Communities - State Grants | | | | |
| Safe and Drug-Free Schools and Communities - State Grants | DRS1-2011 | 84.186 | 4,747 | - |
| Safe and Drug-Free Schools and Communities - State Grants | DRS1-2012 | 84.186 | 10,000 | 10,000 |
| | | | <u>14,747</u> | <u>10,000</u> |
| ARRA - Race to the Top | | | | |
| ARRA - Race to the Top | 2011 | 84.395 | 128,754 | 50,126 |
| ARRA - Race to the Top | 2012 | 84.395 | 180,795 | 211,253 |
| | | | <u>309,549</u> | <u>261,379</u> |
| Education Technology State Grants Cluster: | | | | |
| Education Technology State Grants | TJS1-2011 | 84.318 | 4,383 | 513 |
| Education Technology State Grants | TJS1-2012 | 84.318 | - | 6,088 |
| ARRA - Education Technology State Grants | TJS1-2011 | 84.386 | 52,140 | 13,097 |
| Education Technology State Grants Cluster Total | | | <u>56,523</u> | <u>19,698</u> |
| English Language Acquisition Grants | | | | |
| English Language Acquisition Grants | T3S1-2011 | 84.365 | 1,658 | 246 |
| English Language Acquisition Grants | T3S1-2012 | 84.365 | 41,123 | 59,766 |
| | | | <u>42,781</u> | <u>60,012</u> |
| Improving Teacher Quality State Grants | | | | |
| Improving Teacher Quality State Grants | TRS1-2011 | 84.367 | 69,496 | 45,858 |
| Improving Teacher Quality State Grants | TRS1-2012 | 84.367 | 244,471 | 246,270 |
| | | | <u>313,967</u> | <u>292,128</u> |
| Education Jobs Fund | | | | |
| Education Jobs Fund | 2011 | 84.410 | 1,397,655 | 1,397,655 |
| Education Jobs Fund | 2012 | 84.410 | 37,514 | 37,514 |
| | | | <u>1,435,169</u> | <u>1,435,169</u> |
| Total U.S. Department of Education | | | <u>7,280,170</u> | <u>6,742,739</u> |
| Total Federal Awards | | | <u>\$ 9,111,370</u> | <u>8,573,939</u> |

NORTHWEST LOCAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards - continued

Year Ended June 30, 2012

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

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

NOTE C - NUTRITION CLUSTER

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

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

To the Board of Education
Northwest Local School District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Local School District (the "School District") as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, as described in the accompany schedule of findings and questions costs as item 2012-1 that we considered to be a significant deficiency in internal control over financial reporting. 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 the attention by those charged with governance.

Compliance And Other Matters

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

We noted certain matters that we reported to management of the School District in a separate letter dated December 26, 2012.

The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 26, 2012

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education
Northwest Local School District:

Compliance

We have audited Northwest Local School District's ("School District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2012. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of and for the year ended June 30, 2012, and have issued our report thereon dated December 26, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the Board of Education, management, others within the entity and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 26, 2012

NORTHWEST LOCAL SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2012

Section I – Summary of Auditors’ Results

Financial Statements

| | |
|--|-------------|
| Type of auditors’ report issued: | unqualified |
| Internal control over financial reporting: | |
| • Material weakness(es) identified? | none |
| • Significant deficiency(ies) identified not considered to be material weaknesses? | yes |
| Noncompliance material to the financial statements noted? | none |

Federal Awards

| | |
|--|-------------|
| Internal control over major programs: | |
| • Material weakness(es) identified? | none |
| • Significant deficiency(ies) identified not considered to be material weaknesses? | none |
| Type of auditors’ report issued on compliance for major programs: | unqualified |
| Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133? | no |

Identification of major programs:

Nutrition Cluster:
 CFDA 10.553 – *School Breakfast Program*
 CFDA 10.555 – *National School Lunch Program*

CFDA 84.395 – *ARRA-Race to the Top*

CFDA 84.410 – *Education Jobs Fund*

| | |
|---|-----------|
| Dollar threshold to distinguish between Type A and Type B Programs: | \$300,000 |
|---|-----------|

| | |
|--|-----|
| Auditee qualified as low-risk auditee? | yes |
|--|-----|

Section II – Financial Statement Findings

Finding 2012-1 – Audit Adjustment

Condition: Throughout the year, the District maintains its books and records on the cash-basis of accounting and converts its financial statements at year-end to generally accepted accounting principles. During the course of our audit, we identified a misstatement in the financial statements that was not initially identified by the District's internal control over financial reporting. The audit adjustment was necessary to properly record intergovernmental receivables in the Other Governmental Funds.

Recommendation: We recommend the District enhance its internal controls over financial reporting with steps such as management's review of conversion documentation for completeness and accuracy and improved communication with its hired consultants to ensure the preparation of reliable financial statements in conformity with generally accepted accounting principles.

Management's response: Management concurs.

Section III – Federal Award Findings and Questioned Costs

None

NORTHWEST LOCAL SCHOOL DISTRICT

Schedule of Prior Audit Findings

Year Ended June 30, 2012

Federal Award Findings

Finding 2011-1 – CFDA No. 84.394 – ARRA-State Fiscal Stabilization

Condition: We performed cash management compliance tests to determine if the School District was minimizing the time that elapsed between the receipt of funding from the Ohio Department of Education (ODE) and the disbursement of the funds. We noted the School District did not always spend the monthly amounts received through state Foundation payments in accordance with policies stipulated by the ODE

Status: The State Fiscal Stabilization Fund program ended at the end of fiscal year 2011, and thus, the condition no longer exists.

Finding 2011-2 – CFDA No. 84.394 – ARRA-State Fiscal Stabilization

Condition: We performed tests to determine if the School District was properly reporting vendors that received a single payment, from a single ARRA grant, in excess of \$25,000 to the Ohio Department of Education (ODE) on the 1512 ARRA Subrecipient Vendor report. We noted two payments to vendors which appear to meet the criteria to be reported in accordance with ODE 1512 ARRA Subrecipient Vendor reporting requirements, but were not reported.

Status: The State Fiscal Stabilization Fund program ended at the end of fiscal year 2011, and thus, the condition no longer exists.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012



NORTHWEST LOCAL SCHOOL DISTRICT
CINCINNATI, OHIO

NORTHWEST LOCAL SCHOOL DISTRICT
CINCINNATI, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

PREPARED BY:
OFFICE OF THE TREASURER
RANDALL R. BERTRAM, TREASURER/CFO

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INTRODUCTORY SECTION





NORTHWEST LOCAL SCHOOL DISTRICT

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

BOARD:

David Denny, President
Pamela Detzel, Vice President
Jim Detzel, Member
Elaine Gauck, Member
Dan Unger, Member

J. Richard Glatfelter, Superintendent
Randall R. Bertram, Treasurer/CFO

December 31, 2012

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

The Comprehensive Annual Financial Report [CAFR] of the Northwest Local School District [District] for the fiscal year ended June 30, 2012, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from the Clark, Schaefer, Hackett & Co. and conforms to generally accepted accounting principles as applicable to governmental entities. The responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, is with the District. This report will provide the taxpayers of the Northwest Local School District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties. The CAFR is also available on the Treasurer's page on the Northwest Local School District website (<http://www.nwlsd.org>).

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

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

ECONOMIC CONDITION AND OUTLOOK

The District is located in southwestern Ohio, in a suburb of Cincinnati, in the north part of Hamilton County. Approximately 80% of the District's tax base is agricultural and residential properties; the remainder is composed of a wide range of manufacturing, commercial and other business properties. The overall economic outlook for the area is stagnant under the current economic conditions. Unemployment rates are consistent with national averages. Real estate values are lower than anticipated while optimism for recovery is neutral.

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

THE DISTRICT AND ITS FACILITIES

The District is located in Hamilton County, approximately 12 miles from downtown Cincinnati, Ohio, and covers an area of 52 square miles. It serves pupils from Colerain, Green, Ross and Springfield Townships, with Colerain Township serving as its nucleus. Since 1960, the growth pattern in the District has been steady.

The District now houses 9,263 students in two high schools, three middle schools, eight elementary schools, one preschool and two career centers. Each high school has an on-campus career center offering such programs as word processing, accounting and computing, data processing, diesel mechanics, machine tool technology, facilities management and electronics offered by Butler Tech. Students also can attend off-site career technical programs offered by Butler Tech.

| <i>Constructed</i> | <i>School/Address</i> | <i>October, 2011 Enrollment</i> |
|---------------------------|--|--|
| 1923 | Colerain Elementary 4850 Poole Road | 848 |
| 1932 | Colerain Middle School 4700 Poole Road | 619 |
| 1959 | Struble Elementary 2760 Jonrose Avenue | 361 |
| 1960 | Taylor Elementary 3173 Springdale Road | 431 |
| 1961 | White Oak Middle School 3130 Jessup Road | 764 |
| 1961 | Pleasant Run Elementary 11765 Hamilton Avenue | 367 |

| <i>Constructed</i> | <i>School/Address</i> | <i>October, 2011 Enrollment</i> |
|--------------------|---|-------------------------------------|
| 1964 | Colerain High School 8801 Cheviot Road | 2,073 |
| 1965 | Weigel Elementary 3242 Banning Road | 476 |
| 1969 | Pleasant Run Middle 11770 Pippin Road | 792 |
| 1970 | Bevis Elementary 10133 Pottinger Road | 454 |
| 1972 | Northwest High School 10761 Pippin Road | 1,039 |
| 1977 | Welch Elementary 12084 Deerhorn Drive | 395 |
| 2000 | Monfort Heights Elementary 3711 West Fork Road | 644 |

Houston Elementary is closed. It is now the Houston Early Learning Center and Conference Center.
 Welch is a primary school with grades K through 2.
 Pleasant Run Elementary is an intermediate school with grades 3 through 5.

ORGANIZATION OF THE SCHOOL DISTRICT

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

The Board members represent a cross section of professions in the community. The board members on June 30, 2012, were as follows:

| <i>Board Member</i> | <i>Began Service</i> | <i>Term Expires</i> | <i>Profession</i> |
|---------------------|----------------------|---------------------|--------------------|
| Jim Detzel | January, 2008 | December, 2015 | Business Owner |
| Pamela Detzel | January, 1998 | December, 2013 | Business Owner |
| David Denny | January, 2010 | December, 2013 | Business Owner |
| Elaine Gauck | January, 2010 | December, 2013 | Business Owner |
| Dan Unger | January, 2008 | December, 2015 | Business Executive |

The Superintendent is the Chief Executive Officer of the District, responsible directly to the Board for all educational and support operations. Mr. Richard Glatfelter was appointed Superintendent in 2006. Mr. Glatfelter received his Bachelor of Science in Education from the University of Cincinnati and earned two Master degrees from the University of Cincinnati. He has been employed by the Northwest Local School District for the past 40 years. During this tenure, Mr. Glatfelter has served as a teacher, assistant principal, administrative assistant, director and assistant superintendent.

The Treasurer is the Chief Financial Officer of the District, responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets and investing idle funds as specified by Ohio Law. Mr. Randall R. Bertram was appointed Treasurer of the District in August, 2008. Mr. Bertram holds an A.A.S. Finance Degree from Sinclair Community College and a B.S. in Business Administration from Urbana University. Mr. Bertram has been in school finance since 2001.

EMPLOYEE RELATIONS

The District currently has approximately 1,110 full-time and 10 part-time employees. The number of employees has decreased over the past year due to budget reductions approved by the Board of Education. During the 2012 fiscal year, the District paid, from its General Fund \$46,756,876 in salaries and wages, and \$16,580,484 in fringe benefits, such as retirement contributions, Medicare taxes, workers' compensation, and life, dental and health benefits.

The District's teachers are represented for collective bargaining purposes by the Northwest Association of Educators [NAE]. The District has a three year collective bargaining agreement with NAE which expires June 29, 2014. The District's transportation employees are represented for collective bargaining purposes by the Ohio Association of Public School Employees [OAPSE]. The District has a three year collective bargaining agreement with OAPSE which expires June 30, 2015.

SERVICES PROVIDED

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

Transportation is provided for 5,362 students each day. The District fleet of 96 buses travels over 6,647 miles each day transporting 74 school bus routes to 25 different sites. In addition to making more than 424 daily runs, the department transported both public and non-public students on 1,674 extra-curricular trips during the year.

The food service department served 876,902 plate lunches and 153,658 breakfasts through the District's 14 kitchens. This is accomplished through the full operation of 12 kitchens and 2 satellite sites. The District currently offers a reimbursable breakfast program at eight elementary sites and one middle school site, as well as a la carte breakfast at the District's two high schools.

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

Limited health services are provided by health assistants at each of the 14 school sites under the supervision of a licensed school nurse.

The District offers regular instructional programs daily to students in grades K-12. There are approximately 596 students in the specific trades through career technical education. Over 1,518 students receive special services, due to physical or mental handicapping conditions. In grades 4-8, approximately 286 students participated in the gifted program. The District presented 667 high school diplomas in 2012.

MAJOR CURRENT AND FUTURE INITIATIVES

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

Mission

We champion life-long learning, affording all students the knowledge and skills necessary to realize their full potential in life.

Vision

We provide quality and innovation in educational programming and instruction, enabling all students to successfully confront the challenges of the future.

Beliefs

- *We believe all students are the focus of our endeavors.*
- *We are committed to quality education that challenges students.*
- *We are committed to safe schools that are an integral part of our community.*
- *We are committed to caring, knowledgeable professionals who engage students in innovative learning.*
- *We are committed to the essential involvement of parents in their children's education.*
- *We are committed to partnerships that enhance students' ability to connect their education with the world of work and life-long learning.*
- *We encourage students to value others, to be responsive to civic obligations that strengthen our diverse student body and community.*

CHALLENGES FOR 2012-2013 AND BEYOND

- Continue to provide a quality education for each student in the District
- Continue to align district curriculum to state Academic Content Standards
- Achieve district and state targets for student achievement
- Continue to achieve an Excellent rating on the Local Report Card
- Meet the federal mandates of No Child Left Behind
- Recruit and retain quality staff
- Provide time and resources for high quality professional development at the District and building levels
- Continue to utilize technology to support student learning
- Increase enrichment and intervention opportunities for students K-12

DISTRICT GOALS AND STRATEGIES FOR 2012-2013

Objective I: Provide a comprehensive educational program as described in the district's mission, vision and philosophy.

Goal 1: Vision

Establish a vision for Northwest Local School District that will support the programs needed to meet the expectations established by the district's mission, vision, and philosophy.

Goal 2: Academic Achievement

Strategy 2.A (Pre K -5)

Develop and implement effective Pre – K and elementary grade programs.

Strategy 2.B (Middle School)

Develop and implement effective middle grade programs.

Action Steps

2.B.1 Implement and monitor content based teams at grades 7 and 8.

2.B.2 Investigate interdisciplinary teaming models

Strategy 2.C (High School/Adult Programs)

Develop and implement effective high school and adult programs.

Action Steps

2.C.1 Implement a blended learning pilot.

2.C.2 Investigate innovative learning environments for 21st Century learning.

2.C.3 Investigate interdisciplinary teaming models

Strategy 2.D (Special Programs)

Develop and implement effective programs for special students including, but not limited to, LEP, SWD and Gifted.

Action Steps

2.D.1 Implement DDS pilot units and plan for 2013-14

Strategy 2.E (Co-Curricular/Extra Curricular Programs)

Develop and implement effective co-curricular and extracurricular programs.

Goal 3: Support Services

Strategy 3.A (Transportation)

Develop and implement an effective student transportation system.

Action Steps

3.A.1 Implement tiered bus routing and plan for 2013-14

3.A.2 Study state minimum service per reduction plan

Strategy 3.B (Food Service)

Develop and implement an effective food service program.

Strategy 3.C (Facilities Maintenance)

Develop and implement an effective facilities maintenance program.

Strategy 3.D (Administrative Technology)

Develop and implement an effective administrative technology system.

Objective II: Met all state and federal accountability standards, including RttT and all state and federal program mandates.

Goal 4: Academic Achievement

By the end of SY2012-13, students in the Northwest Local School District will, at a minimum, meet or exceed State goals with all identified subgroups. The district will earn an excellent rating based on State indicators and/or performance index. The composite value added reports will show that each school demonstrates at minimum a full year's worth of growth for each quintile of students.

Strategy 4.A (Curriculum/Instruction Alignment)

Align, implement and monitor scientifically research-based curriculum, instruction and assessment with state's challenging academic content standards.

Actions Steps

4.A.1 Revise K-8 and create 9-12 essential understanding documents to align with Common Core Standards. (RttT-B)

4.A.2 Review and align district common assessments with Common Core Standards (RttT-B)

4.A.3 Monitor Alignment of lessons with current essential understandings. K-8

- 4.A.4 Require grade/subject based Teacher Based Teams that utilize common protocols K-10.
- 4.A.5 Provide access to 21st century technology.

Strategy 4.B (RTI)

Implement and monitor the Response to Intervention (RTI) Framework throughout the district.

Action Steps

- 4.B.1 Utilize, monitor and respond to data from research based assessment instruments including systems for progress monitoring (id: DIBELS, AIMS, DMA).
- 4.B.2 Provide targeted intervention programs (tutoring and other supports).
- 4.B.3 Continue implementation of RTI.
- 4.B.4 Utilize research-based intervention materials.
- 4.B.5 Maintain a district-wide intervention library.
- 4.B.6 Provide instructional coaching on components of RTI through the continuation of the district RTI team.
- 4.B.7 Provide transition programs (PreK-K, 2-3, 5-6, 8-9)
- 4.B.8 Continue full implementation of the targeted student tracking system.

Strategy 4.C (Professional Development)

Implement a system of professional development that ensures that all teachers are teaching an aligned curriculum that promotes higher level thinking skills, using data to inform instruction and meeting Highly Qualified Teacher Requirements.

Action Steps

- 4.C.1 Utilize Building Leadership Team (BLT) model.
- 4.C.2 Provide structures for professional development and collaboration (ie: early release, release time, summer pay, utilization or waiver days)
- 4.C.3 Utilize instructional coaches, specialists and BLT members to assist teachers in implementing research based strategies aligned to the Northwest Common Language of Instruction. (RttT-D)
- 4.C.4 Provide professional development to all teachers on the Northwest Common Language of Instruction. (RttT-D)
- 4.C.5 Support administrators on how to teach and reinforce effective instructional practices aligned to the Northwest Common Language of Instruction. (RttT-D)
- 4.C.6 Pilot components of new principal and teacher evaluation system to be fully implemented in 2013-14. (RttT-D)
- 4.C.7 Evaluate the impact of the proposed evaluation system requirements on individual buildings in relation to amount of administrative support available to complete teacher/principal evaluations and plan accordingly.
- 4.C.8 Investigate available Instructional Improvement System (IIS) and select the tool that will be used in NWLSD. (RttT-D)
- 4.C.9 Provide professional development to all teachers on formative instructional practices. (RttT-B)

Goal 5: Culture and Climate

The Northwest Local School District will provide an environment in which all students are educated in learning environments that are safe, drug-free and conducive to learning. The district will provide resources and strategies that are designed to reduce suspension and expulsion rates and engage the entire school community in the educational process.

Strategy 5.A (Support Programs)

Implement and monitor a system of academic and behavior supports for all students.

Action Steps

- 5.A.1 Continue elementary alternative programs.
- 5.A.2 Continue utilizing a district Student Support Team.

- 5.A.3 Continue Middle School Transition teams, Eagles' Gate and Northwest Passage to reduce suspension and expulsion rates; and provide supports for students and families in transition.
- 5.A.4 Provide services and assistance to homeless students.
- 5.A.5 Monitor and respond to gaps in suspension/expulsion rates between identified sub-groups.
- 5.A.6 Provide resources, information and training to parents that will contribute to the academic, emotional and social success of their child.
- 5.A.7 Continue to seek input from the community on critical district issues through surveys, focus groups, community members on all study teams and continuation of financial advisory and budget teams.
- 5.A.9 Develop and implement building and district anti-bully programs.

Strategy 5.B (Culturally Responsive Practices)

Provide and monitor high quality professional development for all staff on implementing Culturally Responsive Practices (CRP).

Action Steps

- 5.B.1 Implement and monitor technical solutions identified at all schools to reduce the number of AYP subgroup suspensions and expulsions and the AYP subgroups achievement gap specifically African American and Economically Disadvantaged.
- 5.B.5 Continue high school programs designed to expand access to honors and AP programs for students in identified subgroups.

Goal 6: Academic Rigor

The Northwest Local School District will increase the academic rigor in all areas of the curriculum in order to adequately prepare students for career and college paths.

Strategy 6.A (21st Century Skills)

Embed 21st century skills in all areas of the curriculum in order prepare students for post-secondary options.

Action Steps

- 6.A.1 Require differentiation in all core content to include opportunities for enrichment as standard instructional practice.
- 6.A.2 Continue implementation of the Career and College Readiness initiative embedding the career scope and sequence in all 6-12 English/Language Arts classes. (RttT-B)
- 6.A.3 Continue the ACT Quality Core end of course assessment pilot. (RttT-B)
- 6.A.4 Continue the ACT Assessment Program using the Explore, Plan and Practice ACT in grades 8-11. (RttT-B)
- 6.A.6 Study the alignment of the existing elementary, middle and high school enrichment programming to the new standards.

Objective III: Provide the financial resources and physical facilities to meet the needs of all students.

Goal 7:

The Northwest Local School District will continue three-year budget planning to reduce the rate of increase in district expenditures.

Strategy 7.A (Reduce Spending)

Develop expenditure reduction plans that meet the requirements of the district's budget plan scenarios.

Action Steps

- 7.A.1 Plan for and implement FY 2013 Permanent Expenditure Reductions.
- 7.A.2 Plan for and implement FY 2013 Levy Fail Reductions if needed.
- 7.A.3 Continue to implement Self-Insured Worker Comp program.
- 7.A.4 Study possible changes in the health care coverage plans to reduce expenditures.

Strategy 7.B (Facilities)

Examine the cost effectiveness of current facilities.

Action Steps

7.B.1 Plan for and close one school site.

Goal 8:

The Northwest Local School District will provide additional revenues for all programs.

Strategy 8.A (Tax Revenues)

Increase tax revenue

Action Steps

8.A.1 Pass an operating levy in November 2012 or March 2013.

Strategy 8.B (Alternative Funding Sources)

Increase revenue from grants and other sources.

Action Steps

8.B.1 Continue the RttT plan.

8.B.2 Improve communication among staff members regarding grant opportunities.

CURRICULUM AND INSTRUCTION

Curriculum work centers on student attainment on state academic content standards in mathematics, English language arts, social studies and science. All work is organized by a two year process of Year 1: knowing and planning with the academic content standards and Year 2: teaching and assessing with the academic content standards.

Formative local assessments have been developed for all core subjects in grades 3-10 and are administered by all teachers. The data from these assessments is used to refine teaching and provide intervention and enrichment for students. The performance of students in various AYP subgroups is particularly studied.

A number of programs have been implemented to assist students in their learning of the academic content standards, particularly in the areas of reading and mathematics. Intervention and Title I tutors work in collaboration with classroom teachers in using data to plan programming for at-risk learners.

The high schools have refined the 7 bell program to provide more time for some students to accomplish the challenging standards necessary for passage of the Ohio Graduation Test. Collaboratives, academies and guided study halls are in place to provide necessary intervention for ninth and tenth graders.

The District is focused on its goal of improving student achievement. It continues to evaluate the programming needs of its diverse population with the goal of becoming an excellent District and meeting the needs of ALL students.

BUSINESS-SCHOOL PARTNERSHIP PROGRAM

Partners in Education is a program that brings together businesses and schools in order to address specific educational needs. The business-school partnerships are formal, voluntary relationships between one school and

one business. Partnerships match available resources with identified needs to meet mutually agreed upon goals and objectives.

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

LONG-RANGE BUILDING AND MAINTENANCE PLANS

The District maintains a five year building maintenance program. This program is generated through input provided by each building administrator in an annual preventive maintenance check list. This five year plan provides the District direction for implementing maintenance and renovation projects and contributes to the financial planning and projection of costs for these projects. Beginning in spring 2008, the District began a renovation program.

FINANCIAL INFORMATION

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

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

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

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

At the beginning of each fiscal year, the Board adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, the permanent appropriation measure must be adopted within three months.

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

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

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

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

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

FINANCIAL CONDITION

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

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

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

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

As part of this report, management is responsible for preparing a Management's Discussion and Analysis of the District. This discussion follows this letter of transmittal, providing an assessment of the District's finances for 2012 and the outlook for the future.

CASH MANAGEMENT

The Board has an aggressive cash management program which consists of expediting the receipt of revenues and prudently investing available cash in obligations collateralized by the United States Government or the State of Ohio issued instruments or insured by the Federal Deposit Insurance Corporation [FDIC]. The total amount of earnings on investments was \$157,882 for the year ended June 30, 2012.

The cash management program is designed to minimize cash on hand and maximize investment holdings. All investments are spread among available investment options to insure maximum interest rates.

The District's investment policy is to minimize market risk while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by FDIC or collateralized. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

RISK MANAGEMENT

The District constantly faces the risk of loss of assets by fire, storm, theft, accident or other catastrophes. Generally, the District shifts the burden of such losses by entering into a casualty insurance contract whereby an insurance company, in consideration of a premium payment, assumes the risk of all or a portion of these losses.

The Ohio Casualty Insurance Company provides insurance coverage on the buildings and contents, boiler and machinery, burglary/robbery/theft (inside and outside), earthquake, mobile instruction units, and radio and communication equipment. The Argonaut provides our liability insurance and insures our fleet of vehicles.

All employees are covered under the District's liability policy with Argonaut. The limits of liability are \$1,000,000 for each occurrence and \$3,000,000 in aggregate.

The Treasurer is covered with a performance bond from the Cincinnati Insurance Company in the amount of \$20,000. The District plumber is covered with a performance bond from the Cincinnati Insurance Company in the amount of \$1,000 each. The District is self-insured for workers compensation beginning July 1, 2012.

INDEPENDENT AUDIT

Provisions of State statute require that the District's financial statements be subjected to an annual examination by an independent auditor. The Clark, Schaefer, Hackett & Co.'s unqualified opinion rendered on the District's basic financial statements, combining statements and individual fund schedules, is included in the financial section of this Comprehensive Annual Financial Report. Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The District adopted and has been in conformance with that system effective with its annual financial report since the 1979 calendar year. The District is contracted with an IPA through fiscal year 2015 for the annual audit.

AWARDS

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada [GFOA] awarded a Certificate of Achievement to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

ASBO Certificate

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

The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2011. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2012, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

ACKNOWLEDGEMENTS

The preparation of the 2012 Comprehensive Annual Financial Report of the Northwest Local School District was made possible by the combined efforts of the District's Treasurer's Department and the Ohio Auditors, Local Government Services Division. The publication of this Comprehensive Annual Financial Report for the District is a major step in reinforcing the accountability of the District to the taxpayers of the community.

Respectfully submitted,

Randall R. Bertram
Treasurer/CFO

Principal officials as of 6/30/12

Elected Officials

| | |
|---------------|------------------------------------|
| David Denny | President, Board of Education |
| Pamela Detzel | Vice President, Board of Education |
| Elaine Gauck | Board Member |
| Dan Unger | Board Member |
| Jim Detzel | Board Member |

Administrative Office Administrators

| | |
|-----------------------|--|
| J. Richard Glatfelter | Superintendent |
| Mark Farmer | Assistant Superintendent for Curriculum Services |
| Andrew Jackson | Director of Curriculum Services |
| Daniel Lawler | Assistant Director Business Services |
| Pauletta Crowley | Asst. Director Community & Adm Services |
| Roger Argalas | Assistant Director of Student Services |
| Gregory Hester | Director of Human Resources |
| Traci Rea | Asst. Director of Classified Staff & Prof. Dev. |
| Jennifer Blust | Asst. Director of Curriculum Svcs & Federal Projects |
| Fran Morrison | Asst. Director of Curriculum & Instr. Services |
| Randall R. Bertram | Treasurer/CFO |
| Kris Lankford | Assistant Treasurer |

District Supervisors

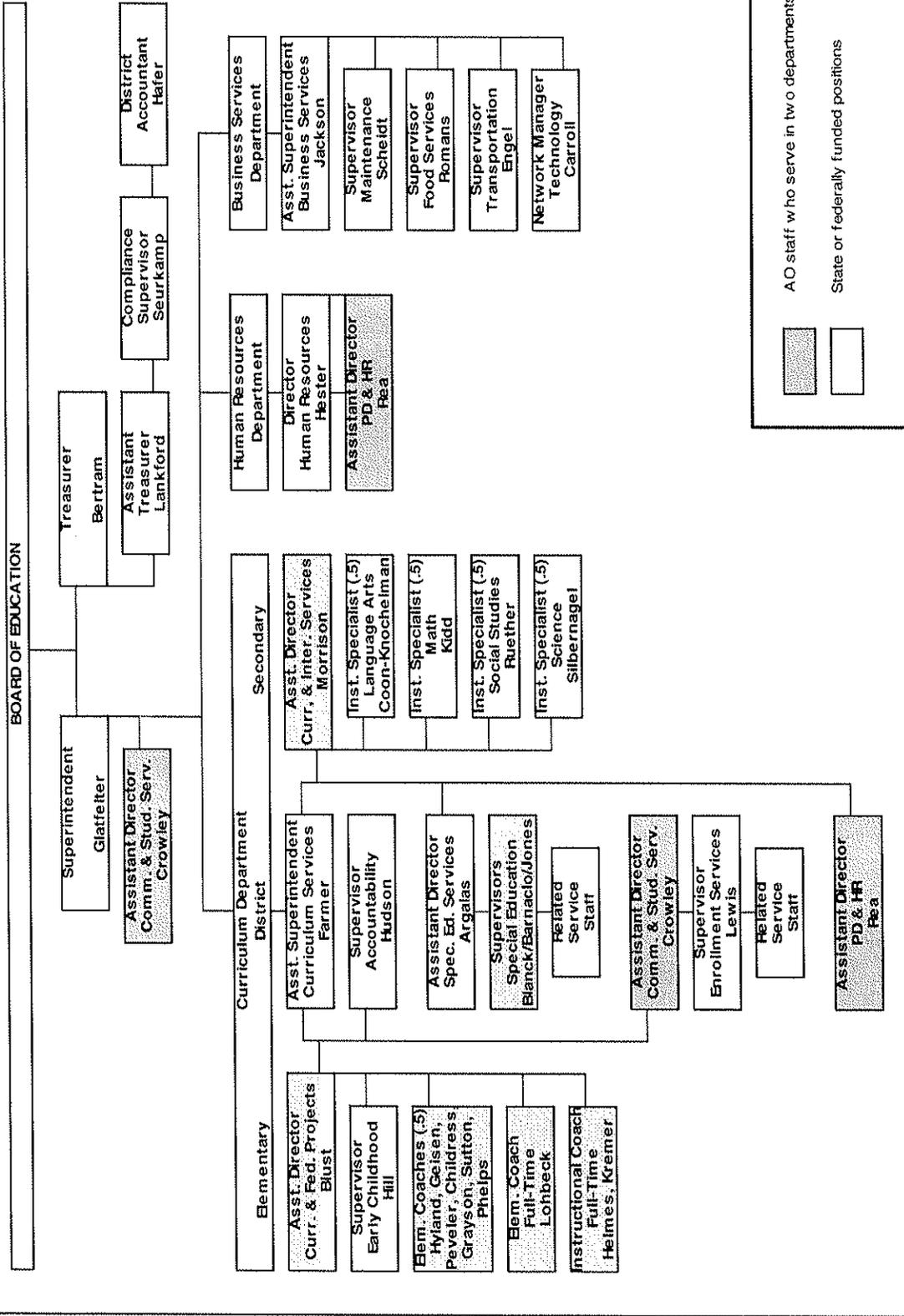
| | |
|-----------------|---------------------------------------|
| Andreas Scheidt | Maintenance |
| Robert Engel | Transporation |
| LaDonna Stouder | Special Education |
| Mary Barnaclo | Special Education |
| Sandy Blanck | Special Education |
| Kimberly Jones | Special Education |
| Cheryl Romans | Food Services |
| Daniel Hudson | Instructional Accountability Services |
| Grace Seurkamp | Payroll/Compliance |
| Kenneth Lewis | Enrollment Services |

Curriculum Instructional Specialists and Coordinators

| | |
|----------------------------|----------------------|
| Mary Geisen | Elementary |
| Kathy Hyland | Elementary |
| Patricia Coon- Knochelmann | Secondary |
| Shonda Moore | Health Services |
| Barbara Hill | Early Childhood |
| Leslie Silbernagel | Secondary |
| Maureen Ruether | Secondary |
| Kim Eaton | Elementary/Secondary |
| Chris Rabold | Elementary Library |

Northwest Local School District Administrative Center Flow Chart

07-31-12



AO staff who serve in two departments
 State or federally funded positions

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Northwest Local School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morinell

President

Jeffrey R. Enos

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL



This Certificate of Excellence in Financial Reporting

is presented to

Northwest Local School District

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2011

upon recommendation of the Association's Panel of Review
which has judged that the Report substantially conforms
to principles and standards of ASBO's Certificate of Excellence

President

Executive Director

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Education
Northwest Local School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Local School District (the "School District") as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Local School District, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2012 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 48 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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cincinnati, oh 45202

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p. 513.241.3111
f. 513.241.1212

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 26, 2012

**Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2012
(Unaudited)**

The discussion and analysis of Northwest Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- Net assets of governmental activities increased \$1,834,190 from 2011.
- General revenues accounted for \$79,927,076 in revenue or 84% of all revenues. Program specific revenues in the form of charges for services, grants or contributions accounted for \$15,513,509 or 16% of total revenues of \$95,440,585.
- The District had \$93,606,395 in expenses related to governmental activities; \$15,513,509 of these expenses was offset by program specific charges for services, grants or contributions. General revenues of \$79,927,076 were also used to provide for these programs.

Overview of the Financial Statements

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

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

The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. The General Fund is the only major fund of the District.

Governmental-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2012?" The *Government-wide Financial Statements* answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting, takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

**Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2012
(Unaudited)**

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

In the Government-wide Financial Statements, the District consists of Governmental activities which are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

Fund Financial Statements

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

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

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

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

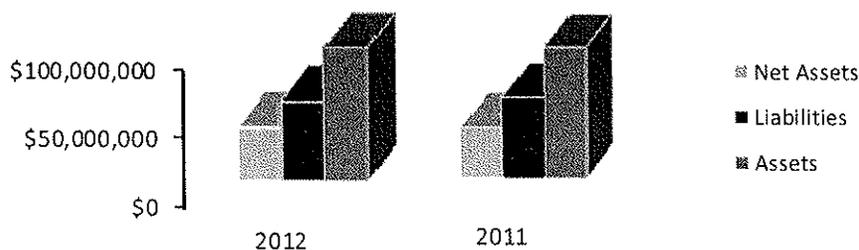
**Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2012
(Unaudited)**

The District as a Whole

As stated previously, the Statement of Net Assets looks at the District as a whole. Table I provides a summary of the District's net assets for fiscal year 2012 compared to fiscal year 2011:

Table I
Net Assets

| | Governmental Activities | |
|---|-------------------------|--------------|
| | 2012 | 2011 |
| Assets: | | |
| Current and Other Assets | \$74,839,336 | \$75,626,648 |
| Capital Assets | 21,553,724 | 23,104,082 |
| Total Assets | 96,393,060 | 98,730,730 |
| Liabilities: | | |
| Other Liabilities | 35,550,377 | 38,300,001 |
| Long-Term Liabilities | 20,974,051 | 22,396,287 |
| Total Liabilities | 56,524,428 | 60,696,288 |
| Net Assets: | | |
| Invested in Capital Assets, Net of Related Debt | 4,781,684 | 5,225,512 |
| Restricted | 3,982,084 | 5,117,281 |
| Expendable Endowment | 9,727 | 13,707 |
| Nonexpendable Endowment | 79,000 | 79,000 |
| Unrestricted | 31,016,137 | 27,598,942 |
| Total Net Assets | \$39,868,632 | \$38,034,442 |



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the District's assets exceeded liabilities by \$39,868,632.

At year-end, capital assets represented 22% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2012, were \$4,781,684. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may be used to liquidate these liabilities.

**Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2012
(Unaudited)**

A portion of the District's net assets, \$3,982,084 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current and other assets decreased due to intergovernmental receivables and property tax receivables. The decrease in governmental activities receivables was the result of America Recovery and Reinvestment Act grant revenues and anticipated property tax revenue.

Table 2 shows the changes in net assets for fiscal years 2012 and 2011.

Table 2
Changes in Net Assets

| | <u>Governmental Activities</u> | |
|---|--------------------------------|---------------------|
| | <u>2012</u> | <u>2011</u> |
| Revenues: | | |
| Program Revenues | | |
| Charges for Services | \$4,915,512 | \$4,925,256 |
| Operating Grants, Contributions | 10,597,997 | 16,183,531 |
| General Revenues; | | |
| Property Taxes | 40,490,616 | 46,423,617 |
| Grants and Entitlements | 34,579,559 | 34,570,047 |
| Other | 4,856,901 | 3,807,263 |
| Total Revenues | <u>95,440,585</u> | <u>105,909,714</u> |
| Program Expenses; | | |
| Instruction | 50,229,137 | 52,123,019 |
| Support Services; | | |
| Pupil and Instructional staff | 12,419,419 | 13,397,515 |
| Administrative, Board of | | |
| Education, Fiscal and Business | 8,170,111 | 8,895,318 |
| Operations and Maintenance | 6,977,678 | 7,905,720 |
| Pupil Transportation | 5,030,613 | 5,248,647 |
| Central | 1,615,795 | 1,783,588 |
| Operation of Non-instructional Services | 6,495,716 | 7,231,875 |
| Extracurricular Activities | 1,849,366 | 2,009,970 |
| Interest and Fiscal Charges | 818,560 | 867,155 |
| Total Program expenses | <u>93,606,395</u> | <u>99,462,807</u> |
| Change in Net Assets | 1,834,190 | 6,446,907 |
| Net Assets Beginning of Year | <u>38,034,442</u> | <u>31,587,535</u> |
| Net Assets End of Year | <u>\$39,868,632</u> | <u>\$38,034,442</u> |

**Northwest Local School District
 Management's Discussion and Analysis
 For the Fiscal Year ended June 30, 2012
 (Unaudited)**

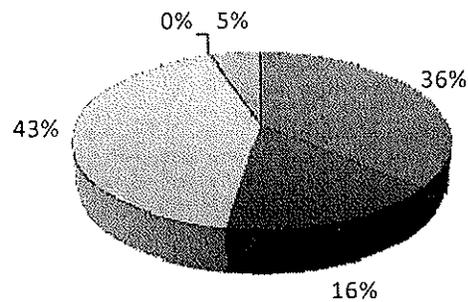
Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general, debt service, and capital projects purposes and grants and entitlements comprised 78% of the District's revenues for governmental activities.

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

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 42% of revenue for governmental activities for the District in fiscal year 2012. The District's reliance upon tax revenues is demonstrated by the following graph:

| Revenue Sources | 2012 | Percent of Total |
|----------------------|---------------------|---------------------|
| General Grants | \$34,579,559 | 36.23% |
| Program Revenues | 15,513,509 | 16.25% |
| General Tax Revenues | 40,490,616 | 42.43% |
| Investment Earnings | 157,882 | 0.17% |
| Other Revenues | 4,699,019 | 4.92% |
| | <u>\$95,440,585</u> | <u>100.00%</u> |



Instruction comprises 54% of governmental program expenses. Support services expenses were 36% of governmental program expenses. Interest and all other expenses were 10%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

General revenues decreased mainly due to a decrease in grants and entitlements, which was primarily due to a decrease in grant monies received in 2012 as compared to 2011 and a decrease in taxes revenues collection received in 2012 and 2011. Total expenses decreased mainly due to a decrease in all categories which was the result of district reductions.

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

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2012
(Unaudited)

Table 3
Governmental Activities

| | Total Cost of Services | | Net Cost of Services | |
|--|------------------------|--------------|----------------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| Instruction | \$50,229,137 | \$52,123,019 | (\$44,897,963) | (\$45,761,743) |
| Support Services | | | | |
| Pupil and Instructional Staff | 12,419,419 | 13,397,515 | (10,662,283) | (11,501,794) |
| Administrative, Board of Education, Fiscal and Business | 8,170,111 | 8,895,318 | (7,432,657) | (7,557,840) |
| Operations and Maintenance | 6,977,678 | 7,905,720 | (6,249,124) | (5,294,389) |
| Pupil Transportation | 5,030,613 | 5,248,647 | (4,926,371) | (5,146,005) |
| Central | 1,615,795 | 1,783,588 | (1,615,795) | (1,758,047) |
| Operation of Non-Instructional Services | 6,495,716 | 7,231,875 | (305,950) | 753,061 |
| Extracurricular Activities | 1,849,366 | 2,009,970 | (1,184,183) | (1,220,108) |
| Interest and Fiscal Charges | 818,560 | 867,155 | (818,560) | (867,155) |
| Total Expense | \$93,606,395 | \$99,462,807 | (\$78,092,886) | (\$78,354,020) |

The District's Funds

The District has two major governmental funds, the General Fund and the Permanent Improvement. Assets of the General Fund comprised \$60,618,141 (81%) of the total \$74,656,541 governmental fund assets. Assets of the Permanent Improvement Fund comprised \$7,727,756 (10%)

General Fund: The District's fund balance at June 30, 2012 was \$26,825,803 including \$25,972,050 of unassigned balance. The primary reason for the increase in fund balance was due to a continuous district wide cost reduction plan.

Permanent Improvement: The District's fund balance at June 30, 2012 was \$5,425,741 which was all committed. The primary reason for the increase in fund balance was due to future construction projects.

General Fund Budgeting Highlights

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

During the course of fiscal year 2012, the District amended the general fund budget three times, however, they were not significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$79,099,090, compared to original budget estimates of \$77,334,824. Of the \$1,764,266 difference, most was due to conservative estimates for taxes and intergovernmental revenue.

**Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2012
(Unaudited)**

The District's ending unobligated cash balance was \$17,006,051.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012, the District had \$21,553,724 invested in land, buildings and improvements and equipment. Table 4 shows fiscal year 2012 balances compared to fiscal year 2011.

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

| | <u>Governmental Activities</u> | |
|----------------------------|--------------------------------|---------------------|
| | <u>2012</u> | <u>2011</u> |
| Land | \$3,668,199 | \$3,668,199 |
| Buildings and Improvements | 16,164,202 | 17,068,658 |
| Equipment | <u>1,721,323</u> | <u>2,367,225</u> |
| Total Net Capital Asset | <u>\$21,553,724</u> | <u>\$23,104,082</u> |

The decrease in capital assets is due to total depreciation expense exceeding total additions.

See Note 6 to the basic financial statements for more details on the District's capital assets.

**Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2012
(Unaudited)**

Debt

At June 30, 2012, the District had \$17,155,629 in bonds outstanding, \$1,155,000 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at Year End

| | Governmental Activities | |
|----------------------------|-------------------------|---------------------|
| | 2012 | 2011 |
| Refunded Bonds: | | |
| Current Interest Bonds | \$13,730,000 | \$13,935,000 |
| Capital Appreciation Bonds | 720,000 | 720,000 |
| Accretion of Interest | 383,589 | 312,932 |
| Premium on Refunded Bonds | 347,040 | 383,570 |
| 1998 School Improvements | 1,975,000 | 2,840,000 |
| Total Bonds | \$17,155,629 | \$18,191,502 |

See Note 7-8 to the basic financial statements for further details on the District's debt.

For the Future

On June 30, 2011, Governor Kasich signed HB 153, the state's biennium budget bill into law. This bill has significant impact to the district's future finances. The impact of this bill is a decrease in in state funding for the District in fiscal year 2012 and a slight increase in 2013, however, the Governor has indicated that he will prepare a new school funding model during fiscal year 2013 and this could affect the original moderate increase for fiscal year 2013. At this time we do not know the details of the changes or the impact that these changes will have on our future state funding. This uncertainty could have an impact on our instructional and operational programs. The need for additional revenue and or expenditure reductions will need to be closely monitored.

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

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

**Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2012
(Unaudited)**

Contacting the District's Financial Management

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

Northwest Local School District
Statement of Net Assets
June 30, 2012

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Assets: | |
| Equity in Pooled Cash and Investments | \$25,786,278 |
| Accounts Receivable | 86,203 |
| Inventory Held for Resale | 48,763 |
| Intergovernmental Receivable | 4,736,547 |
| Property Taxes Receivable | 44,050,200 |
| Deferred Charges | 131,345 |
| Capital Assets: | |
| Land | 3,668,199 |
| Depreciable Capital Assets, Net | <u>17,885,525</u> |
| Total Assets | <u>96,393,060</u> |
| Liabilities: | |
| Accounts Payable | 884,310 |
| Accrued Wages Payable | 8,048,069 |
| Contracts Payable | 236,912 |
| Unearned Revenue | 25,929,215 |
| Matured Compensated Absences Payable | 391,627 |
| Accrued Interest Payable | 60,244 |
| Long-Term Liabilities: | |
| Due Within One Year | 1,575,436 |
| Due Within More Than One Year | <u>19,398,615</u> |
| Total Liabilities | <u>56,524,428</u> |
| Net Assets: | |
| Invested in Capital Assets, Net of Related Debt | 4,781,684 |
| Restricted for: | |
| Debt Service | 1,406,024 |
| Other Purposes | 2,576,060 |
| Expendable Endowment | 9,727 |
| Nonexpendable Endowment | 79,000 |
| Unrestricted | <u>31,016,137</u> |
| Total Net Assets | <u>\$39,868,632</u> |

See accompanying notes to the basic financial statements

Northwest Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2012

| | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets |
|---|---------------------|-----------------------------------|---------------------------------------|--|
| | | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities: | | | | |
| Instruction: | | | | |
| Regular | \$38,640,427 | \$900,252 | \$1,729,934 | (36,010,241) |
| Special | 10,749,865 | 449,027 | 1,781,478 | (8,519,360) |
| Vocational | 67,187 | 0 | 0 | (67,187) |
| Student Intervention Services | 710,012 | 235,771 | 234,712 | (239,529) |
| Other | 61,646 | 0 | 0 | (61,646) |
| Support Services: | | | | |
| Pupils | 5,761,067 | 394,526 | 459,108 | (4,907,433) |
| Instructional Staff | 6,658,352 | 0 | 903,502 | (5,754,850) |
| Board of Education | 173,452 | 0 | 0 | (173,452) |
| Administration | 5,576,976 | 0 | 737,454 | (4,839,522) |
| Fiscal | 1,970,661 | 0 | 0 | (1,970,661) |
| Business | 449,022 | 0 | 0 | (449,022) |
| Operation and Maintenance of Plant | 6,977,678 | 708,595 | 19,959 | (6,249,124) |
| Pupil Transportation | 5,030,613 | 53,205 | 51,037 | (4,926,371) |
| Central | 1,615,795 | 0 | 0 | (1,615,795) |
| Operation of Non-Instructional Services | 6,495,716 | 1,508,953 | 4,680,813 | (305,950) |
| Extracurricular Activities | 1,849,366 | 665,183 | 0 | (1,184,183) |
| Interest and Fiscal Charges | 818,560 | 0 | 0 | (818,560) |
| Total Governmental Activities | \$93,606,395 | \$4,915,512 | \$10,597,997 | (78,092,886) |

General Revenues:

| | |
|---|---------------------|
| Property Taxes | 40,490,616 |
| Grants and Entitlements not Restricted to Specific Programs | 34,579,559 |
| Gifts and Donations not Restricted to Specific Programs | 147,731 |
| Payment in Lieu of Taxes | 3,769,607 |
| Investment Earnings | 157,882 |
| Miscellaneous | 781,681 |
| Total General Revenues | 79,927,076 |
| Change in Net Assets | 1,834,190 |
| Net Assets at Beginning of Year | 38,034,442 |
| Net Assets at End of Year | \$39,868,632 |

See accompanying notes to the basic financial statements

Northwest Local School District
Balance Sheet
Governmental Funds
June 30, 2012

| | General | Permanent Improvement | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------|--------------------------------|--------------------------------|
| Assets: | | | | |
| Equity in Pooled Cash and Investments | \$17,900,009 | \$4,705,722 | \$2,776,190 | \$25,381,921 |
| Receivables: | | | | |
| Property Taxes | 39,034,889 | 3,022,034 | 1,993,277 | 44,050,200 |
| Intergovernmental | 3,251,474 | 0 | 1,485,073 | 4,736,547 |
| Accounts | 58,743 | 0 | 7,341 | 66,084 |
| Interfund Receivable | 373,026 | 0 | 0 | 373,026 |
| Inventory Held for Resale | 0 | 0 | 48,763 | 48,763 |
| Total Assets | \$60,618,141 | \$7,727,756 | \$6,310,644 | \$74,656,541 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$574,075 | \$128,934 | \$179,901 | \$882,910 |
| Accrued Wages Payable | 7,490,122 | 0 | 557,947 | 8,048,069 |
| Contracts Payable | 30,489 | 206,423 | 0 | 236,912 |
| Interfund Payable | 0 | 0 | 373,026 | 373,026 |
| Deferred Revenue | 25,319,439 | 1,966,658 | 2,531,284 | 29,817,381 |
| Matured Compensated Absences Payable | 378,213 | 0 | 13,414 | 391,627 |
| Total Liabilities | 33,792,338 | 2,302,015 | 3,655,572 | 39,749,925 |
| Fund Balances: | | | | |
| Nonspendable | 0 | 0 | 127,763 | 127,763 |
| Restricted | 0 | | 3,065,950 | 3,065,950 |
| Committed | 41,489 | 5,425,741 | 0 | 5,467,230 |
| Assigned | 812,264 | | 0 | 812,264 |
| Unassigned | 25,972,050 | | (538,641) | 25,433,409 |
| Total Fund Balances | 26,825,803 | 5,425,741 | 2,655,072 | 34,906,616 |
| Total Liabilities and Fund Balances | \$60,618,141 | \$7,727,756 | \$6,310,644 | \$74,656,541 |

See accompanying notes to the basic financial statements

Northwest Local School District
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2012

Total Governmental Fund Balances \$34,906,616

Amounts reported for governmental activities in the
 statement of net assets 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 | 3,668,199 | |
| Capital assets | 64,525,697 | |
| Accumulated depreciation | <u>(46,640,172)</u> | |
| Net capital assets | | 21,553,724 |

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 deferred in the funds.

| | | |
|---------------------------|------------------|-----------|
| Delinquent Property Taxes | 2,664,523 | |
| Intergovernmental | <u>1,223,643</u> | |
| | | 3,888,166 |

The internal service fund is used by management to charge the costs of
 workers compensation claims to individual funds. The assets and
 liabilities of the internal service fund are included in
 governmental activities in the statement of net assets. 423,076

Bond issuance costs reported as an expenditure in governmental funds
 are allocated as an expense over the life of the debt on a full accrual basis. 131,345

In the statement of activities, interest is accrued on outstanding general
 obligation bonds, whereas in governmental funds, an interest expenditure
 is reported when due. (60,244)

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

| | | |
|--------------------------|--------------------|---------------------|
| Bonds and leases payable | (17,155,629) | |
| Compensated absences | <u>(3,818,422)</u> | |
| | | <u>(20,974,051)</u> |

Net Assets of Governmental Activities \$39,868,632

See Accompanying Notes to the Basic Financial Statements

Northwest Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

| | General | Permanent Improvement | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Property Taxes | \$36,573,371 | \$2,517,199 | \$1,623,331 | \$40,713,901 |
| Payment in Lieu of Taxes | 3,769,607 | 0 | 0 | 3,769,607 |
| Intergovernmental | 35,138,905 | 446,795 | 9,606,932 | 45,192,632 |
| Interest | 156,845 | 0 | 1,037 | 157,882 |
| Tuition and Fees | 1,764,717 | 0 | 0 | 1,764,717 |
| Extracurricular Activities | 41,725 | 0 | 538,721 | 580,446 |
| Customer Services | 394,526 | 0 | 1,529,897 | 1,924,423 |
| Rent | 645,926 | 0 | 0 | 645,926 |
| Gifts and Donations | 0 | 0 | 147,731 | 147,731 |
| Miscellaneous | 629,250 | 44,226 | 108,205 | 781,681 |
| Total Revenues | 79,114,872 | 3,008,220 | 13,555,854 | 95,678,946 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 35,381,931 | 267,300 | 1,748,176 | 37,397,407 |
| Special | 8,927,361 | 0 | 1,951,402 | 10,878,763 |
| Vocational | 52,147 | 0 | 12,847 | 64,994 |
| Student Intervention Services | 553,482 | 0 | 157,933 | 711,415 |
| Other | 94,586 | 0 | 0 | 94,586 |
| Support Services: | | | | |
| Pupils | 5,135,944 | 11,198 | 587,348 | 5,734,490 |
| Instructional Staff | 5,694,444 | 0 | 982,163 | 6,676,607 |
| Board of Education | 173,499 | 0 | 22 | 173,521 |
| Administration | 4,996,946 | 0 | 697,447 | 5,694,393 |
| Fiscal | 1,897,217 | 42,620 | 26,117 | 1,965,954 |
| Business | 448,021 | 0 | 0 | 448,021 |
| Operation and Maintenance of Plant | 6,333,034 | 381,400 | 38,939 | 6,753,373 |
| Pupil Transportation | 4,621,898 | 24,158 | 107,372 | 4,753,428 |
| Central | 1,593,639 | 0 | 0 | 1,593,639 |
| Operation of Non-Instructional Services | 140,220 | 0 | 6,315,863 | 6,456,083 |
| Extracurricular Activities | 1,363,131 | 0 | 539,487 | 1,902,618 |
| Capital Outlay | 0 | 554,874 | 0 | 554,874 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 1,070,000 | 1,070,000 |
| Interest | 0 | 0 | 775,790 | 775,790 |
| Total Expenditures | 77,407,500 | 1,281,550 | 15,010,906 | 93,699,956 |
| Excess of Revenues Over Expenditures | 1,707,372 | 1,726,670 | (1,455,052) | 1,978,990 |
| Other Financing Sources and Uses: | | | | |
| Transfers Out | (100,000) | 0 | 0 | (100,000) |
| Total Other Financing Sources (Uses) | (100,000) | 0 | 0 | (100,000) |
| Net Change in Fund Balances | 1,607,372 | 1,726,670 | (1,455,052) | 1,878,990 |
| Fund Balances at Beginning of Year | 25,218,431 | 3,699,071 | 4,110,124 | 33,027,626 |
| Fund Balances at End of Year | \$26,825,803 | \$5,425,741 | \$2,655,072 | \$34,906,616 |

See accompanying notes to the basic financial statements

Northwest Local School District
 Reconciliation of the Change in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$1,878,990

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 asset additions | 36,073 | |
| Depreciation expense | <u>(1,586,431)</u> | |
| Excess of capital outlay under depreciation expense | | (1,550,358) |

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

| | | |
|---------------------------|-----------------|-----------|
| Delinquent Property Taxes | (223,285) | |
| Intergovernmental | <u>(15,076)</u> | |
| | | (238,361) |

The internal service fund is used by management to charge the costs of workers compensation claims to individual funds. The net income of the internal service fund is reported with governmental activities.

330,326

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

| | | |
|--------------------------------|--------------|----------|
| Amortization of bond premium | 36,530 | |
| Amortization of issuance costs | (13,135) | |
| Accretion on bonds | (70,657) | |
| Decrease in accrued interest | <u>4,492</u> | |
| | | (42,770) |

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, this amount consisted of:

| | | |
|---------------------------|------------------|-----------|
| Bond principal retirement | <u>1,070,000</u> | |
| | | 1,070,000 |

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:

| | | |
|----------------------------------|----------------|----------------|
| Decrease in compensated absences | <u>386,363</u> | |
| | | <u>386,363</u> |

Change in Net Assets of Governmental Activities \$1,834,190

See Accompanying Notes to the Basic Financial Statements

Northwest Local School District
Statement of Fund Net Assets
June 30, 2012

| | <u>Internal Service</u> |
|---------------------------------------|-----------------------------|
| Assets: | |
| Equity in Pooled Cash and Investments | \$404,357 |
| Accounts Receivable | <u>20,119</u> |
| Total Assets | <u>424,476</u> |
| Liabilities: | |
| Accounts Payable | <u>1,400</u> |
| Total Liabilities | <u>1,400</u> |
| Net Assets: | |
| Unrestricted | <u>423,076</u> |
| Total Net Assets | <u><u>\$423,076</u></u> |

See accompanying notes to the basic financial statements

Northwest Local School District
Statement of Revenues, Expenses
and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2012

| | <u>Internal Service</u> |
|---------------------------------|-----------------------------|
| Operating Revenues: | |
| Charges for Services | \$356,640 |
| Other Revenues | <u>20,119</u> |
| Total Operating Revenues | <u>376,759</u> |
| Operating Expenses: | |
| Fringe Benefits | 10,663 |
| Purchased Services | 41,118 |
| Claims | 46,448 |
| Other | <u>48,204</u> |
| Total Operating Expenses | <u>146,433</u> |
| Operating Income (Loss) | <u>230,326</u> |
| Transfers | 100,000 |
| Net Change in Net Assets | <u>330,326</u> |
| Net Assets at Beginning of Year | <u>92,750</u> |
| Net Assets at End of Year | <u><u>\$423,076</u></u> |

See accompanying notes to the basic financial statements

Northwest Local School District
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2012

| | <u>Internal Service</u> |
|---|-----------------------------|
| Increase in Cash and Cash Equivalents: | |
| Cash Flows from Operating Activities: | |
| Cash Received from Interfund Services Provided | \$356,640 |
| Cash Payments to Suppliers for Goods and Services | (95,172) |
| Cash Payments for Employee Benefits | (10,663) |
| Cash Payments for Claims | <u>(46,448)</u> |
| Net Cash Provided by Operating Activities | <u>\$204,357</u> |
| Cash Flows from Noncapital Financing Activities: | |
| Transfer In | <u>100,000</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>100,000</u> |
| Net Increase in Cash and Cash Equivalents | 304,357 |
| Cash and Cash Equivalents at Beginning of Year | <u>100,000</u> |
| Cash and Cash Equivalents at End of Year | <u><u>\$404,357</u></u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | |
| Operating Income | <u>\$230,326</u> |
| Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities: | |
| Changes in Assets and Liabilities: | |
| (Increase) Decrease in Accounts Receivable | (20,119) |
| Increase (Decrease) in Accounts Payable | <u>(5,850)</u> |
| Total Adjustments | <u>(25,969)</u> |
| Net Cash Provided for Operating Activities | <u><u>\$204,357</u></u> |

See accompanying notes to the basic financial statements

Northwest Local School District
Statement of Assets and Liabilities
Fiduciary Fund
June 30, 2012

| | <u>Agency</u> |
|---------------------------------------|------------------|
| Assets: | |
| Equity in Pooled Cash and Investments | \$146,130 |
| Accounts Receivable | <u>99</u> |
| Total Assets | <u>\$146,229</u> |
| Liabilities: | |
| Accounts Payable | \$124,057 |
| Undistributed Monies | <u>22,172</u> |
| Total Liabilities | <u>\$146,229</u> |

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Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 1 – Description of the District

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

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

The District services an area of 52 square miles, including all of Colerain Township, and portions of Green and Springfield Townships. The District is 99 percent in Hamilton County, and a small area is in Butler County, Ross Township, on its northern boundary line.

The District currently has approximately 9,263 students enrolled in eight elementary schools, three middle schools, and two senior high schools. The District has two career centers serving junior and senior students. There are 1,110 full time and 10 part-time employees to provide services to the students. The District is the 2nd largest public school district in Hamilton County and the 19th largest of all school districts in Ohio.

Reporting Entity

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities.

This District is associated with three organizations which are defined as jointly governed organizations. These organizations are the Southwest Ohio Computer Association, the Butler Technology and Career Development Schools and the Southwest Ohio Organization of School Health. These organizations are presented in Note 16.

The following activities are included within the reporting entity:

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

Note 2 – Summary of Significant Accounting Policies

The financial statements of the 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 District's accounting policies are described below.

Measurement Focus

Government-wide Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. Fiduciary Funds are not included in government-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the 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 and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total assets.

Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories of governmental, proprietary and fiduciary.

Governmental Funds

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

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

Permanent Improvement – The Permanent Improvement is used to account for all transactions related to acquisition, construction or improvement of the infrastructure of buildings and grounds through permanent improvements.

Proprietary Funds

Proprietary funds are used to account for the District's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost of providing goods and services financed or recovered primarily through user charges. The District created an internal service fund for the operation of its self-insured workers' compensation activities which began in fiscal year 2012.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only fiduciary fund is an Agency Fund. The District's Agency Fund accounts for assets and liabilities generated by student managed activities.

Basis of Accounting

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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 District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see note 4). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

Payment in Lieu of Taxes

Payments in lieu of taxes are revenues received from other governmental entities as per an agreement through a tax incremental financing contract between the District and other governmental agency such as a township or city.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Equity in Pooled Cash and Investments

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements. The District utilizes a financial institution to service bonded debt as principal and interest payments come due.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during the current fiscal year amounted to \$156,845 credited to the general fund and \$1,037 credited to other governmental funds.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2012. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2012.

For purposes of the statement of cash flows, 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 District are considered to be cash equivalents.

Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories consist of donated food, purchased food and consumable supplies held and are recorded as expenses when consumed on the government-wide financial statements and as expenditures when consumed on the fund financial statements.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Capital Assets

General capital assets are those specifically related to governmental-type activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets 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 capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two thousand five hundred dollars (\$2,500), and a useful life of five years or more. The 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 are depreciated, except land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

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

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, liabilities and expenditures for compensated absences are recognized when due. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured.

**Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

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

| VACATION | CERTIFIED | ADMINISTRATORS | NON-CERTIFICATED |
|-------------------------|------------------|---|---|
| How earned | Not eligible | 15-20 days at start of each contract year | 10-20 days for each service year depending on length of service |
| Maximum Accumulation | Not applicable | 60 to 80 days | 40 to 80 days |
| Termination Entitlement | Not applicable | As earned | As earned |

| SICK LEAVE | CERTIFIED | ADMINISTRATORS | NON-CERTIFICATED |
|-------------------------|--|--|--|
| How earned | 1.25 days per month of employment (15 days per year) | 1.25 days per month of employment (15 days per year) | 1.25 days per month of employment (15 days per year) |
| Maximum Accumulation | 250 days | 262 days | 250 to 272 days according to job classification |
| Vested | As earned | As earned | As earned |
| Termination Entitlement | Per contract | Per contract/board policy | Per contract/board policy |

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the \$3,982,084 in restricted net assets, none were restricted by enabling legislation.

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.

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column of the Statement of Net Assets.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

As a general rule the effect of internal activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Fund Balance

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. The “not in a spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

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

Estimates

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 3 – Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies – Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – 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. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by Surety Company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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 District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pooled securities. As of June 30, 2012, the District's bank balance was \$540,344 with \$453,280 covered by FDIC.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorized pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105 percent of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of June 30, 2012, the District had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (Years)</u> |
|--|---------------------|--|
| Money Market Funds | \$11,560,455 | 0.00 |
| STAROhio | 35,115 | 0.14 |
| Repurchase Agreement | 979,695 | 0.00 |
| Federal Home Loan Bank | 2,137,518 | 1.70 |
| Freddie Mac | 750,870 | 1.52 |
| Freddie Mac Discount Note | 2,373,063 | 0.91 |
| Fannie Mae | 1,899,688 | 2.64 |
| Certificate of Deposits | 2,255,658 | 2.16 |
| Abbey National NA LL Discount Commercial Paper | 1,497,045 | 0.49 |
| UBS Finance Dlew Discount Commerical Paper | 1,996,720 | 0.50 |
| | <u>\$25,485,827</u> | |
| Portfolio Weighted Average Maturity | | 0.54 |

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The District’s investments in Money Market Funds, Federal Home Loan Bank – Discount Note, Freddie Mac, Fannie Mae were rated AA+ by Standard & Poor’s and Fitch Ratings, and Aaa by Moody’s Investor’s Service. Investments in STAR Ohio were rated AAAM by Standard & Poor’s. Repurchase agreements which are unrated, shall be transacted only through banks located within the State of Ohio with which the Treasurer has signed a master repurchase agreement as required in Ohio Revised Code 135.

Concentration of Credit Risk – The District’s investment policy allows investments in U.S. Agencies or Instrumentalities. The District has invested 4% of the District’s investments in Repurchase Agreement, 45% in Money Market Funds, 13% in Federal Home Loan Bank – Discount Note, 9% Certificate of Deposits, 8 % in UBS Finance Delaware Discount Commercial Paper, 6% in Abbey National NNA Discount Commercial Paper, 6% in Fannie Mae and 9% in Freddie Mac.

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

Note 4 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Hamilton and Butler Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

The amount available as an advance at June 30, 2012, was \$15,000,000 to the general fund, \$685,000 to the bond fund and \$1,020,000 to the permanent improvement. The amount available as an advance at June 30, 2011, was \$16,276,000 in the general fund, \$1,223,000 to the bond fund and \$685,000 to the permanent improvement.

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 deferred.

The assessed values upon which the fiscal year 2012 taxes were collected are:

| | <u>Amount</u> |
|---|-------------------------------|
| Agricultural/Residential and Other Real Estate | \$1,444,372,160 |
| Public Utility Personal | <u>35,573,060</u> |
| Total | <u><u>\$1,479,945,220</u></u> |

Note 5 - Receivables

Receivables at June 30, 2012, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

Note 6 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

| | <u>Beginning Balance</u> | <u>Transfers</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|----------------------|------------------|---------------------------|
| Governmental Activities | | | | | |
| Capital Assets, not being depreciated: | | | | | |
| Land | \$3,668,199 | \$0 | \$0 | \$0 | \$3,668,199 |
| Capital Assets, being depreciated: | | | | | |
| Buildings and Improvements | 51,572,047 | 174,816 | 36,073 | 0 | 51,782,936 |
| Equipment | <u>12,955,304</u> | <u>(174,816)</u> | <u>0</u> | <u>37,727</u> | <u>12,742,761</u> |
| Totals at Historical Cost | <u>68,195,550</u> | <u>0</u> | <u>36,073</u> | <u>37,727</u> | <u>68,193,896</u> |
| Less Accumulated Depreciation: | | | | | |
| Building and Improvements | 34,503,389 | 0 | 1,115,345 | 0 | 35,618,734 |
| Equipment | <u>10,588,079</u> | <u>0</u> | <u>471,086</u> | <u>37,727</u> | <u>11,021,438</u> |
| Total Accumulated Depreciation | <u>45,091,468</u> | <u>0</u> | <u>1,586,431</u> | <u>37,727</u> | <u>46,640,172</u> |
| Governmental Activities Capital Assets, Net | <u>\$23,104,082</u> | <u>\$0</u> | <u>(\$1,550,358)</u> | <u>\$0</u> | <u>\$21,553,724</u> |

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Depreciation expense was charged to governmental functions as follows:

| | |
|---|---------------------------|
| Instruction: | |
| Regular | \$918,532 |
| Special | 4,941 |
| Vocational | 2,193 |
| Other | 532 |
| Support Services: | |
| Pupil | 1,254 |
| Instructional Staff | 590 |
| Administration | 581 |
| Fiscal | 2,888 |
| Operations and Maintenance of Plant | 295,423 |
| Pupil Transportation | 270,081 |
| Central | 23,802 |
| Operation of Non-Instructional Services | 60,140 |
| Extracurricular Activities | 5,474 |
| Total Depreciation Expense | <u><u>\$1,586,431</u></u> |

Note 7 - Long-Term Liabilities

The change in the District's long-term obligations during the year consists of the following:

| | <u>Maturity Date</u> | <u>Beginning Balance</u> | <u>Issued</u> | <u>Retired</u> | <u>Ending Balance</u> | <u>Due In One Year</u> |
|--|--------------------------|------------------------------|-------------------------|---------------------------|----------------------------|----------------------------|
| Governmental Activities: | | | | | | |
| Bonds Payable: | | | | | | |
| 1998 School Improvement | 12/1/2013 | \$2,840,000 | \$0 | \$865,000 | \$1,975,000 | \$945,000 |
| 2005 Refunding Bonds: | | | | | | |
| Current Interest Bonds | 12/1/2022 | 13,935,000 | 0 | 205,000 | 13,730,000 | 210,000 |
| Capital Appreciation Bonds | 12/1/2015 | 720,000 | 0 | 0 | 720,000 | 0 |
| Accretion of Interest | | 312,932 | 70,657 | 0 | 383,589 | 0 |
| Premium on Bonds: | | | | | | |
| 2005 Refunding Bonds | 12/1/2022 | <u>383,570</u> | <u>0</u> | <u>36,530</u> | <u>347,040</u> | <u>0</u> |
| Total Bonds | | 18,191,502 | 70,657 | 1,106,530 | 17,155,629 | 1,155,000 |
| Compensated Absences | | <u>4,460,080</u> | <u>189,426</u> | <u>831,084</u> | <u>3,818,422</u> | <u>420,436</u> |
| Total Governmental Activities Long-Term Liabilities | | <u><u>\$22,651,582</u></u> | <u><u>\$260,083</u></u> | <u><u>\$1,937,614</u></u> | <u><u>\$20,974,051</u></u> | <u><u>\$1,575,436</u></u> |

On March 1, 1998, the District issued \$25,000,000, 3.7%-6.0% general obligation bonds. These bonds were issued to fund construction of a new elementary building and various school improvements and will be paid from property taxes.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

The bond issues are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payment of principal and interest relating to this liability is recorded as expenditures in the Debt Service Fund. Compensated absences will be paid from the General Fund for governmental activities.

The capital appreciation bonds will mature in fiscal year 2016. The final maturity amount of the bonds is \$1,380,000.

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

| Fiscal Year Ending June 30 | 1998 School Improvement & Current Interest Bonds | | | Capital Appreciation Bonds | | |
|-------------------------------|--|--------------------|---------------------|----------------------------|------------------|--------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2013 | \$1,155,000 | \$717,715 | \$1,872,715 | \$0 | \$0 | \$0 |
| 2014 | 1,245,000 | 652,328 | 1,897,328 | 0 | 0 | \$0 |
| 2015 | 1,190,000 | 590,353 | 1,780,353 | 25,000 | 80,000 | \$105,000 |
| 2016 | 100,000 | 561,578 | 661,578 | 695,000 | 580,000 | \$1,275,000 |
| 2017 | 1,405,000 | 529,370 | 1,934,370 | 0 | 0 | \$0 |
| 2018-2022 | 8,555,000 | 1,523,120 | 10,078,120 | 0 | 0 | \$0 |
| 2023 | 2,055,000 | 46,237 | 2,101,237 | 0 | 0 | \$0 |
| Total | <u>\$15,705,000</u> | <u>\$4,620,701</u> | <u>\$20,325,701</u> | <u>\$720,000</u> | <u>\$660,000</u> | <u>\$1,380,000</u> |

Note 8 – Prior Year Defeasance of Debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the District’s financial statements. On June 30, 2012, \$15,380,000 of bonds outstanding are considered defeased.

Note 9 – Pension Plans

School Employees Retirement System of Ohio

Plan Description

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board.

The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care fund) of the System. For fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.70%. The remaining 1.30 % of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the years ended June 30, 2012, 2011, and 2010 were \$1,943,017, \$1,916,199 and \$1,754,304 respectively, which equaled the required contributions each year.

State Teachers Retirement System of Ohio

Plan Description

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

Plan Options

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

DB Plan Benefits

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

DC Plan Benefits

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

Combined Plan Benefits

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

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

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

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

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

Funding Policy

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2012, were 10% of covered payroll for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2012, 2011, and 2010 were \$5,446,835, \$5,678,263 and \$5,757,480, respectively; 84% has been contributed for fiscal year 2012 and 100% for fiscal years 2011 and 2010.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 10 – Post Employment Benefits

School Employees Retirement System of Ohio

Plan Description

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

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation was .75%. District contributions for the years ended June 30, 2012, 2011 and 2010 were \$104,090, \$104,022 and \$95,234, respectively, which equaled the required contributions each year.

Health Care Plan

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

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

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2012, the health care allocation was .55 %. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. The statute 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 2012, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2012, 2011, and 2010 were \$76,333, \$195,726, and \$57,641, respectively.

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

**Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

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

State Teachers Retirement System of Ohio

Plan Description

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

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

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

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

Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2012, 2011 and 2010. The 14% employer contribution rate is the maximum rate established under Ohio law. The District contributions for the years ended June 30, 2012, 2011, and 2010 were \$389,060, \$405,590, and \$411,249, respectively; 80.81% has been contributed for fiscal year 2012 and 100% for fiscal years 2011 and 2010.

Note 11 – Contingent Liabilities

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The State results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

Grants

The District receives significant financial assistance from numerous Federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of fiscal year end.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Litigation

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

Note 12 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2012, the District contracted with Ohio Casualty Insurance Company for property and Argonaut for general liability insurance.

Professional liability is protected by Argonaut with \$1,000,000 each occurrence, \$3,000,000 aggregate limit.

Vehicles are covered by Argonaut with \$500 deductible for comprehensive and \$500 deductible for collision.

Public official's bond insurance is provided by Cincinnati Insurance Company. The Treasurer is covered by a bond in the amount of \$20,000. The District Plumber is covered by a bond in the amount of \$1,000.

The District provides life insurance and accidental death and dismemberment insurance to most employees through Reliance Life.

The District has elected to provide employee medical/surgical benefits through United Health Care, a primary care access system. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract.

The District provides dental insurance to eligible employees through CoreSource, Inc.

Beginning in July 2011, the District began to self-insure its workers' compensation costs. Expenses for claims are recorded on the current cash basis. The District accounts for the activities of this program in an internal service fund in accordance with GASB No. 10. A summary of the changes in self-insurance workers' compensation claims liability is as follows:

| | |
|-----------------------------------|-----------------|
| Claims Liability at July 1, 2011 | \$0 |
| Claims Incurred | 46,448 |
| Claims Paid | <u>(46,448)</u> |
| Claims Liability at June 30, 2012 | <u>\$0</u> |

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 13 – Set-Asides

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

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

| | <u>Capital Acquisition</u> |
|---|--------------------------------|
| Set Aside Reserve Balance as of June 30, 2011 | \$0 |
| Current Year Set Aside Requirements | \$1,614,854 |
| Qualified Disbursements | (\$1,614,854) |
| Current Year Offsets | <u>\$0</u> |
| Total | <u><u>\$0</u></u> |

In previous years, the District was required to have a textbook reserve. House Bill 30 of the 129th General Assembly repealed the textbook reserve requirement effective July 1, 2011.

Note 14 – Interfund Balances/Transfers

Interfund transactions at June 30, 2012, consisted of the following interfund receivables and interfund payables, transfers in and transfers out:

| | <u>Interfund</u> | | <u>Transfers</u> | |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>Receivable</u> | <u>Payable</u> | <u>In</u> | <u>Out</u> |
| General Fund | \$373,206 | \$0 | \$0 | \$100,000 |
| Other Governmental Funds | 0 | 373,206 | 0 | 0 |
| Internal Service Fund | <u>0</u> | <u>0</u> | <u>100,000</u> | <u>0</u> |
| Total All Funds | <u><u>\$373,206</u></u> | <u><u>\$373,206</u></u> | <u><u>\$100,000</u></u> | <u><u>\$100,000</u></u> |

Interfund balances/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

**Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

Note 15 – Accountability

The following funds had a deficit in fund balance:

| | |
|-----------------------------------|----------|
| Other Governmental Funds | |
| Public School Preschool | \$29,328 |
| IDEA B | 222,226 |
| Title II D | 6,912 |
| Title I | 187,769 |
| Early Childhood Special Education | 16,784 |
| Entry Year Teacher Grant | 1,168 |
| Title II A | 49,054 |
| Title III | 12,542 |
| Race to the Top | 12,858 |

The deficit in fund balance was due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide transfers when cash is required not when accruals occur.

Note 16 – Jointly Governed Organizations

The District is a participant in the Southwest Ohio Computer Association (SWOCA), a computer consortium. SWOCA is a jointly governed organization among a seven county consortium of 43 Ohio school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions of the member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge dependent upon the software package utilized. SWOCA is governed by a Board of Directors consisting of the superintendents and treasurers of member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. The Board consists of one representative from each of the participating 43 school districts. The financial statements for SWOCA are available at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

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

The District is a participant in the Southwest Ohio Organization of School Health (SWOOSH) Council of Government. This cooperative's purpose is to maximize benefits and/or reduce cost of medical, prescription drug, vision, dental, life and/or other group insurance coverage. The initial members are Forest Hills Local School District, Indian Hill Exempted Village School District, Lebanon City School District, Milford Exempted Village School district, Northwest Local School District, West Clermont Local School District and Winton Woods City School District. Each member district has one representative and districts exceeding 500 members will receive an additional representative.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 17 – Fund Balances

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

| Fund Balance | General | Permanent Improvement | Other Governmental Funds | Total Governmental Funds |
|--------------------------|--------------|--------------------------|--------------------------------|--------------------------------|
| Nonspendable: | | | | |
| Inventory | \$0 | \$0 | \$48,763 | \$48,763 |
| Endowment Reserve | 0 | 0 | 79,000 | \$79,000 |
| Total Nonspendable | 0 | 0 | 127,763 | 127,763 |
| Restricted for: | | | | |
| Debt Services | 0 | 0 | 1,754,196 | \$1,754,196 |
| Food Service | 0 | 0 | 358,892 | \$358,892 |
| Scholarships | 0 | 0 | 287,695 | \$287,695 |
| Expendable Endowment | 0 | 0 | 9,727 | \$9,727 |
| Career Consultant Grant | 0 | 0 | 3,052 | \$3,052 |
| Athletic | 0 | 0 | 218,502 | \$218,502 |
| Auxiliary Services | 0 | 0 | 421,307 | \$421,307 |
| Data Communications | 0 | 0 | 12,463 | \$12,463 |
| Drug Free Schools | 0 | 0 | 116 | \$116 |
| Total Restricted | 0 | 0 | 3,065,950 | 3,065,950 |
| Committed to: | | | | |
| Encumbrances | 30,489 | 0 | 0 | \$30,489 |
| Underground Storage Tank | 11,000 | 0 | 0 | \$11,000 |
| Capital Projects | 0 | 5,425,741 | 0 | \$5,425,741 |
| Total Committed | 41,489 | 5,425,741 | 0 | 5,467,230 |
| Assigned to : | | | | |
| Encumbrances | 230,936 | 0 | 0 | \$230,936 |
| Uniform School Supplies | 4,003 | 0 | 0 | \$4,003 |
| Future Appropriations | 577,325 | 0 | 0 | \$577,325 |
| Total Assigned | 812,264 | 0 | 0 | 812,264 |
| Unassigned (Deficit) | 25,972,050 | | (538,641) | 25,433,409 |
| Total Fund Balance | \$26,825,803 | \$5,425,741 | \$2,655,072 | \$34,906,616 |

NOTE 18 – SUBSEQUENT EVENTS

On September 1, 2012, the District issued \$6,500,000 Certificates of Participation to finance to renovate Colerain High School and Northwest High School to facilitate a Geophysics STEM program at each location. The interest rate begins at 2.00 percent, with a maturity at December 1, 2029.

On October 29, 2012, the District issued \$4,000,000 Energy Conservation Limited Tax General Obligation Bonds which are Qualified Zone Academy Bonds. The bonds are being issued for the purpose of financing the energy conservation measures. The bonds were issued at the rate of 3.75 percent, with a maturity at December 1, 2027. Interest tax credits will be received by the District for the bonds.

On October 29, 2012, the District issued \$1,390,000 Energy Conservation Limited Tax General Obligation Bonds which are Bank Qualified. The bonds are being issued for the purpose of financing the energy conservation measures. The bonds were issued at the rate of 2.00 percent, with a maturity at December 1, 2027.

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Required Supplementary Information



Northwest Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2012

| | General Fund | | | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------|--------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Property Taxes | \$38,093,078 | \$38,100,000 | \$37,971,571 | (\$128,429) |
| Payment in Lieu of Taxes | \$3,500,000 | \$3,810,000 | \$3,769,607 | (40,393) |
| Intergovernmental | 33,058,902 | 33,950,000 | 33,705,565 | (244,435) |
| Interest | 100,000 | 125,000 | 121,998 | (3,002) |
| Tuition and Fees | 1,384,928 | 1,865,000 | 1,433,808 | (431,192) |
| Extracurricular | 85,884 | 85,884 | 41,725 | (44,159) |
| Rent | 695,787 | 650,000 | 645,926 | (4,074) |
| Customer Services | 285,767 | 400,000 | 394,526 | (5,474) |
| Miscellaneous | 130,478 | 113,206 | 87,393 | (25,813) |
| Total Revenues | 77,334,824 | 79,099,090 | 78,172,119 | (926,971) |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 35,913,575 | 35,780,000 | 35,503,169 | 276,831 |
| Special | 9,255,070 | 9,250,000 | 8,987,750 | 262,250 |
| Vocational | 41,310 | 52,347 | 52,347 | 0 |
| Student Intervention Services | 1,203,210 | 679,221 | 678,720 | 501 |
| Other | 6,160 | 94,930 | 94,586 | 344 |
| Support Services: | | | | |
| Pupils | 5,649,606 | 5,625,000 | 5,269,905 | 355,095 |
| Instructional Staff | 5,727,601 | 5,940,000 | 5,873,536 | 66,464 |
| Board of Education | 219,171 | 187,754 | 169,613 | 18,141 |
| Administration | 4,837,374 | 5,120,381 | 5,098,805 | 21,576 |
| Fiscal | 1,871,686 | 2,001,066 | 1,980,723 | 20,343 |
| Business | 590,317 | 449,086 | 447,402 | 1,684 |
| Operation and Maintenance of Plant | 7,505,541 | 7,040,000 | 6,753,410 | 286,590 |
| Pupil Transportation | 4,755,078 | 4,770,000 | 4,749,313 | 20,687 |
| Central | 1,672,147 | 1,750,000 | 1,671,884 | 78,116 |
| Operation of Non-Instructional Services | 159,408 | 142,167 | 142,075 | 92 |
| Extracurricular Activities | 1,331,984 | 1,385,975 | 1,381,242 | 4,733 |
| Total Expenditures | 80,739,238 | 80,267,927 | 78,854,480 | 1,413,447 |
| Excess of Revenues Over (Under) Expenditures | (3,404,414) | (1,168,837) | (682,361) | 486,476 |
| Other Financing Sources (Uses): | | | | |
| Advances In | 875,000 | 916,326 | 915,372 | (954) |
| Proceeds from Sale of Capital Assets | 1,000 | 7,000 | 6,919 | (81) |
| Refund of Prior Year Expenditures | 5,000 | 18,000 | 17,317 | (683) |
| Other Financing Uses | (50,000) | 0 | 0 | 0 |
| Advances (Out) | (600,000) | (373,235) | (373,235) | 0 |
| Transfers (Out) | (250,000) | (100,000) | (100,000) | 0 |
| Total Other Financing Sources (Uses) | (19,000) | 468,091 | 466,373 | (1,718) |
| Net Change in Fund Balance | (3,423,414) | (700,746) | (215,988) | 484,758 |
| Fund Balance at Beginning of Year | 16,543,714 | 16,543,714 | 16,543,714 | 0 |
| Prior Year Encumbrances Appropriated | 678,325 | 678,325 | 678,325 | 0 |
| Fund Balance at End of Year | \$13,798,625 | \$16,521,293 | \$17,006,051 | \$484,758 |

See accompanying notes to the basic financial statements

Note 1 – Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2012.

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a commitment or assignment of fund balance (GAAP basis).

4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.
5. Certain funds accounted for as separate funds internally with legally adopted budgets (budget basis) do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

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

Net Change in Fund Balance

| | General |
|------------------------------|-------------|
| GAAP Basis | \$1,607,372 |
| Revenue Accruals | (942,753) |
| Expenditure Accruals | (905,284) |
| Advances In | 915,372 |
| Advances (Out) | (373,235) |
| Proceeds from Sale of Assets | 6,919 |
| Refund of Prior Year Expense | 17,317 |
| Encumbrances | (541,696) |
| Budget Basis | (\$215,988) |

Combining Statements and Individual Fund Schedules



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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund

The Debt Service Fund is used for the accumulation of resources for and the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment. The District has only one Debt Service Fund for fiscal year 2012.

Permanent Fund

The Permanent Fund is used to account for the financial resources that are restricted. Only the income earned can be used for specific purposes. The District only has one Permanent Fund for fiscal year 2011, the Endowment Fund.

Northwest Local School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Permanent Fund | Total Nonmajor Governmental Funds |
|--|---|-------------------------------------|-------------------------------|--|
| Assets: | | | | |
| Equity in Pooled Cash and Investments | \$1,618,903 | \$1,068,560 | \$88,727 | \$2,776,190 |
| Receivables: | | | | |
| Property Taxes | 0 | 1,993,277 | 0 | 1,993,277 |
| Intergovernmental | 1,485,073 | 0 | 0 | 1,485,073 |
| Accounts | 7,341 | 0 | 0 | 7,341 |
| Inventory Held for Resale | 48,763 | 0 | 0 | 48,763 |
| Total Assets | \$3,160,080 | \$3,061,837 | \$88,727 | \$6,310,644 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$179,901 | \$0 | \$0 | \$179,901 |
| Contracts Payable | 0 | 0 | 0 | \$0 |
| Accrued Wages & Benefits | 557,947 | 0 | 0 | 557,947 |
| Matured Compensated Absences Payable | 13,414 | 0 | 0 | 13,414 |
| Interfund Payable | 373,026 | 0 | 0 | 373,026 |
| Deferred Revenue | 1,223,643 | 1,307,641 | 0 | 2,531,284 |
| Total Liabilities | 2,347,931 | 1,307,641 | 0 | 3,655,572 |
| Fund Balances: | | | | |
| Nonspendable | 48,763 | 0 | 79,000 | 127,763 |
| Restricted | 1,302,027 | 1,754,196 | 9,727 | 3,065,950 |
| Committed | 0 | 0 | 0 | 0 |
| Unassigned | (538,641) | 0 | 0 | (538,641) |
| Total Fund Balances | 812,149 | 1,754,196 | 88,727 | 2,655,072 |
| Total Liabilities and Fund Balances | \$3,160,080 | \$3,061,837 | \$88,727 | \$6,310,644 |

Northwest Local School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Permanent Fund | Total Nonmajor Governmental Funds |
|---|---|-------------------------------------|-------------------------------|--|
| Revenues: | | | | |
| Property Taxes | \$0 | \$1,623,331 | \$0 | \$1,623,331 |
| Intergovernmental | 9,373,151 | 233,781 | 0 | 9,606,932 |
| Interest | 1,037 | 0 | 0 | 1,037 |
| Extracurricular Activities | 538,721 | 0 | 0 | 538,721 |
| Customer Services | 1,529,897 | 0 | 0 | 1,529,897 |
| Gifts and Donations | 147,731 | 0 | 0 | 147,731 |
| Miscellaneous | 87,569 | 20,636 | 0 | 108,205 |
| Total Revenues | 11,678,106 | 1,877,748 | 0 | 13,555,854 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 1,748,176 | 0 | 0 | 1,748,176 |
| Special | 1,951,402 | 0 | 0 | 1,951,402 |
| Vocational | 12,847 | 0 | 0 | 12,847 |
| Student Intervention Services | 157,933 | 0 | 0 | 157,933 |
| Support Services: | | | | |
| Pupils | 586,368 | 0 | 980 | 587,348 |
| Instructional Staff | 982,163 | 0 | 0 | 982,163 |
| Board of Education | 22 | 0 | 0 | 22 |
| Administration | 697,447 | 0 | 0 | 697,447 |
| Fiscal | 0 | 26,117 | 0 | 26,117 |
| Operation and Maintenance of Plant | 38,939 | 0 | 0 | 38,939 |
| Pupil Transportation | 107,372 | 0 | 0 | 107,372 |
| Operation of Non-Instructional Services | 6,315,863 | 0 | 0 | 6,315,863 |
| Extracurricular Activities | 536,487 | 0 | 3,000 | 539,487 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Principal | 0 | 1,070,000 | 0 | 1,070,000 |
| Interest | 0 | 775,790 | 0 | 775,790 |
| Total Expenditures | 13,135,019 | 1,871,907 | 3,980 | 15,010,906 |
| Net Change in Fund Balances | (1,456,913) | 5,841 | (3,980) | (1,455,052) |
| Fund Balances at Beginning of Year | 2,269,062 | 1,748,355 | 92,707 | 4,110,124 |
| Fund Balances at End of Year | \$812,149 | \$1,754,196 | \$88,727 | \$2,655,072 |

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GENERAL FUND

The General Fund is the operating fund of Northwest Local 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 for any purpose provided it is expended or transferred according to the general laws of Ohio.

With the implementation of GASB Statement No. 54, certain funds that Northwest Local prepares legally adopted budgets for no longer meet the definition to be reported as Special Revenue Funds and have been included with the General Fund in the governmental fund financial statements. Therefore, Northwest Local has only presented the budgetary schedules for these funds:

Uniform School Supplies Fund – accounts for the purchase and sale of school supplies, such as workbooks, as adopted by the Board of Education.

Underground Storage Tank - accounts for local funds which are provided in the event of an underground storage tank leak.

NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

Food Service – To account for all revenues and expenses related to the provision of food services, including breakfast and lunch, for the District students and staff.

Career Consultant Grant – To account for all revenues and expenses related to career consultant grant monies. This grant is from Butler Tech which pays for an employee to coordinate between the two districts. This employee coordinates the technology, professional development, transportation and other necessary expenses for the career programs.

Athletic – To account for those student activity programs which have student participation in the activity but do not have student management in the programs. This fund includes athletic programs as well as the bank, cheerleaders, drama clubs and other similar types of activities.

Auxiliary Services – To account for state funds which provide services and materials to students attending non-public schools within the boundaries of the District as provided by state law.

Public School Preschool – To account for assistance from the State in paying the cost of a pre-school program for three and four year old students.

NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

Entry Year Teacher Grant – To account for state funds used to provide an entry year program for beginning teachers that hold two-year provisional licenses and are teaching in their licensed field.

Educational Jobs Bill – To provide compensation and benefits and other expenses, such as support services to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary or secondary educational and related services.

Race to the Top – To provide for either a new program or expansion of an existing program to support initiatives in the following areas: Standards and Assessments; Using Data to improve Instruction; Grant Teachers and Leaders; and Turning Around the Lowest-Achieving Schools.

IDEA B Special Education – To account for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels. Also, to assist in the training of teachers, supervisors and other specialist in providing educational services to the handicapped.

Title II-D – To account for competitive grant monies received from the Federal Government which focuses on professional development and student learning needed for the 21st century.

Title III – To account for federal funds to provide language instruction for limited English proficient and migrant students.

Title I – To account for federal funds for services provided to meet special education needs of educationally deprived children.

Drug Free Schools – To account for federal funds used for establishment, operation and improvement of programs of drug abuse prevention, early intervention, rehabilitation referral and education in schools.

Early Childhood Special Education – To account for federal funds received to provide programs to handicapped preschool children.

Title II-A – To account for federal funds to assist in the cost of personnel hired to reduce class size in kindergarten through third grade.

NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

School Net Professional Development – To account for a limited number of professional development subsidy grants.

Special Trust – To provide for donations received that are restricted for purposes that are beneficial to the overall operation of the School District.

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Northwest Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012

| | Food Services | Career Consultant Grant | Athletic | Auxiliary Service | Public School Preschool |
|--|------------------|-------------------------------|------------------|----------------------|-------------------------------|
| Assets: | | | | | |
| Equity in Pooled Cash and Investments | \$352,128 | \$10,517 | \$240,396 | \$554,934 | \$129 |
| Receivables: | | | | | |
| Intergovernmental | 261,430 | 0 | 0 | 0 | 32,987 |
| Accounts | 1,128 | 0 | 1,533 | 0 | 0 |
| Inventory Held for Resale | 48,763 | 0 | 0 | 0 | 0 |
| Total Assets | \$663,449 | \$10,517 | \$241,929 | \$554,934 | \$33,116 |
| Liabilities: | | | | | |
| Accounts Payable | \$1,707 | \$440 | \$23,427 | \$126,310 | \$0 |
| Accrued Wages & Benefits | 246,186 | 0 | 0 | 7,317 | 29,457 |
| Interfund Payable | 0 | 7,025 | 0 | 0 | 0 |
| Deferred Revenue | 0 | 0 | 0 | 0 | 32,987 |
| Matured Compensated Absences Payable | 7,901 | 0 | 0 | 0 | 0 |
| Total Liabilities | 255,794 | 7,465 | 23,427 | 133,627 | 62,444 |
| Fund Balances: | | | | | |
| Nonspendable | 48,763 | 0 | 0 | 0 | 0 |
| Restricted | 358,892 | 3,052 | 218,502 | 421,307 | 0 |
| Unassigned | 0 | 0 | 0 | 0 | (29,328) |
| Total Fund Balances (Deficit) | 407,655 | 3,052 | 218,502 | 421,307 | (29,328) |
| Total Liabilities and Fund Balances | \$663,449 | \$10,517 | \$241,929 | \$554,934 | \$33,116 |

| Entry Year Teacher Grant | Race to the Top | IDEA-B Special Education | Title II-D | Title III | Title I | Drug Free Schools |
|--------------------------------|-----------------------|--------------------------------|-----------------|-----------------|------------------|----------------------|
| \$305 | \$20,492 | \$129,444 | \$826 | \$6,101 | \$3,031 | \$116 |
| 0 | 140,904 | 557,904 | 17,527 | 19,901 | 347,396 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$305</u> | <u>\$161,396</u> | <u>\$687,348</u> | <u>\$18,353</u> | <u>\$26,002</u> | <u>\$350,427</u> | <u>\$116</u> |
| \$0 | \$3,672 | \$15,859 | \$825 | \$0 | \$2,700 | \$0 |
| 1,473 | 0 | 125,205 | 0 | 0 | 101,054 | 0 |
| 0 | 29,678 | 210,606 | 6,913 | 18,643 | 81,533 | 0 |
| 0 | 140,904 | 557,904 | 17,527 | 19,901 | 347,396 | 0 |
| 0 | 0 | 0 | 0 | 0 | 5,513 | 0 |
| <u>1,473</u> | <u>174,254</u> | <u>909,574</u> | <u>25,265</u> | <u>38,544</u> | <u>538,196</u> | <u>0</u> |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 116 |
| <u>(1,168)</u> | <u>(12,858)</u> | <u>(222,226)</u> | <u>(6,912)</u> | <u>(12,542)</u> | <u>(187,769)</u> | <u>0</u> |
| <u>(1,168)</u> | <u>(12,858)</u> | <u>(222,226)</u> | <u>(6,912)</u> | <u>(12,542)</u> | <u>(187,769)</u> | <u>116</u> |
| <u>\$305</u> | <u>\$161,396</u> | <u>\$687,348</u> | <u>\$18,353</u> | <u>\$26,002</u> | <u>\$350,427</u> | <u>\$116</u> |

(continued)

Northwest Local School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2012
 (Continued)

| | Early Childhood Special Education | Title II A | School Net Professional Development | Special Trust | Total Nonmajor Special Revenue Funds |
|--|--|-----------------|---|------------------|---|
| Assets: | | | | | |
| Equity in Pooled Cash and Investments | \$426 | \$0 | \$12,463 | \$287,595 | \$1,618,903 |
| Receivables: | | | | | |
| Intergovernmental | 39,400 | 64,824 | 2,800 | 0 | 1,485,073 |
| Accounts | 0 | 0 | 0 | 4,680 | 7,341 |
| Inventory Held for Resale | 0 | 0 | 0 | 0 | 48,763 |
| Total Assets | \$39,826 | \$64,824 | \$15,263 | \$292,275 | \$3,160,080 |
| Liabilities: | | | | | |
| Accounts Payable | \$381 | \$0 | \$0 | \$4,580 | \$179,901 |
| Accrued Wages & Benefits | 0 | 47,255 | 0 | 0 | 557,947 |
| Interfund Payable | 16,829 | 1,799 | 0 | 0 | 373,026 |
| Deferred Revenue | 39,400 | 64,824 | 2,800 | 0 | 1,223,643 |
| Matured Compensated Absences Payable | 0 | 0 | 0 | 0 | 13,414 |
| Total Liabilities | 56,610 | 113,878 | 2,800 | 4,580 | 2,347,931 |
| Fund Balances: | | | | | |
| Nonspendable | 0 | 0 | 0 | 0 | 48,763 |
| Restricted | 0 | 0 | 12,463 | 287,695 | 1,302,027 |
| Unassigned | (16,784) | (49,054) | 0 | 0 | (538,641) |
| Total Fund Balances (Deficit) | (16,784) | (49,054) | 12,463 | 287,695 | 812,149 |
| Total Liabilities and Fund Balances | \$39,826 | \$64,824 | \$15,263 | \$292,275 | \$3,160,080 |

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Northwest Local School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended June 30, 2012

| | Food Services | Career Consultant Grant | Athletic Fund | Auxiliary Service | Public School Preschool |
|--|------------------|-------------------------------|------------------|----------------------|-------------------------------|
| Revenues: | | | | | |
| Intergovernmental | \$1,901,025 | \$0 | \$0 | \$2,586,083 | \$112,466 |
| Interest | 0 | 0 | 0 | 1,037 | 0 |
| Extracurricular Activities | 0 | 0 | 537,839 | 0 | 0 |
| Customer Services | 1,529,897 | 22,951 | 0 | 0 | 0 |
| Gifts and Donations | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 0 | 0 | 12,226 | 0 | 0 |
| Total Revenues | 3,430,922 | 22,951 | 550,065 | 2,587,120 | 112,466 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 0 | 0 | 0 | 0 | 0 |
| Special | 0 | 0 | 0 | 0 | 120,313 |
| Vocational | 0 | 12,847 | 0 | 0 | 0 |
| Student Intervention Services | 0 | 0 | 0 | 0 | 0 |
| Support Services: | | | | | |
| Pupils | 0 | 8,863 | 0 | 0 | 0 |
| Instructional Staff | 0 | 7,026 | 0 | 0 | 0 |
| Board of Education | 22 | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 | 0 | 0 |
| Operation and Maintenance of Plant | 38,939 | 0 | 0 | 0 | 0 |
| Pupil Transportation | 0 | 0 | 56,364 | 0 | 0 |
| Operation of Non-Instructional Services: | | | | | |
| Extracurricular Activities | 3,395,967 | 0 | 0 | 2,172,739 | 0 |
| Extracurricular Activities | 0 | 0 | 536,487 | 0 | 0 |
| Total Expenditures | 3,434,928 | 28,736 | 592,851 | 2,172,739 | 120,313 |
| Net Change in Fund Balances | (4,006) | (5,785) | (42,786) | 414,381 | (7,847) |
| Fund Balances (Deficit) at Beginning of Year | 411,661 | 8,837 | 261,288 | 6,926 | (21,481) |
| Fund Balances (Deficit) at End of Year | \$407,655 | \$3,052 | \$218,502 | \$421,307 | (\$29,328) |

| Entry Year Teacher Grant | Educational Jobs Bill | Race to the Top | IDEA-B Special Education | Title II-D | Title III | Title I |
|--------------------------------|-----------------------------|-----------------------|--------------------------------|------------|------------|-------------|
| \$0 | \$37,515 | \$180,794 | \$2,351,805 | \$513 | \$41,123 | \$1,822,754 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 37,515 | 180,794 | 2,351,805 | 513 | 41,123 | 1,822,754 |
| 0 | 1,435,170 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 814,585 | 0 | 52,178 | 959,853 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 157,933 | 0 | 0 | 0 |
| 0 | 0 | 0 | 431,236 | 0 | 0 | 16,867 |
| 6,676 | 0 | 259,515 | 28,093 | 3,745 | 3,410 | 673,252 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 608,225 | 0 | 0 | 89,222 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 51,008 |
| 0 | 0 | 0 | 533,014 | 3,159 | 4,000 | 144,564 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6,676 | 1,435,170 | 259,515 | 2,573,086 | 6,904 | 59,588 | 1,934,766 |
| (6,676) | (1,397,655) | (78,721) | (221,281) | (6,391) | (18,465) | (112,012) |
| 5,508 | 1,397,655 | 65,863 | (945) | (521) | 5,923 | (75,757) |
| (\$1,168) | \$0 | (\$12,858) | (\$222,226) | (\$6,912) | (\$12,542) | (\$187,769) |

(continued)

Northwest Local School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended June 30, 2012
 (Continued)

| | Drug Free Schools | Early Childhood Special Education | Title II A | School Net Professional Development | Special Trusts |
|---|----------------------|--|-------------------|---|-------------------|
| Revenues: | | | | | |
| Intergovernmental | \$12,499 | \$45,545 | \$255,829 | \$25,200 | \$0 |
| Interest | 0 | 0 | 0 | 0 | 0 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 882 |
| Customer Services | 0 | 0 | 0 | 0 | 0 |
| Gifts and Donations | 0 | 0 | 0 | 0 | 124,780 |
| Miscellaneous | 0 | 0 | 0 | 0 | 75,343 |
| Total Revenues | 12,499 | 45,545 | 255,829 | 25,200 | 201,005 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 0 | 0 | 290,634 | 22,372 | 0 |
| Special | 0 | 4,158 | 0 | 0 | 315 |
| Vocational | 0 | 0 | 0 | 0 | 0 |
| Student Intervention Services | 0 | 0 | 0 | 0 | 0 |
| Support Services: | | | | | |
| Pupils | 10,000 | 31,624 | 0 | 0 | 87,778 |
| Instructional Staff | 0 | 446 | 0 | 0 | 0 |
| Board of Education | 0 | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 | 0 | 0 |
| Operation and Maintenance of Plant | 0 | 0 | 0 | 0 | 0 |
| Pupil Transportation | 0 | 0 | 0 | 0 | 0 |
| Operation of Non-Instructional Services: | 0 | 0 | 0 | 0 | 62,420 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 10,000 | 36,228 | 290,634 | 22,372 | 150,513 |
| Net Change in Fund Balances | 2,499 | 9,317 | (34,805) | 2,828 | 50,492 |
| Fund Balances (Deficit) at Beginning of Year | (2,383) | (26,101) | (14,249) | 9,635 | 237,203 |
| Fund Balances (Deficit) at End of Year | \$116 | (\$16,784) | (\$49,054) | \$12,463 | \$287,695 |

Total
Nonmajor
Special Revenue
Funds

\$9,373,151
1,037
538,721
1,529,897
147,731
87,569

11,678,106

1,748,176
1,951,402
12,847
157,933

586,368
982,163
22
697,447
38,939
107,372
6,315,863
536,487

13,135,019

(1,456,913)

2,269,062

\$812,149

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Uniform School Supplies Fund (1) | | |
|---|----------------------------------|-----------|--|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Tuition and Fees | \$298,742 | \$319,559 | \$20,817 |
| Total Revenues | 298,742 | 319,559 | 20,817 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 444,601 | 341,436 | 103,165 |
| Support Services: | | | |
| Instructional Staff | 14,356 | 12,631 | 1,725 |
| Board of Education | 1,525 | 0 | 1,525 |
| Total Expenditures | 460,482 | 354,067 | 106,415 |
| Excess of Revenues Over/(Under) Expenditures | (161,740) | (34,508) | 127,232 |
| Other Financing Sources and Uses: | | | |
| Transfers In | 90,000 | 0 | (90,000) |
| Total Other Financing Sources and Uses | 90,000 | 0 | (90,000) |
| Net Change in Fund Balance | (71,740) | (34,508) | 37,232 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | 342,335 | 342,335 | 0 |
| Fund Balance at End of Year | \$270,595 | \$307,827 | \$37,232 |

(1) For GAAP reporting, this fund is combined with the General Fund.

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Underground Storage Tank Fund (1) | | |
|---|-----------------------------------|----------|--|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Total Revenues | \$0 | \$0 | \$0 |
| Total Expenditures | 0 | 0 | 0 |
| Net Change in Fund Balance | 0 | 0 | 0 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | 11,000 | 11,000 | 0 |
| Fund Balance at End of Year | \$11,000 | \$11,000 | \$0 |

(1) For GAAP reporting, this fund is combined with the General Fund.

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Food Service Fund | | |
|--|-------------------|------------------|---|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Intergovernmental | \$1,967,284 | \$1,659,376 | (\$307,908) |
| Customer Services | 1,647,776 | 1,532,618 | (115,158) |
| Total Revenues | <u>3,615,060</u> | <u>3,191,994</u> | <u>(423,066)</u> |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Board of Education | 3,005 | 22 | \$2,983 |
| Operation and Maintenance of Plant | 53,800 | 40,486 | \$13,314 |
| Operation of Non-Instructional Services: | | | |
| Food Service | <u>3,503,623</u> | <u>3,275,566</u> | <u>\$228,057</u> |
| Total Expenditures | <u>3,560,428</u> | <u>3,316,074</u> | <u>244,354</u> |
| Net Change in Fund Balance | 54,632 | (124,080) | (178,712) |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | <u>475,844</u> | <u>475,844</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$530,476</u> | <u>\$351,764</u> | <u>(\$178,712)</u> |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Career Consultant Grant Fund | | |
|---|------------------------------|----------|--|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Intergovernmental | \$47,067 | \$22,951 | (\$24,116) |
| Total Revenues | 47,067 | 22,951 | (24,116) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Vocational | 21,515 | 18,943 | 2,572 |
| Support Services: | | | |
| Pupils | 10,385 | 8,863 | 1,522 |
| Instructional Staff | 24,945 | 7,219 | 17,726 |
| Total Expenditures | 56,845 | 35,025 | 21,820 |
| Other Financing Sources: | | | |
| Advances In | 0 | 7,025 | 7,025 |
| Total Other Financing Sources | 0 | 7,025 | 7,025 |
| Net Change in Fund Balance | (9,778) | (5,049) | 4,729 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | 10,070 | 10,070 | 0 |
| Fund Balance at End of Year | \$292 | \$5,021 | \$4,729 |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Athletic Fund | | |
|---|---------------|-----------|--|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Extracurricular Activities | \$679,694 | \$538,193 | (\$141,501) |
| Miscellaneous | 10,964 | 11,622 | 658 |
| Total Revenues | 690,658 | 549,815 | (140,843) |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Board of Education | 5,600 | 0 | 5,600 |
| Pupil Transportation | 89,381 | 57,420 | 31,961 |
| Extracurricular | 657,445 | 546,497 | 110,948 |
| Total Expenditures | 752,426 | 603,917 | 148,509 |
| Excess of Revenues Over (Under) Expenditures | (61,768) | (54,102) | 7,666 |
| Other Financing Sources: | | | |
| Transfers In | 2,000 | 0 | (2,000) |
| Total Other Financing Sources | 2,000 | 0 | (2,000) |
| Net Change in Fund Balance | (59,768) | (54,102) | 5,666 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | 261,452 | 261,452 | 0 |
| Fund Balance at End of Year | \$201,684 | \$207,350 | \$5,666 |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Auxiliary Services Fund | | |
|--|-------------------------|-------------|---|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Intergovernmental | \$2,592,042 | \$2,586,083 | (\$5,959) |
| Interest | 1,037 | 1,037 | 0 |
| Total Revenues | 2,593,079 | 2,587,120 | (5,959) |
| Expenditures: | | | |
| Current: | | | |
| Operation of Non-Instructional Services: | 3,243,223 | 2,904,110 | 339,113 |
| Total Expenditures | 3,243,223 | 2,904,110 | 339,113 |
| Excess of Revenues Over(Under) Expenditures | (650,144) | (316,990) | 333,154 |
| Net Change in Fund Balances | (650,144) | (316,990) | 333,154 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | 650,144 | 650,144 | 0 |
| Fund Balance at End of Year | \$0 | \$333,154 | \$333,154 |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Public School Preschool Fund | | |
|---|------------------------------|-----------|--|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Intergovernmental | \$145,453 | \$112,466 | (\$32,987) |
| Total Revenues | 145,453 | 112,466 | (32,987) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Special | 140,044 | 106,928 | 33,116 |
| Total Expenditures | 140,044 | 106,928 | 33,116 |
| Excess of Revenues Over Expenditures | 5,409 | 5,538 | 129 |
| Other Financing Uses: | | | |
| Advances Out | (5,453) | (5,453) | 0 |
| Total Other Financing Sources (Uses) | (5,453) | (5,453) | 0 |
| Net Change in Fund Balance | (44) | 85 | 129 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | 44 | 44 | 0 |
| Fund Balance at End of Year | \$0 | \$129 | \$129 |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Entry Year Teacher Grant | | |
|--|--------------------------|---------|---|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Intergovernmental | \$0 | \$0 | \$0 |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Instructional Staff | 5,605 | 5,245 | 360 |
| Total Expenditures | 5,605 | 5,245 | 360 |
| Net Change in Fund Balance | (5,605) | (5,245) | 360 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | 5,605 | 5,605 | 0 |
| Fund Balance at End of Year | \$0 | \$360 | \$360 |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Educational Jobs Bill | | |
|--|-----------------------|-------------|--|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Intergovernmental | \$1,435,170 | \$1,435,170 | \$0 |
| Total Revenues | 1,435,170 | 1,435,170 | 0 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 1,435,170 | 1,435,170 | 0 |
| Total Expenditures | 1,435,170 | 1,435,170 | 0 |
| Excess of Revenues Over (Under) Expenditures | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 |
| Fund Balance (Deficit) at End of Year | \$0 | \$0 | \$0 |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Race to the Top | | |
|--|-----------------|-----------|---|
| | Budget | Actual | Variance with Final Budget (Negative) |
| Revenues: | | | |
| Intergovernmental | \$450,456 | \$309,550 | (\$140,906) |
| Total Revenues | 450,456 | 309,550 | (140,906) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 1,050 | 1,050 | 0 |
| Support Services: | | | |
| Instructional Staff | 370,777 | 280,824 | 89,953 |
| Total Expenditures | 371,827 | 281,874 | 89,953 |
| Excess of Revenues Over (Under) Expenditures | 78,629 | 27,676 | (50,953) |
| Other Financing Sources and Uses: | | | |
| Transfers In | 0 | 21,275 | 21,275 |
| Advances In | 0 | 29,678 | 29,678 |
| Transfers Out | (21,275) | (21,275) | 0 |
| Advances In | (93,506) | (93,506) | 0 |
| Total Other Financing Uses | (114,781) | (63,828) | 50,953 |
| Net Change in Fund Balance | (36,152) | (36,152) | 0 |
| Fund Balance at Beginning of Year | 36,152 | 36,152 | 0 |
| Fund Balance (Deficit) at End of Year | \$0 | \$0 | \$0 |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | IDEA-B | | Variance with Final Budget Positive (Negative) |
|--|-----------------|-------------|---|
| | Final Budget | Actual | |
| Revenues: | | | |
| Intergovernmental | \$3,453,893 | \$2,895,989 | (\$557,904) |
| Total Revenues | 3,453,893 | 2,895,989 | (557,904) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Special | 949,778 | 822,035 | 127,743 |
| Student Intervention Services | 216,459 | 161,587 | 54,872 |
| Support Services: | | | |
| Pupils | 450,502 | 446,316 | 4,186 |
| Instructional Staff: | 39,246 | 28,883 | 10,363 |
| Administration | 668,254 | 610,473 | 57,781 |
| Pupil Transportation | 85,000 | 80,580 | 4,420 |
| Operation of Non-Instructional Services | 644,509 | 555,948 | 88,561 |
| Total Expenditures | 3,053,748 | 2,705,822 | 347,926 |
| Excess of Revenues Over(Under) Expenditures | 400,145 | 190,167 | (209,978) |
| Other Financing Sources and Uses: | | | |
| Advances In | 0 | 210,605 | 210,605 |
| Advances (Out) | (426,175) | (426,175) | 0 |
| Total Other Financing Sources and Uses | (426,175) | (215,570) | 210,605 |
| Net Change in Fund Balance | (26,030) | (25,403) | 627 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | 27,612 | 27,612 | 0 |
| Fund Balance (Deficit) at End of Year | \$1,582 | \$2,209 | \$627 |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Title II-D | | |
|--|-----------------|-----------------|---|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Intergovernmental | \$74,050 | \$56,524 | (\$17,526) |
| Total Revenues | <u>74,050</u> | <u>56,524</u> | <u>(17,526)</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 13,097 | 13,097 | 0 |
| Support Services: | | | |
| Instructional Staff: | 13,844 | 3,755 | 10,089 |
| Operation of Non-Instructional Services | 4,196 | 3,672 | 524 |
| Total Expenditures | <u>31,137</u> | <u>20,524</u> | <u>10,613</u> |
| Excess of Revenues Under Expenditures | 42,913 | 36,000 | (6,913) |
| Other Financing Sources: | | | |
| Advances In | 0 | 6,913 | 6,913 |
| Advances (Out) | (56,523) | (56,523) | 0 |
| Total Other Financing Sources | <u>(56,523)</u> | <u>(49,610)</u> | <u>6,913</u> |
| Net Change in Fund Balance | (13,610) | (13,610) | 0 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | <u>13,610</u> | <u>13,610</u> | <u>0</u> |
| Fund Balance (Deficit) at End of Year | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Title III | | Variance with Final Budget Positive (Negative) |
|--|-----------------|----------|---|
| | Final Budget | Actual | |
| Revenues: | | | |
| Intergovernmental | \$60,960 | \$42,781 | (\$18,179) |
| Total Revenues | 60,960 | 42,781 | (18,179) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Special | 57,603 | 52,603 | 5,000 |
| Support Services: | | | |
| Instructional Staff | 3,463 | 3,410 | 53 |
| Operation of Non-Instructional Services | 4,585 | 4,000 | 585 |
| Total Expenditures | 65,651 | 60,013 | 5,638 |
| Excess of Revenues Over (Under) Expenditures | (4,691) | (17,232) | (12,541) |
| Other Financing Sources and Uses: | | | |
| Advances In | 0 | 18,643 | 18,643 |
| Total Other Financing Sources and Uses | 0 | 18,643 | 18,643 |
| Net Change in Fund Balance | (4,691) | 1,411 | 6,102 |
| Fund Balance at Beginning of Year | 4,691 | 4,691 | 0 |
| Fund Balance at End of Year | \$0 | \$6,102 | \$6,102 |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Title I | | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|---|
| | Final Budget | Actual | |
| Revenues: | | | |
| Intergovernmental | \$2,514,311 | \$2,166,904 | (\$347,407) |
| | | | |
| Total Revenues | <u>2,514,311</u> | <u>2,166,904</u> | <u>(347,407)</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 11,721 | 11,721 | 0 |
| Special | 1,081,094 | 965,344 | 115,750 |
| Support Services: | | | |
| Pupils | 17,246 | 17,246 | 0 |
| Instructional Staff | 876,790 | 740,391 | 136,399 |
| Administration | 98,620 | 89,409 | 9,211 |
| Pupil Transportation | 51,008 | 51,008 | 0 |
| Operation of Non-Instructional Services | 183,914 | 145,181 | 38,733 |
| Total Expenditures | <u>2,320,393</u> | <u>2,020,300</u> | <u>300,093</u> |
| Excess of Revenues Over (Under) Expenditures | 193,918 | 146,604 | (47,314) |
| Other Financing Sources and Uses: | | | |
| Transfers In | 33,873 | 0 | (33,873) |
| Advances In | 0 | 81,534 | 81,534 |
| Advances (Out) | (252,495) | (252,495) | 0 |
| Total Other Financing Sources and Uses | <u>(218,622)</u> | <u>(170,961)</u> | <u>47,661</u> |
| Net Change in Fund Balance | (24,704) | (24,357) | 347 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | <u>24,704</u> | <u>24,704</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$0</u> | <u>\$347</u> | <u>\$347</u> |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Drug Free Schools | | |
|--|-------------------|----------|---|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Intergovernmental | \$14,747 | \$14,747 | \$0 |
| Total Revenues | 14,747 | 14,747 | 0 |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Pupils | 10,000 | 10,000 | 0 |
| Operation of Non-Instructional Services | 116 | 0 | 116 |
| Total Expenditures | 10,116 | 10,000 | 116 |
| Excess of Revenues Over (Under) Expenditures | 4,631 | 4,747 | 116 |
| Other Financing Sources and Uses: | | | |
| Advances Out | (4,747) | (4,747) | 0 |
| Total Other Financing Sources and Uses | (4,747) | (4,747) | 0 |
| Net Change in Fund Balance | (116) | 0 | 116 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | 116 | 116 | 0 |
| Fund Balance (Deficit) at End of Year | \$0 | \$116 | \$116 |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Early Childhood Special Education | | |
|---|-----------------------------------|----------|--|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Intergovernmental | \$105,475 | \$66,077 | (\$39,398) |
| Total Revenues | 105,475 | 66,077 | (39,398) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Special | 51,903 | 36,465 | 15,438 |
| Support Services: | | | |
| Pupils | 36,301 | 31,624 | 4,677 |
| Instructional Staff | 2,900 | 446 | 2,454 |
| Total Expenditures: | 91,104 | 68,535 | 22,569 |
| Excess of Revenues aOver (Under) Expenditures | 14,371 | (2,458) | (16,829) |
| Other Financing Sources and Uses: | | | |
| Advances In | 0 | 16,829 | 16,829 |
| Advances (Out) | (49,392) | (49,392) | 0 |
| Total Other Financing Sources and Uses | (49,392) | (32,563) | 16,829 |
| Net Change in Fund Balance | (35,021) | (35,021) | 0 |
| Fund Balance at Beginning of Year | 35,021 | 35,021 | 0 |
| Fund Balance at End of Year | \$0 | \$0 | \$0 |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Title II-A | | Variance with Final Budget Positive (Negative) |
|--|-----------------|-----------------|---|
| | Final Budget | Actual | |
| Revenues: | | | |
| Intergovernmental | \$378,790 | \$313,968 | (\$64,822) |
| Total Revenues | <u>378,790</u> | <u>313,968</u> | <u>(64,822)</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 335,428 | 285,319 | 50,109 |
| Support Services: | | | |
| Instructional Staff | 12,851 | 6,810 | 6,041 |
| Operation of Non-Instructional Staff | 6,873 | 0 | 6,873 |
| Total Expenditures | <u>355,152</u> | <u>292,129</u> | <u>63,023</u> |
| Excess of Revenues Over (Under) Expenditures | <u>23,638</u> | <u>21,839</u> | <u>(1,799)</u> |
| Other Financing Sources and Uses: | | | |
| Advances In | 0 | 1,799 | 1,799 |
| Advances (Out) | (27,081) | (27,081) | 0 |
| Total Other Financing Sources and Uses | <u>(27,081)</u> | <u>(25,282)</u> | <u>1,799</u> |
| Net Change in Fund Balance | (3,443) | (3,443) | 0 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | <u>3,443</u> | <u>3,443</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | School Net Professional Development | | |
|-----------------------------------|-------------------------------------|----------|---|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Intergovernmental | \$28,000 | \$25,200 | (\$2,800) |
| Total Revenues | 28,000 | 25,200 | (2,800) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 37,635 | 22,372 | 15,263 |
| Total Expenditures | 37,635 | 22,372 | 15,263 |
| Net Change in Fund Balance | (9,635) | 2,828 | 12,463 |
| Fund Balance at Beginning of Year | 9,635 | 9,635 | 0 |
| Fund Balance at End of Year | \$0 | \$12,463 | \$12,463 |

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Special Trusts | | Variance with Final Budget Positive (Negative) |
|--|-----------------|-----------|---|
| | Final Budget | Actual | |
| Revenues: | | | |
| Gifts and Donations | \$86,059 | \$124,780 | 38,721 |
| Extracurricular | 882 | 882 | 0 |
| Miscellaneous | 79,078 | 73,392 | (5,686) |
| Total Revenues | 166,019 | 199,054 | 33,035 |
| Expenditures: | | | |
| Current: | | | |
| Instrucion: | | | |
| Special | 882 | 315 | 567 |
| Support Services: | | | |
| Pupils | 136,928 | 91,437 | 45,491 |
| Operation of Non-Instructional Services | 147,108 | 63,386 | 83,722 |
| Total Expenditures | 284,918 | 155,138 | 129,780 |
| Excess of Revenues Over (Under) Expenditures | (118,899) | 43,916 | 162,815 |
| Net Change in Fund Balance | (118,899) | 43,916 | 162,815 |
| Fund Balance at Beginning of Year | 238,861 | 238,861 | 0 |
| Fund Balance at End of Year | \$119,962 | \$282,777 | \$162,815 |

NONMAJOR DEBT SERVICE FUND

Fund Description

Debt Service Fund – The Debt Service Fund is used for the accumulation of resources for and the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment. The District only has this Debt Service Fund for fiscal year 2012.

Northwest Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2012

| | Debt Service | | Variance with Final Budget Positive (Negative) |
|--|-----------------|-------------|---|
| | Final Budget | Actual | |
| Revenues: | | | |
| Property Taxes | \$1,643,247 | \$1,643,331 | \$84 |
| Intergovernmental | 233,733 | 233,781 | 48 |
| Total Revenues | 1,876,980 | 1,877,112 | 132 |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Fiscal | 26,500 | 26,117 | 383 |
| Debt Service: | | | |
| Principal Retirement | 1,070,000 | 1,070,000 | 0 |
| Interest and Fiscal Charges | 775,790 | 775,790 | 0 |
| Total Expenditures | 1,872,290 | 1,871,907 | 383 |
| Net Change in Fund Balance | 4,690 | 5,205 | 515 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | 1,063,355 | 1,063,355 | 0 |
| Fund Balance at End of Year | \$1,068,045 | \$1,068,560 | \$515 |

MAJOR CAPITAL PROJECTS FUNDS

Fund Description

Permanent Improvement – To account for all transaction related to acquisition, construction or improvement of the infrastructure of buildings and grounds through permanent improvements.

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Permanent Improvement | | Variance with Final Budget Positive (Negative) |
|--|-----------------------|--------------------|---|
| | Final Budget | Actual | |
| Revenues: | | | |
| Property Taxes | \$2,719,945 | \$2,720,199 | \$254 |
| Intergovernmental | 553,579 | 446,795 | (106,784) |
| Total Revenues | <u>\$3,273,524</u> | <u>\$3,166,994</u> | <u>(\$106,530)</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 797,268 | 796,708 | 560 |
| Special | 4,046 | 1,418 | 2,628 |
| Support Services: | | | |
| Pupils | 15,261 | 15,065 | 196 |
| Fiscal | 43,000 | 42,620 | 380 |
| Operation and Maintenance of Plant | 1,076,611 | 540,991 | 535,620 |
| Pupil Transportation | 247,150 | 47,908 | 199,242 |
| Capital Outlay: | | | |
| Site Improvement Services: | 319,914 | 309,914 | 10,000 |
| Capital Outlay - New | 1,477,650 | 1,450,180 | 27,470 |
| Total Expenditures | <u>3,980,900</u> | <u>3,204,804</u> | <u>776,096</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(707,376)</u> | <u>(37,810)</u> | <u>669,566</u> |
| Other Financing Sources and Uses: | | | |
| Refund of Prior Year Expenditures | 10,000 | 8,850 | (1,150) |
| Net Change in Fund Balance | (697,376) | (28,960) | 668,416 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | <u>2,691,967</u> | <u>2,691,967</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$1,994,591</u> | <u>\$2,663,007</u> | <u>\$668,416</u> |

NONMAJOR PERMENENT FUND

Fund Description

Endowment Fund – To account for the financial resources that are restricted. Only the income earned can be used for specific purposes. The District only has one Permanent Fund for fiscal year 2012, the Endowment Fund.

Northwest Local School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Endowment Fund | | |
|--|-----------------|----------|---|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | \$0 | \$0 | \$0 |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Pupils | 33,723 | 980 | 32,743 |
| Extracurricular | 58,984 | 3,000 | 55,984 |
| Total Expenditures | 92,707 | 3,980 | 88,727 |
| Net Change in Fund Balance | (92,707) | (3,980) | 88,727 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | 92,707 | 92,707 | 0 |
| Fund Balance at End of Year | \$0 | \$88,727 | \$88,727 |

NONMAJOR FUNDS

Internal Service Funds

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

Fund Description

Workers' Compensation Fund - To provide for Workers' Compensation Self-Insurance receipts and expenditures.

Northwest Local School District
 Schedule of Revenues, Expenses and Changes
 In Fund Equity - Budget (Non-GAAP Basis) and Actual
 For the Fiscal Year Ended June 30, 2012

| | Workers' Compensation | | |
|---|-----------------------|-----------|--|
| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| Revenues: | | | |
| Charges for Service | \$350,000 | \$356,640 | \$6,640 |
| Expenses: | | | |
| Fringe Benefits | 34,000 | 10,663 | 23,337 |
| Purchased Services | 57,987 | 55,587 | 2,400 |
| Materials and Supplies | 7,250 | 7,250 | 0 |
| Claims | 116,000 | 64,804 | 51,196 |
| Other | 99,000 | 48,204 | 50,796 |
| Total Operating Expenses | 314,237 | 186,508 | 127,729 |
| Operating Income (loss) | 35,763 | 170,132 | 134,369 |
| Transfers In | 100,000 | 100,000 | 0 |
| Transfers Out | (35,000) | 0 | 35,000 |
| Total Other Financing Sources and Uses | 65,000 | 100,000 | 35,000 |
| Net Change in Net Assets | 100,763 | 270,132 | 169,369 |
| Fund Balance at Beginning of Year (includes prior year encumbrances appropriated) | 100,000 | 100,000 | 0 |
| Fund Equity at End of Year | \$200,763 | \$370,132 | \$169,369 |

NONMAJOR FUNDS

Fiduciary funds

Fiduciary fund types are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental unites and/or other funds.

Fund Description

Student Activity (Agency Fund) – To account for assets and liabilities generated by student managed activities. The fund accounts for sales and other revenue generating activities by student activity programs, which have students involved in the management of the program. The District only has this Fiduciary (Agency) Fund for fiscal year 2012.

Northwest Local School District
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2012

| | Student Activity | | | Ending Baalance |
|--|----------------------|------------------|------------------|--------------------|
| | Beginning Balance | Additions | Deductions | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$141,972 | \$183,666 | \$179,508 | \$146,130 |
| Accounts Receivable | 0 | 99 | 0 | 99 |
| Total Assets | \$141,972 | \$183,765 | \$179,508 | \$146,229 |
| Liabilities: | | | | |
| Accounts Payable | \$123,958 | \$2,938 | \$2,839 | \$124,057 |
| Undistributed Monies | 18,014 | 0 | 0 | 22,172 |
| Total Liabilities | \$141,972 | \$2,938 | \$2,839 | \$146,229 |

Statistical Section



STATISTICAL SECTION

This part of the 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 District's overall financial health.

CONTENTS

FINANCIAL TRENDS: These schedules contain trend information to help the reader understand how the District's financial position has changed over time.

REVENUE CAPACITY: These schedules contain information to help the reader understand and assess the factors affecting the District's ability to generate its most significant local revenue source(s), the property tax (and the income tax).

DEBT CAPACITY: These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

ECONOMIC AND DEMOGRAPHIC INFORMATION: These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

OPERATING INFORMATION: These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report related to the services the District provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information beginning in that fiscal year.

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

| | Fiscal Year | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, Net of related debt | \$4,540,207 | \$4,263,966 | \$3,896,572 | \$3,063,084 | \$2,440,916 | \$2,857,440 | \$3,408,154 | \$4,824,453 | \$5,225,512 | \$4,781,684 |
| Restricted | 3,208,243 | 4,996,925 | 4,984,928 | 4,911,775 | 4,812,592 | 3,098,772 | 4,545,762 | 4,294,401 | 5,117,281 | 3,982,084 |
| Expendable Endowment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13,707 | 9,727 |
| Nonexpendable Trust | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 79,000 | 79,000 |
| Unrestricted | 17,774,623 | 13,113,564 | 17,057,579 | 17,619,488 | 17,931,886 | 15,918,949 | 21,200,605 | 22,468,679 | 27,598,942 | 31,016,137 |
| Total Net Assets | \$25,523,073 | \$22,374,455 | \$25,939,079 | \$25,594,347 | \$25,185,394 | \$21,875,161 | \$29,154,521 | \$31,587,533 | \$38,034,442 | \$39,868,632 |

Source: District Records

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

| | Fiscal Year | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instruction | \$45,411,314 | \$48,139,681 | \$50,233,149 | \$48,903,070 | \$49,828,614 | \$56,945,019 | \$49,951,460 | \$52,481,465 | \$52,123,019 | \$50,229,137 |
| Pupil | 4,311,310 | 4,300,406 | 4,370,329 | 4,740,911 | 4,830,602 | 4,636,660 | 5,191,242 | 5,864,785 | 5,918,209 | 5,761,067 |
| Instructional Staff | 5,003,623 | 5,885,152 | 5,941,773 | 5,770,458 | 5,840,176 | 5,769,942 | 5,774,646 | 6,168,524 | 7,479,306 | 6,658,352 |
| General Administration | 120,895 | 91,142 | 161,901 | 241,656 | 281,111 | 183,505 | 93,830 | 178,161 | 131,907 | 173,452 |
| School Administration | 5,146,738 | 5,356,327 | 5,640,900 | 5,446,475 | 5,855,802 | 5,745,910 | 6,041,145 | 5,688,140 | 6,071,446 | 5,576,976 |
| Fiscal | 1,360,512 | 1,530,072 | 1,550,991 | 1,483,369 | 1,538,363 | 1,603,973 | 1,807,516 | 1,593,129 | 2,091,931 | 1,970,661 |
| Business | 577,629 | 574,334 | 594,917 | 699,841 | 507,244 | 671,137 | 720,409 | 583,823 | 600,034 | 449,022 |
| Operation and Maintenance | 8,245,783 | 7,559,219 | 7,817,898 | 8,272,465 | 8,033,869 | 8,570,818 | 7,029,199 | 7,821,491 | 7,905,720 | 6,977,678 |
| Pupil Transportation | 4,088,325 | 4,330,044 | 4,391,526 | 4,589,238 | 4,819,635 | 4,901,006 | 4,595,467 | 5,078,256 | 5,248,647 | 5,030,613 |
| Central | 1,371,668 | 1,421,910 | 1,493,134 | 1,211,509 | 1,272,167 | 1,665,530 | 1,586,120 | 1,970,404 | 1,783,588 | 1,613,795 |
| Operation of Non-instructional Services | 2,924,980 | 5,914,723 | 6,857,202 | 6,686,349 | 6,686,349 | 7,133,882 | 8,306,507 | 6,746,827 | 7,231,875 | 6,495,716 |
| Extracurricular Activities | 1,664,320 | 1,662,910 | 1,766,543 | 1,821,170 | 1,915,193 | 1,568,962 | 1,861,017 | 1,861,932 | 2,009,970 | 1,849,366 |
| Interest and Fiscal Charges | 1,211,360 | 1,190,285 | 1,166,792 | 1,529,534 | 1,008,515 | 993,695 | 964,410 | 915,785 | 867,155 | 818,350 |
| Total Government Expenses | 81,438,457 | 87,956,305 | 91,987,055 | 91,244,899 | 92,457,640 | 100,390,039 | 93,922,968 | 96,952,722 | 99,462,807 | 93,606,395 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services | 1,408,116 | 1,166,566 | 1,644,304 | 1,463,778 | 1,497,076 | 1,597,900 | 1,592,934 | 1,869,950 | 1,641,647 | 1,585,050 |
| Instruction | 0 | 0 | 0 | 0 | 11,279 | 11,664 | 16,349 | 14,785 | 23,810 | 394,526 |
| Pupil | 61,440 | 89,511 | 66,853 | 55,309 | 50,200 | 45,217 | 617,095 | 613,381 | 809,126 | 708,595 |
| Operation and Maintenance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 46,465 | 57,404 | 53,205 |
| Pupil Transportation | 242,038 | 2,379,197 | 2,087,637 | 2,052,682 | 2,014,390 | 1,988,401 | 1,947,625 | 1,709,506 | 1,603,407 | 1,508,953 |
| Operation of Non-instructional Services | 631,653 | 638,082 | 710,061 | 631,218 | 671,898 | 901,362 | 804,655 | 643,017 | 789,862 | 665,183 |
| Extracurricular Activities | 5,655,375 | 7,540,130 | 8,299,035 | 10,407,779 | 10,858,280 | 10,087,921 | 11,795,565 | 15,592,209 | 16,183,531 | 10,597,997 |
| Operating Grants and Contributions | 574,646 | 2,650,671 | 1,862,207 | 269,047 | 173,314 | 193,001 | 184,366 | 32,008 | 0 | 0 |
| Capital Grants and Contributions | 8,373,268 | 13,864,157 | 12,994,097 | 14,879,813 | 15,276,437 | 14,822,466 | 16,958,587 | 20,521,321 | 21,108,787 | 15,513,509 |
| Total Government Revenues | (572,865,189) | (574,092,148) | (578,992,958) | (576,365,086) | (577,181,203) | (585,564,573) | (576,964,281) | (576,431,401) | (578,354,020) | (578,092,886) |
| Net (Expense)/Revenue | | | | | | | | | | |
| Total Government Net Expense | | | | | | | | | | |

Source: District Records

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

| | Fiscal Year | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Net (Expense)/Revenue | (\$72,865,189) | (\$74,092,148) | (\$78,992,958) | (\$76,365,086) | (\$77,181,203) | (\$85,564,573) | (\$76,964,381) | (\$76,431,401) | (\$78,354,020) | (\$78,092,886) |
| Total Government Net Expense | | | | | | | | | | |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property Taxes Levied for General Purposes | 40,665,767 | 33,876,124 | 43,786,003 | 39,092,855 | 40,052,554 | 43,685,645 | 39,010,796 | 37,232,185 | 41,222,092 | 36,350,086 |
| Property Taxes Levied for Debt Service Purposes | 1,608,343 | 1,293,327 | 1,679,221 | 1,678,204 | 1,527,841 | 1,475,539 | 1,666,398 | 1,567,267 | 1,953,476 | 1,623,331 |
| Property Taxes Levied for Capital Projects Purposes | 0 | 0 | 0 | 0 | 0 | 0 | 2,760,232 | 2,798,365 | 3,248,049 | 2,517,199 |
| Grants and Entitlements not Restricted to Specific Programs | 32,216,453 | 33,634,399 | 34,233,076 | 31,520,219 | 31,552,624 | 33,156,736 | 35,319,550 | 33,399,642 | 34,570,047 | 34,579,559 |
| Payment in Lieu of Taxes | 1,436,898 | 1,442,401 | 1,944,008 | 2,170,537 | 1,353,248 | 2,541,812 | 4,170,555 | 2,983,732 | 3,217,041 | 3,769,607 |
| Unrestricted Contributions | 0 | 0 | 0 | 211,257 | 201,670 | 206,874 | 209,561 | 171,915 | 152,446 | 147,731 |
| Investment Earnings | 383,001 | 246,045 | 492,314 | 957,958 | 1,281,757 | 923,168 | 433,779 | 202,298 | 198,962 | 157,882 |
| Other Revenues | 323,898 | 367,379 | 422,959 | 389,323 | 802,556 | 264,566 | 672,870 | 509,009 | 238,814 | 781,681 |
| Total Government Activities | 76,634,360 | 70,859,675 | 82,557,581 | 76,020,353 | 76,772,250 | 82,254,340 | 84,243,741 | 78,864,413 | 84,800,927 | 79,927,076 |
| Change in Net Assets | \$3,769,171 | (\$3,232,473) | \$3,564,623 | (\$344,733) | (\$408,953) | (\$3,310,233) | \$7,279,360 | \$2,433,012 | \$6,446,907 | \$1,834,190 |
| Total Government | | | | | | | | | | |

Source: District Records

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

| | Fiscal Year | | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| General Fund | | | | | | | | | | |
| Reserved | \$13,298,462 | \$9,941,691 | \$15,297,234 | \$14,850,178 | \$13,241,226 | \$15,315,873 | \$14,344,202 | \$13,265,955 | \$0 | 0 |
| Unreserved | 7,338,820 | 5,946,886 | 3,708,325 | 4,431,337 | 5,028,757 | 3,235,516 | 7,466,773 | 10,221,736 | 0 | 0 |
| Committed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 54,549 | 41,489 |
| Assigned | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 554,329 | 812,264 |
| Unassigned | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24,609,553 | 25,972,050 |
| Total General Fund | 20,637,282 | 15,888,577 | 19,005,559 | 19,281,515 | 18,269,983 | 18,551,389 | 21,810,975 | 23,487,691 | 25,218,431 | 26,825,803 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | 763,003 | 595,769 | 927,231 | 795,705 | 981,536 | 1,949,064 | 2,538,473 | 2,058,837 | 0 | 0 |
| Unreserved, Reported in: | | | | | | | | | | |
| Special Revenue Funds | 199,211 | 819,862 | 748,393 | 550,025 | 278,371 | (1,076,114) | 375,257 | 427,040 | 0 | 0 |
| Debt Service Funds | 1,207,995 | 1,139,524 | 1,070,092 | 1,113,172 | 1,194,512 | 1,071,556 | 1,035,064 | 1,055,225 | 0 | 0 |
| Capital Project Funds | 863,550 | 2,408,668 | 2,407,961 | 2,427,816 | 2,433,966 | 100,655 | 208,299 | 693,319 | 0 | 0 |
| Permanent Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 94,707 | 0 | 0 |
| Nonspendable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 120,684 | 127,763 |
| Restricted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,130,877 | 3,065,950 |
| Committed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,699,071 | 5,425,741 |
| Assigned | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unassigned | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (141,437) | (538,641) |
| Total all Other Governmental Funds | \$3,033,759 | \$4,963,822 | \$5,153,677 | \$4,886,718 | \$4,888,385 | \$2,045,161 | \$4,157,093 | \$4,329,128 | \$7,809,195 | \$8,080,813 |

Source: District Records

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

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

| | Fiscal Year | | | | | | | | | |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|---------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Revenues: | | | | | | | | | | |
| Taxes | \$42,274,109 | \$35,169,451 | \$45,465,224 | \$40,771,058 | \$39,571,250 | \$44,923,966 | \$43,221,580 | \$41,099,173 | \$46,496,662 | \$40,713,901 |
| Revenue in Lieu of Taxes | 1,136,800 | 1,335,357 | 1,803,022 | 1,905,623 | 2,159,741 | 3,488,839 | 2,974,827 | 2,983,732 | 3,217,041 | 3,769,607 |
| Tuition and Fees | 828,575 | 1,307,283 | 1,375,608 | 1,827,893 | 1,207,360 | 1,107,809 | 908,960 | 1,615,133 | 1,699,249 | 1,764,717 |
| Investment Earnings | 355,779 | 273,267 | 492,314 | 957,958 | 1,281,757 | 923,168 | 433,779 | 202,298 | 198,962 | 157,882 |
| Intergovernmental | 37,943,077 | 40,999,928 | 42,692,681 | 42,042,886 | 42,681,291 | 42,283,156 | 48,131,399 | 50,279,723 | 49,954,418 | 45,192,632 |
| Extracurricular Activities | 511,575 | 463,235 | 555,091 | 455,337 | 500,925 | 641,725 | 670,974 | 524,755 | 614,328 | 645,976 |
| Charges for Services | 0 | 2,104,495 | 2,420,753 | 2,052,682 | 2,856,808 | 2,795,010 | 3,398,723 | 3,028,333 | 2,611,679 | 1,924,423 |
| Other Revenues | 1,703,752 | 2,986,745 | 611,587 | 599,580 | 689,921 | 467,523 | 814,488 | 409,555 | 333,927 | 1,509,858 |
| Total Revenues | \$84,753,647 | \$84,639,761 | \$95,416,280 | \$90,613,017 | \$90,949,053 | \$96,633,196 | \$100,554,730 | \$100,142,702 | \$105,126,266 | \$95,678,946 |

Source: District Records

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

| | Fiscal Year | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Instruction | \$44,710,155 | \$47,364,387 | \$49,644,561 | \$48,009,414 | \$49,180,578 | \$55,063,771 | \$49,098,127 | \$51,443,958 | \$51,738,062 | \$49,147,165 |
| Pupil | 4,331,777 | 4,330,800 | 4,370,923 | 4,753,090 | 4,796,893 | 4,658,356 | 5,123,343 | 5,755,844 | 5,981,301 | 5,734,490 |
| Instructional Staff | 5,017,149 | 5,832,190 | 5,993,431 | 5,775,348 | 5,832,460 | 5,701,322 | 5,880,737 | 6,199,761 | 7,437,142 | 6,676,607 |
| General Administration | 120,895 | 91,142 | 161,901 | 241,656 | 281,111 | 183,505 | 93,830 | 178,161 | 131,907 | 173,521 |
| School Administration | 5,077,151 | 5,334,870 | 5,397,018 | 5,411,896 | 5,906,050 | 5,806,393 | 5,942,361 | 5,549,993 | 5,997,588 | 5,694,393 |
| Fiscal | 1,340,797 | 1,492,837 | 1,482,270 | 1,518,660 | 1,695,551 | 1,581,267 | 1,785,013 | 1,581,215 | 2,084,929 | 1,965,954 |
| Business | 559,547 | 571,206 | 581,747 | 694,082 | 512,931 | 694,398 | 707,873 | 596,807 | 605,131 | 448,021 |
| Operation and Maintenance | 8,208,547 | 7,463,816 | 7,711,002 | 8,274,328 | 7,956,222 | 9,138,204 | 8,487,069 | 7,806,790 | 7,725,956 | 6,733,373 |
| Pupil Transportation | 4,170,750 | 4,159,436 | 4,337,422 | 4,444,862 | 4,584,733 | 4,741,030 | 4,438,485 | 5,402,586 | 5,113,826 | 4,753,428 |
| Central | 1,344,141 | 1,439,811 | 1,505,082 | 1,253,835 | 1,189,253 | 1,682,782 | 1,503,774 | 1,977,662 | 1,774,642 | 1,593,639 |
| Operation of Non-Instructional Services | 2,918,707 | 5,821,812 | 6,941,408 | 6,673,610 | 6,651,816 | 7,120,644 | 8,142,696 | 6,718,077 | 7,405,032 | 6,456,083 |
| Extracurricular Activities | 1,666,064 | 1,651,922 | 1,758,583 | 1,815,078 | 1,733,681 | 1,783,724 | 1,836,262 | 1,858,764 | 1,964,452 | 1,902,618 |
| Capital Outlay | 0 | 374,000 | 0 | 0 | 0 | 0 | 147,548 | 990,767 | 36,483 | 554,874 |
| Debt Service | 450,000 | 495,000 | 540,000 | 590,000 | 675,000 | 928,396 | 1,129,533 | 1,351,679 | 990,000 | 1,070,000 |
| Principal | 1,212,152 | 1,192,059 | 1,169,645 | 1,149,162 | 994,495 | 969,747 | 934,502 | 881,907 | 829,008 | 775,790 |
| Interest | \$81,127,832 | \$87,615,288 | \$91,594,993 | \$90,605,021 | \$91,990,774 | \$100,053,539 | \$95,251,153 | \$98,293,951 | \$99,815,459 | \$93,699,956 |
| Total Expenditures | | | | | | | | | | |
| Debt Service as a Percentage of Noncapital Expenditures | 2.07% | 1.94% | 1.88% | 1.93% | 1.82% | 1.90% | 2.19% | 2.32% | 1.86% | 2.01% |

Source: District Records

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

| | Fiscal Year | | | | | | | | | |
|---|-------------|---------------|-------------|--------------|---------------|---------------|-------------|-------------|-------------|-------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds from Sale of Capital Assets | \$27,340 | \$36,530 | \$58,402 | \$1,001 | \$31,856 | \$3,917 | \$67,941 | \$250 | \$0 | 0 |
| Issuance Of Capital Leases | 0 | 0 | 0 | 0 | 0 | 854,608 | 0 | 0 | 0 | 0 |
| Payments to Refunded Bonds Escrow Agent | 0 | 0 | 0 | (15,964,485) | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds of Refunding Bonds | 0 | 0 | 0 | 15,380,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Refunding Bond Premium | 0 | 0 | 0 | 584,485 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers in | 0 | 0 | 0 | 0 | 0 | 2,628 | 0 | 61,649 | 65,000 | 0 |
| Transfers out | 0 | 0 | 0 | 0 | 0 | (2,628) | 0 | (61,649) | (165,000) | (100,000) |
| Total Other Financing Sources (Uses) | 27,340 | 36,530 | 58,402 | 1,001 | 31,856 | 858,525 | 67,941 | 250 | (100,000) | (100,000) |
| Net Change in Fund Balances | \$3,653,155 | (\$2,938,997) | \$3,879,689 | \$8,997 | (\$1,009,865) | (\$2,561,818) | \$5,371,518 | \$1,849,001 | \$5,210,807 | \$1,878,990 |

Source: District Records

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

| Calendar Year | Real Property Assessed Value (1) | Tangible Personal Property | | Public Utilities Personal | | Less: Exemptions | Total Taxable Value | Total Assessed Value (1) | Total Direct Rate |
|---------------|----------------------------------|----------------------------|--------------------|---------------------------|--------------------|------------------|---------------------|--------------------------|-------------------|
| | | Assessed Value (1) | Assessed Value (1) | Assessed Value (1) | Assessed Value (1) | | | | |
| 2002 | 1,349,652,730 | 80,470,050 | 39,296,490 | | | 122,907,540 | 1,346,511,730 | 1,469,419,270 | 49.64 |
| 2003 | 1,362,790,120 | 82,003,290 | 39,727,050 | | | 134,826,180 | 1,349,694,280 | 1,484,520,460 | 49.64 |
| 2004 | 1,373,527,170 | 78,381,540 | 40,023,250 | | | 142,588,040 | 1,349,343,920 | 1,491,931,960 | 49.64 |
| 2005 | 1,606,199,670 | 63,984,560 | 37,866,350 | | | 165,946,020 | 1,542,104,560 | 1,708,050,580 | 49.64 |
| 2006 | 1,611,429,080 | 45,456,080 | 36,164,160 | | | 180,126,190 | 1,512,923,130 | 1,693,049,320 | 49.50 |
| 2007 | 1,635,959,680 | 24,896,760 | 32,546,400 | | | 184,594,770 | 1,508,808,070 | 1,693,402,840 | 53.39 |
| 2008 | 1,632,851,870 | 2,585,353 | 32,779,000 | | | 176,010,640 | 1,492,205,583 | 1,668,216,223 | 53.39 |
| 2009 | 1,620,943,080 | 2,675,180 | 35,300,900 | | | 166,627,290 | 1,492,291,870 | 1,658,919,160 | 53.57 |
| 2010 | 1,616,185,810 | 1,260,480 | 35,469,760 | | | 168,030,590 | 1,484,885,460 | 1,652,916,050 | 53.56 |
| 2011 | 1,444,372,160 | 0 | 35,573,060 | | | 202,263,360 | 1,277,681,860 | 1,481,496,830 | 54.22 |

Source: Hamilton County Auditor

(1) - Assessed values shown in this schedule will not agree to amounts in the notes to the financial statements, since the schedules are shown on a calendar year basis, which is consistent with the method county auditors maintain this information

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. 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 personal property is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. Property is assessed annually.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue to be received 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, 2 1/2 percent and homestead exemptions before being billed.

Northwest Local School District
 Direct and Overlapping Property Tax Rates
 Last Ten Calendar Years
 Schedule 9

| Calendar Year | General Purpose | District Direct Rates | | | | Overlapping Rates | | | | | |
|---------------|-----------------|-----------------------|-------|-----------------|-------------------|---------------------|--------------------|-------------------|----------------|----------------------|--|
| | | Debt | Total | Hamilton County | City of Fairfield | City of Forest Park | City of North Hill | Colerain Township | Green Township | Springfield Township | |
| 2002 | 48.54 | 1.10 | 49.64 | 21.87 | 5.94 | 11.08 | 6.68 | 16.18 | 8.31 | 20.30 | |
| 2003 | 48.54 | 1.10 | 49.64 | 21.51 | 5.94 | 11.08 | 6.68 | 16.18 | 8.31 | 20.30 | |
| 2004 | 48.54 | 1.10 | 49.64 | 21.06 | 5.94 | 11.08 | 6.68 | 16.18 | 8.31 | 20.30 | |
| 2005 | 48.54 | 1.10 | 49.64 | 20.81 | 5.94 | 11.08 | 6.68 | 16.18 | 9.81 | 20.30 | |
| 2006 | 48.54 | 0.96 | 49.50 | 19.78 | 5.94 | 11.08 | 6.68 | 16.18 | 9.81 | 20.30 | |
| 2007 | 52.43 | 0.96 | 53.39 | 20.18 | 5.94 | 11.08 | 6.68 | 16.18 | 9.81 | 20.30 | |
| 2008 | 52.27 | 1.12 | 53.39 | 20.56 | 5.94 | 11.08 | 6.68 | 17.33 | 9.81 | 20.30 | |
| 2009 | 52.45 | 1.12 | 53.57 | 20.48 | 5.94 | 11.08 | 6.68 | 17.33 | 11.72 | 22.80 | |
| 2010 | 52.44 | 1.12 | 53.56 | 20.48 | 5.94 | 11.08 | 6.68 | 18.26 | 11.71 | 22.80 | |
| 2011 | 52.92 | 1.30 | 54.22 | 21.06 | 5.94 | 11.08 | 6.68 | 18.26 | 11.71 | 22.80 | |

Source: Hamilton County Auditor

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

Northwest Local School District
Principal Property Tax Payers
Current Year and Four Years Ago
Schedule 10

| Taxpayer | 2011 (1) | |
|----------------------------------|------------------------|-----------------------------------|
| | Taxable Assessed Value | Percentage of Total Taxable Value |
| Duke Energy Ohio Inc. | \$35,610,530 | 2.41% |
| Northgate Partners LLC | 11,777,100 | 0.80% |
| KIR Colerain LLC | 10,543,300 | 0.71% |
| Rumpke Sanitary Landfill INC | 6,862,540 | 0.46% |
| Schottenstein-Colerain LLC | 5,480,250 | 0.37% |
| Prospect Square LLC | 4,234,410 | 0.29% |
| Procter & Gamble Co. | 3,987,360 | 0.27% |
| Lees Crossing LLC | 3,760,420 | 0.25% |
| Ashley Woods Limited Partnership | 3,661,900 | 0.25% |
| Northwest Woods LLC | 3,563,690 | 0.24% |
| Total Principal Taxpayers | 89,481,500 | 6.05% |
| All Other Taxpayers | 1,390,463,720 | 93.95% |
| Total All Taxpayers | \$1,479,945,220 | 100.00% |

| Taxpayer | 2007 (1) | |
|----------------------------------|------------------------|-----------------------------------|
| | Taxable Assessed Value | Percentage of Total Taxable Value |
| Northgate Partners LLC | \$35,335,660 | 2.09% |
| KIR Colerain LLC | 9,634,760 | 0.57% |
| Rumpke Sanitary Landfill Inc. | 6,909,270 | 0.41% |
| Cincinnati Mills | 6,075,130 | 0.36% |
| Procter & Gamble Co | 5,873,360 | 0.35% |
| Wells Fargo Bank NA | 5,558,370 | 0.33% |
| Wal-Mart Real Estate | 5,409,260 | 0.32% |
| Stone Creek Development | 4,148,400 | 0.24% |
| Northwest Woods LLC | 4,020,180 | 0.24% |
| Lee Crossing LLC | 3,986,400 | 0.24% |
| Total Principal Taxpayers | 86,950,790 | 5.13% |
| All Other Taxpayers | 1,606,452,050 | 94.87% |
| Total All Taxpayers | \$1,693,402,840 | 100.00% |

Source: Hamilton County Auditor

(1) - Denotes calendar year

Northwest Local School District
Property Tax Levies and Collections
Last Ten Calendar Years
Schedule 11

| Calendar Year | Taxes Levied for the Calendar Year | Collected within the Calendar Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---------------|------------------------------------|--|--------------------|---------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2002 | 45,340,673 | 41,684,515 | 91.94% | 1,439,366 | 43,123,881 | 95.11% |
| 2003 | 45,828,885 | 41,698,136 | 90.99% | 1,224,709 | 42,922,845 | 93.66% |
| 2004 | 46,580,056 | 42,225,846 | 90.65% | 1,586,109 | 43,811,955 | 94.06% |
| 2005 | 46,683,849 | 42,637,282 | 91.33% | 1,496,380 | 44,133,662 | 94.54% |
| 2006 | 47,821,130 | 42,673,894 | 89.24% | 1,777,244 | 44,451,138 | 92.95% |
| 2007 | 46,763,460 | 43,657,969 | 93.36% | 1,326,968 | 44,984,937 | 96.20% |
| 2008 | 50,800,639 | 48,207,637 | 94.90% | 1,590,158 | 49,797,795 | 98.03% |
| 2009 | 51,449,606 | 47,017,952 | 91.39% | 1,235,544 | 48,253,496 | 93.79% |
| 2010 | 51,248,384 | 46,784,226 | 91.29% | 1,495,281 | 48,279,507 | 94.21% |
| 2011 | 50,973,174 | 46,194,644 | 90.63% | 2,093,891 | 48,288,535 | 94.73% |

Source: Hamilton County Auditor

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

| Fiscal Year | Governmental Activities | | Ratio of General Bonded Debt to Estimated Actual Value (1) | Percentage of Personal Income | Per Capita |
|-------------|--------------------------|--------------------------|--|-------------------------------|------------|
| | General Obligation Bonds | Total Primary Government | | | |
| 2003 | 23,340,000 | 23,340,000 | 1.59% | 0.08% | 266 |
| 2004 | 22,845,000 | 22,845,000 | 1.54% | 0.22% | 260 |
| 2005 | 22,305,000 | 22,305,000 | 1.50% | 0.07% | 253 |
| 2006 | 21,715,000 | 21,715,000 | 1.27% | 0.07% | 245 |
| 2007 | 21,040,000 | 21,040,000 | 1.24% | 0.06% | 236 |
| 2008 | 20,250,000 | 20,250,000 | 1.20% | 0.06% | 226 |
| 2009 | 19,405,000 | 19,405,000 | 1.16% | 0.05% | 215 |
| 2010 | 18,485,000 | 18,485,000 | 1.11% | 0.05% | 204 |
| 2011 | 17,495,000 | 17,495,000 | 1.06% | 0.05% | 221 |
| 2012 | 16,425,000 | 16,425,000 | 1.11% | N/A | N/A |

Source: District Records

N/A - Information not available

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2007 is calendar year 2006)

Northwest Local School District
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2012
 Schedule 13

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable (1) | Estimated Share of Direct and Overlapping Debt |
|--|---------------------|---|--|
| Overlapping Debt: | | | |
| Butler County | \$60,188,581 | 0.02% | 12,038 |
| Hamilton County | 87,625,000 | 8.13% | 7,123,913 |
| City of Fairfield | 30,120,000 | 0.00% | 0 |
| City of Forest Park | 4,580,000 | 11.27% | 516,166 |
| City of North College Hill | 1,060,000 | 1.43% | 15,158 |
| Colerain Township | 9,790,000 | 93.28% | 9,132,112 |
| Fairfield Township | 5,310,000 | 52.00% | 27,612 |
| Butler Technology & Career Center JT. Voc. School District | 3,500,000 | 18.29% | 640,150 |
| Springfield Township | 11,215,000 | 12.53% | 1,405,240 |
| Subtotal, Overlapping Debt | 213,388,581 | | 18,872,389 |
| District direct debt | 16,425,000 | 100.00% | 16,425,000 |
| Total direct and overlapping debt | \$229,813,581 | | \$35,297,389 |

Source: Ohio Municipal Advisory Council

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

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

Legal Debt Margin Calculation for Fiscal Year 2012

| | |
|-----------------------------------|----------------------|
| Assessed Value (1) | \$1,481,496,830 |
| Debt Limit (9% of Assessed Value) | 133,334,715 |
| Debt Applicable to Limit | 16,425,000 |
| Legal Debt Margin | <u>\$132,127,126</u> |

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Debt Limit | \$133,366,152 | \$133,468,850 | \$134,599,834 | \$153,256,696 | \$154,705,985 | \$152,211,071 | \$150,139,460 | \$149,302,724 | \$148,552,126 | \$133,334,715 |
| Total Net Debt Applicable to Limit | 21,602,805 | 21,341,576 | 20,659,908 | 19,946,828 | 21,040,000 | 20,250,000 | 19,405,000 | 18,485,000 | 16,425,000 | 16,425,000 |
| Legal Debt Margin | <u>\$111,763,347</u> | <u>\$112,127,274</u> | <u>\$113,939,926</u> | <u>\$133,309,868</u> | <u>\$133,665,985</u> | <u>\$131,961,071</u> | <u>\$130,734,460</u> | <u>\$130,817,724</u> | <u>\$132,127,126</u> | <u>\$116,909,715</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 16.20% | 15.99% | 15.35% | 13.02% | 13.60% | 13.30% | 12.92% | 12.38% | 11.06% | 12.32% |

Source: District Records

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2008 is calendar year 2007)

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

| Calendar Year | Population (1) | Personal Income (Thousands of Dollars) (2) | Per Capita Personal Income (3) | Unemployment Rate (4) |
|---------------|----------------|--|--------------------------------|-----------------------|
| 2002 | 85,875 | 30,010,701 | 35,712 | 5.5% |
| 2003 | 85,875 | 10,556,012 | 36,526 | 5.6% |
| 2004 | 85,875 | 31,972,899 | 38,417 | 5.7% |
| 2005 | 85,875 | 33,087,346 | 39,937 | 5.7% |
| 2006 | 85,875 | 35,146,091 | 41,477 | 5.0% |
| 2007 | 85,875 | 36,488,577 | 42,730 | 5.0% |
| 2008 | 85,875 | 37,484,285 | 43,918 | 5.6% |
| 2009 | 85,875 | 36,248,694 | 44,320 | 8.9% |
| 2010 | 74,442 | 36,770,921 | 45,852 | 9.4% |
| 2011 | 74,442 | N/A | N/A | 8.6% |

- Sources:
- (1) Population estimates provided by U.S. Census Bureau
 - (2) Bureau of Economic Analysis Data. Information for Hamilton County
 - (3) Bureau of Economic Analysis Data. Information for Hamilton County
 - (4) Ohio Department of Job and Family Services - Office of Workforce Development - Bureau of Labor Market Information -- Annual Average

N/A - Information not available

Northwest Local School District
 Major Employers (1)
 Current Calendar Year and Fiscal Period Ten Years Ago
 Schedule 16

| 2011 | | | |
|---------------------------------------|----------|-------------------------|---|
| Major Employers | Type | Number of Employees (1) | Employer's Percentage of Total Employment |
| Kroger Co | Trade | 17,000 | 1.8% |
| University of Cincinnati | Govt | 15,340 | 1.6% |
| Procter & Gamble Co | Mfg | 13,000 | 1.3% |
| Cincinnati Children's Hospital | Serv | 11,385 | 1.2% |
| Health Alliance of Greater Cincinnati | Serv | 10,000 | 1.0% |
| TriHealth Inc. | Serv | 9,875 | 1.0% |
| Archdiocese of Cincinnati | Religion | 8,000 | 0.8% |
| Wal-Mart Stores | Trade | 7,375 | 0.8% |
| Mercy Health Partners | Serv | 7,316 | 0.8% |
| Fifth Third Bancorp | Fin | 7,219 | 0.7% |
| | Total | 970,170 | (3) |

| 2001 | | | |
|---------------------------------------|----------|-------------------------|---|
| Major Employers | Type | Number of Employees (2) | Employer's Percentage of Total Population |
| Kroger Co | Trade | 16,000 | 1.6% |
| U. S. Government | Govt | 15,600 | 1.5% |
| Procter & Gamble Co | Mfg | 14,000 | 1.4% |
| University of Cincinnati | Govt | 14,000 | 1.4% |
| Health Alliance of Greater Cincinnati | Serv | 13,600 | 1.4% |
| Mercy Health Partners | Serv | 8,000 | 0.8% |
| General Electric Co | Mfg | 7,500 | 0.7% |
| Cincinnati Public Schools | Educ | 6,700 | 0.7% |
| TriHealth Inc | Serv | 6,400 | 0.6% |
| Archdiocese of Cincinnati | Religion | 6,300 | 0.6% |
| | Total | 1,006,709 | (3) |

Sources: (1) - Cincinnati Chamber of Commerce
 (2) - Greater Cincinnati Chamber of Commerce internet site March 2002
 (3) - Bureau of Labor Statistics annual employment for Cincinnati-Middletown metropolitan statistical area.

Northwest Local School District
 Full-Time Equivalent District Employees by Type
 Last Eight Fiscal Years (1)
 Schedule 17

| | Fiscal Year | | | | | | | |
|----------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Administrative | | | | | | | | |
| Central Office | 14.0 | 13.0 | 12.0 | 15.0 | 17.0 | 17.0 | 19.0 | 18.0 |
| Certified Licensed | 27.0 | 27.0 | 27.0 | 26.0 | 25.0 | 25.0 | 25.0 | 25.0 |
| Classified | 15.0 | 14.0 | 12.0 | 11.0 | 10.0 | 12.0 | 12.0 | 12.0 |
| Total Administrative | 56.0 | 54.0 | 51.0 | 52.0 | 52.0 | 54.0 | 56.0 | 55.0 |
| Instructional Staff | | | | | | | | |
| Teachers | 662.0 | 651.0 | 632.0 | 624.0 | 577.0 | 575.0 | 558.0 | 520.0 |
| Instructional Specialists | 12.0 | 10.0 | 9.0 | 8.0 | 8.0 | 8.0 | 12.0 | 12.0 |
| Librarians | 6.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 3.0 | 4.0 |
| Instructional Coordinator | 4.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 0.0 |
| Counselors | 19.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 |
| Psychologist | 1.0 | 1.0 | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Instructional Staff | 704.0 | 684.0 | 664.0 | 654.0 | 607.0 | 605.0 | 591.0 | 553.0 |
| Support Staff | | | | | | | | |
| Educational Assistants | 147.5 | 139.5 | 151.5 | 150.5 | 150.0 | 157.7 | 183.5 | 178.5 |
| Nurses | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Health Technician | 18.0 | 18.0 | 18.0 | 18.0 | 17.0 | 17.0 | 17.0 | 16.0 |
| Library Assistants | 14.0 | 14.0 | 14.0 | 14.0 | 13.0 | 13.0 | 13.0 | 9.0 |
| Transportation/Delivery | 92.0 | 90.0 | 91.0 | 75.0 | 75.0 | 79.0 | 78.5 | 78.5 |
| Food Service | 106.0 | 104.0 | 104.0 | 104.0 | 100.0 | 98.3 | 97.5 | 97.5 |
| Secretarial/Clerical | 68.0 | 65.0 | 62.0 | 64.0 | 65.0 | 65.0 | 63.0 | 60.0 |
| Data Processing | 5.0 | 5.0 | 6.0 | 6.0 | 6.0 | 5.0 | 5.0 | 5.0 |
| Maintenance | 9.0 | 8.0 | 8.0 | 10.0 | 10.0 | 9.0 | 11.0 | 10.0 |
| Custodial | 64.0 | 62.0 | 67.0 | 63.0 | 62.0 | 62.5 | 62.5 | 57.0 |
| Total Support Staff | 524.5 | 506.5 | 522.5 | 505.5 | 499.0 | 507.5 | 532.0 | 512.5 |
| Total District Staff | 1284.5 | 1244.5 | 1237.5 | 1211.5 | 1158.0 | 1166.5 | 1179.0 | 1120.5 |

Source: District records

(1) - Only information for last eight fiscal years available from District records

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

| Fiscal Year | Enrollment | Operating Expenditure (1) | Cost Per Pupil (2) | Percentage Change | Expenses (3) | Cost Per Pupil (4) | Percentage Change | Teaching Staff | Pupil-Teacher Ratio | Percentage of Students Receiving Free or Reduced-Price Meals |
|-------------|------------|---------------------------|--------------------|-------------------|--------------|--------------------|-------------------|----------------|---------------------|--|
| 2003 | 10,646 | 79,465,680 | 7,464 | 1.22% | 81,438,457 | 7,650 | 2.94% | 665 | 16.01 | 23.30% |
| 2004 | 10,647 | 85,554,229 | 8,036 | 7.65% | 87,956,305 | 8,261 | 7.99% | 673 | 15.82 | 24.09% |
| 2005 | 10,561 | 89,885,348 | 8,511 | 5.92% | 91,987,055 | 8,710 | 5.43% | 662 | 15.95 | 27.86% |
| 2006 | 10,332 | 88,865,859 | 8,601 | 1.06% | 91,244,899 | 8,831 | 1.39% | 651 | 15.87 | 29.36% |
| 2007 | 10,370 | 90,321,279 | 8,710 | 1.27% | 92,457,640 | 8,916 | 0.96% | 632 | 16.41 | 30.95% |
| 2008 | 9,823 | 98,155,396 | 9,992 | 14.73% | 100,390,039 | 10,220 | 14.63% | 624 | 15.74 | 30.53% |
| 2009 | 9,616 | 93,039,570 | 9,675 | -3.17% | 93,922,968 | 9,767 | -4.43% | 577 | 16.67 | 38.28% |
| 2010 | 9,678 | 95,069,598 | 9,823 | 1.53% | 96,952,722 | 10,018 | 2.56% | 575 | 16.83 | 40.71% |
| 2011 | 9,515 | 97,959,968 | 10,295 | 4.81% | 99,597,053 | 10,467 | 4.49% | 558 | 17.05 | 46.42% |
| 2012 | 9,263 | 91,229,653 | 9,849 | -4.34% | 93,653,562 | 10,111 | -3.41% | 520 | 17.81 | 48.76% |

Source: District records

(1) - Operating Expenditure is Total Expenditures minus Capital Outlay and Debt Service from Schedule 6

(2) - Operating Expenditure by Enrollment

(3) - Expenses is Total Expenses from Schedule 2

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

| School | Fiscal Year | | | | | | | | | |
|-----------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Elementary | | | | | | | | | | |
| Colerain Elementary - 1923 | | | | | | | | | | |
| Square feet | 84,934 | 84,934 | 84,934 | 84,934 | 84,934 | 84,934 | 84,934 | 84,934 | 84,934 | 84,934 |
| Capacity (1) | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 |
| Enrollment | 699 | 689 | 695 | 667 | 668 | 645 | 852 | 856 | 849 | 848 |
| Bevis Elementary - 1970 | | | | | | | | | | |
| Square feet | 48,640 | 48,640 | 48,640 | 48,640 | 48,640 | 48,640 | 48,640 | 48,640 | 48,640 | 48,640 |
| Capacity (1) | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 |
| Enrollment | 506 | 496 | 486 | 489 | 490 | 445 | 429 | 440 | 442 | 454 |
| Houston Elementary - 1966 | | | | | | | | | | |
| Square feet | 62,826 | 62,826 | 62,826 | 62,826 | 62,826 | 62,826 | 62,826 | 62,826 | 62,826 | 62,826 |
| Capacity (1) | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 |
| Enrollment | 495 | 479 | 475 | 422 | 422 | 408 | 0 | 0 | 0 | 0 |
| Monfort Heights Elementary - 2000 | | | | | | | | | | |
| Square feet | 76,787 | 76,787 | 76,787 | 76,787 | 76,787 | 76,787 | 76,787 | 76,787 | 76,787 | 76,787 |
| Capacity (1) | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 |
| Enrollment | 751 | 791 | 728 | 717 | 718 | 685 | 645 | 665 | 655 | 644 |
| Pleasant Run Elementary - 1961 | | | | | | | | | | |
| Square feet | 54,751 | 54,751 | 54,751 | 54,751 | 54,751 | 54,751 | 54,751 | 54,751 | 54,751 | 54,751 |
| Capacity (1) | 575 | 575 | 575 | 575 | 575 | 575 | 575 | 575 | 575 | 575 |
| Enrollment | 556 | 522 | 509 | 500 | 500 | 481 | 394 | 418 | 389 | 367 |
| Struble Elementary - 1959 | | | | | | | | | | |
| Square feet | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| Capacity (1) | 376 | 376 | 376 | 376 | 376 | 376 | 376 | 376 | 376 | 376 |
| Enrollment | 350 | 377 | 376 | 404 | 405 | 400 | 408 | 409 | 417 | 361 |
| Taylor Elementary - 1960 | | | | | | | | | | |
| Square feet | 56,262 | 56,262 | 56,262 | 56,262 | 56,262 | 56,262 | 56,262 | 56,262 | 56,262 | 56,262 |
| Capacity (1) | 525 | 525 | 525 | 525 | 525 | 525 | 525 | 525 | 525 | 525 |
| Enrollment | 540 | 527 | 500 | 470 | 493 | 348 | 488 | 521 | 494 | 431 |
| Weigel Elementary - 1965 | | | | | | | | | | |
| Square feet | 55,057 | 55,057 | 55,057 | 55,057 | 55,057 | 55,057 | 55,057 | 55,057 | 55,057 | 55,057 |
| Capacity (1) | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Enrollment | 468 | 480 | 505 | 498 | 502 | 467 | 470 | 488 | 490 | 476 |
| Welch Elementary - 1977 | | | | | | | | | | |
| Square feet | 46,800 | 46,800 | 46,800 | 46,800 | 46,800 | 46,800 | 46,800 | 46,800 | 46,800 | 46,800 |
| Capacity (1) | 425 | 425 | 425 | 425 | 425 | 425 | 425 | 425 | 425 | 425 |
| Enrollment | 367 | 357 | 349 | 372 | 372 | 325 | 387 | 367 | 404 | 395 |

Source: District records

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

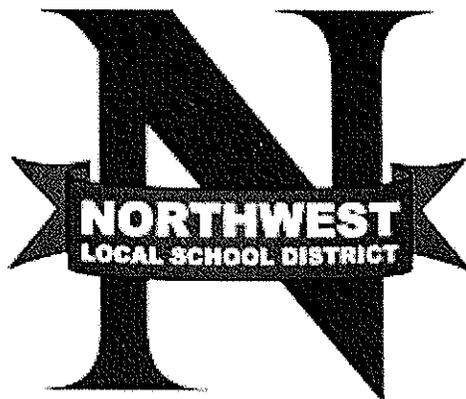
Northwest Local School District
 School Building Information
 Last Ten Fiscal Years
 Schedule 19 (continued)

| School | Fiscal Year | | | | | | | | | |
|-----------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Junior High School | | | | | | | | | | |
| Cokram Middle - 1932 | | | | | | | | | | |
| Square feet | 77,591 | 77,591 | 77,591 | 77,591 | 77,591 | 77,591 | 77,591 | 77,591 | 77,591 | 77,591 |
| Capacity (1) | 675 | 675 | 675 | 675 | 675 | 675 | 675 | 675 | 675 | 675 |
| Enrollment | 725 | 718 | 730 | 719 | 720 | 688 | 670 | 669 | 641 | 619 |
| Pleasant Run Middle - 1969 | | | | | | | | | | |
| Square feet | 108,230 | 108,230 | 108,230 | 108,230 | 108,230 | 108,230 | 108,230 | 108,230 | 108,230 | 108,230 |
| Capacity (1) | 1,100 | 1,100 | 1,100 | 1,100 | 1,100 | 1,100 | 1,100 | 1,100 | 1,100 | 1,100 |
| Enrollment | 1,009 | 993 | 923 | 880 | 879 | 857 | 867 | 816 | 794 | 792 |
| White Oak Middle - 1961 | | | | | | | | | | |
| Square feet | 81,950 | 81,950 | 81,950 | 81,950 | 81,950 | 81,950 | 81,950 | 81,950 | 81,950 | 81,950 |
| Capacity (1) | 735 | 735 | 735 | 735 | 735 | 735 | 735 | 735 | 735 | 735 |
| Enrollment | 846 | 807 | 782 | 766 | 773 | 754 | 751 | 721 | 752 | 764 |
| High School | | | | | | | | | | |
| Cokram High - 1964 | | | | | | | | | | |
| Square feet | 193,768 | 193,768 | 193,768 | 193,768 | 193,768 | 193,768 | 193,768 | 193,768 | 193,768 | 193,768 |
| Capacity (1) | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 |
| Enrollment | 2,058 | 2,176 | 2,277 | 2,215 | 2,215 | 2,166 | 2,151 | 2,165 | 2,150 | 2,073 |
| Northwest High - 1972 | | | | | | | | | | |
| Square feet | 163,345 | 163,345 | 163,345 | 163,345 | 163,345 | 163,345 | 163,345 | 163,345 | 163,345 | 163,345 |
| Capacity (1) | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 |
| Enrollment | 1,276 | 1,235 | 1,226 | 1,213 | 1,213 | 1,154 | 1,104 | 1,102 | 1,038 | 1,039 |

Source: District records

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

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Dave Yost • Auditor of State

NORTHWEST LOCAL SCHOOL DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 19, 2013**