



Dave Yost • Auditor of State

**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	Under Separate Cover
Prepared by Management:	
Comprehensive Annual Financial Report.....	Under Separate Cover
Schedule of Expenditures of Federal Awards	1
Notes to the Schedule of Expenditures of Federal Awards.....	1
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	3
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	5
Schedule of Findings.....	9
Prepared by Management:	
Summary Schedule of Prior Audit Findings	11
Corrective Action Plan	13

This page intentionally left blank.

**Northwest Local School District
Hamilton County**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster:			
<i>Non-Cash Assistance (Food Distribution)</i>			
National School Lunch program	10.555	n/a	\$ 340,543
<i>Cash Assistance</i>			
School Breakfast Program	10.553	3L70	493,873
National School Lunch Program	10.555	3L60	1,896,003
<i>Cash Assistance Subtotal</i>			<u>2,389,875</u>
Nutrition Cluster Total			<u>2,730,418</u>
Total U.S. Department of Agriculture			<u>2,730,418</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education</i>			
Title I, Part A Cluster:			
Title I, Part A Cluster Total	84.010	3M00	<u>2,494,868</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	3M20	2,897,238
Special Education - Preschool Grants	84.173	3C50	44,067
Special Education Cluster Total			<u>2,941,305</u>
English Language Acquisition Grants Total	84.365	3Y70	<u>81,291</u>
Improving Teacher Quality State Grants Total	84.367	3Y60	<u>354,044</u>
Title IV-A Student Support & Academic Enrichment Total	84.424	3H10	<u>47,468</u>
Total U.S. Department of Education			<u>5,918,976</u>
Total Expenditures of Federal Awards			<u>\$8,649,394</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Northwest Local School District (the District's) under programs of the federal government for the year ended 6/30/2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - FOOD DISTRIBUTION

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

NOTE D - NUTRITION CLUSTER

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

This page intentionally left blank.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Local School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2018, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-001.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

www.ohioauditor.gov

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

December 20, 2018



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Northwest Local School District, Hamilton County, Ohio (the District's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Northwest Local School District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Northwest Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

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

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 20, 2018. Our opinion also explained that the District adopted *Governmental Accounting Standard No. 75* during the year. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Northwest Local School District
Hamilton County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance
Page 3

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

Dave Yost
Auditor of State

Columbus, Ohio

December 20, 2018

This page intentionally left blank.

**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS
--

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster – CFDA #10.553 and 10.555
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

FINDING NUMBER 2018-001

FINDING FOR RECOVERY

Per the District's athletic hand book it reports students shall be assessed a non-refundable \$100 participation fee for extra-curricular activities. Payments for the participation fee could be paid by cash, check, and money order or through the EZPay website at www.NWLSD.org.

For the 2016-2017 school year, the Colerain High School Band Director, David Smith collected participation fees for students participating in the marching band. Mr. Smith used an office assistant system (Charms) which was not approved by the District to account for the monies he collected for participation fees related to the marching band. Mr. Smith recorded receipts in the Charms system for all monies collected for participation fees. Per the Charms system, it reported 107 students owed a participation fee and 84 students paid the fee totaling \$8,400. During review of the receipts recorded in the Charms system we determined two students only paid \$80 and \$60 because an unknown credit was applied to their accounts. Therefore, we determined Mr. Smith actually collected \$8,340 in participation fees for the marching band.

Mr. Smith prepared payment record forms and/or pay in order forms to document the students that paid their participation fee and submitted the forms and monies collected to the District to be deposited. The District recorded a receipt for each payment record form and/or pay in order form submitted by Mr. Smith. Per review of the District's records, we determined Mr. Smith only submitted \$6,965 in participation fees that were recorded and deposited by the District. As a result, we determined Mr. Smith collected \$1,375 in participation fees that were not submitted to the District to be deposited.

On November 23, 2016, the District's Assistant Superintendent sent an email to Mr. Smith notifying him that a \$250 fee was authorized for winter guard and indoor percussion. On December 19, 2016, a Colerain High School parent received an email from a Charms account and the email stated the fee for winter guard and indoor percussion was \$400. The \$400 included a \$250 District fee and a \$150 uniform fee. Per review of the Charms system, we identified one student account reported they paid a \$250 fee and a \$150 fee for indoor percussion totaling \$400. The receipts recorded in the Charms system were reported as being recorded by Mr. Smith. Per review of the District's records, we determined the District only received a \$250 indoor percussion fee for this student. As a result, we determined Mr. Smith collected an unauthorized \$150 fee and it was not deposited with the District.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies collected but unaccounted for is issued against David Smith in the amount of \$1,525, and in favor of District's Athletic Fund.

On November 13, 2018, the District received and deposited a check from Mr. Smith in the amount of \$1,525 resulting in the full repayment of this finding for recovery.

Officials' Response:

We did not receive a response from Officials to this finding.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



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

Pam Detzel, President
 Mark Gilbert, Vice President
 Jim Detzel, Member
 Joe Yoshimura, Member
 Diane Bradley, Member

BOARD

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 2 CFR § 200.511(b)
 June 30, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Finding for Recovery Issues against Mr. Caldwell for public monies collected but unaccounted for.	Fully Corrected	Repayment agreement was made between the District and Mr. Caldwell on April 4, 2018. The District was notified August 2018, that the Attorney General's office will now be pursuing collections.

This page intentionally left blank.



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

Pam Detzel, President
 Mark Gilbert, Vice President
 Jim Detzel, Member
 Joe Yoshimura, Member
 Diane Bradley, Member

BOARD

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

CORRECTIVE ACTION PLAN
 2 CFR § 200.511(c)
 June 30, 2018

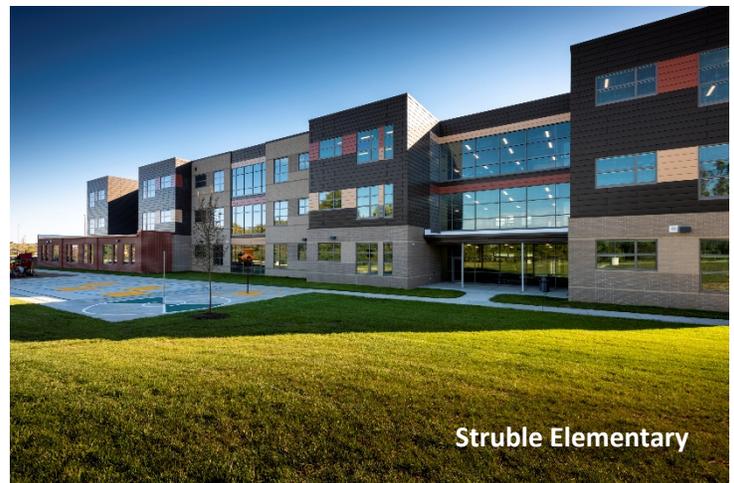
Finding Number	Finding Summary	Status	Additional Information
Proposed – Mr. Smith	The collection of \$8,340 in 2016-2017 participation fees for marching band through an unauthorized payment system (Charms). Only \$6,965 was deposited with the District leaving \$1,375 unaccounted for. In addition a \$150 unauthorized fee for indoor percussion was unaccounted for. Total finding of \$1,525 due to the District.	Paid in full – repaid under audit	Mr. Smith paid the amount due in full. The District deposited the \$1,525 November 12, 2018.

This page intentionally left blank.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Building Northwest



NORTHWEST LOCAL SCHOOL DISTRICT
CINCINNATI, OHIO

This page was intentionally left blank.

Northwest Local School District
Cincinnati, Ohio

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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

This page was intentionally left blank.

Northwest Local School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

Table of Contents

I. Introductory Section	<u>Page</u>
Letter of Transmittal	vii
Principal Officials	xvii
Organizational Chart	xviii
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	xix
ASBO Certificate of Excellence in Financial Reporting.....	xx
II. Financial Section	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures, and Change in Fund Balance – Budget (Non- GAAP Basis) and Actual– General Fund	20
Statement of Fund Net Position – Internal Service Fund.....	21
Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Fund.....	22
Statement of Cash Flows – Internal Service Fund.....	23
Statement of Fiduciary Assets and Liabilities – Fiduciary Fund	24
Notes to the Basic Financial Statements	25
Required Supplementary Information:	
Schedule of the School District’s Proportionate Share of the Net Pension Liability – Last Five Fiscal Years	69
Schedule of the School District’s Proportionate Share of the Net OPEB Liability – Last Two Fiscal Years	70
Schedule of School District Contributions – Last Ten Fiscal Years	71
Notes to the Required Supplementary Information.....	72

Combining and Individual Fund Statements and Schedules:

Combining Statements – Nonmajor Funds:	
Fund Descriptions	75
Combining Balance Sheet – Nonmajor Governmental Funds	78
Combining Balance Sheet – Nonmajor Special Revenue Funds	79
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	83
Fund Descriptions – Agency Funds	86
Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds	87
Individual Fund Schedules of Revenues, Expenditures/Expenses, and Changes in Fund Balance/Fund Equity – Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
Debt Service Fund	88
Building Fund	89
Nonmajor Funds:	
Food Service Fund.....	90
Special Trust Fund.....	91
Career Consultant Grant Fund	92
Athletic Fund	93
Auxiliary Service Fund.....	94
Public School Preschool Fund	95
SchoolNet Professional Development Fund	96
Vocational Education Enhancement Fund.....	97
Straight A Grant Fund	98
Entry Year Teacher Grant Fund	99
IDEA-B Special Education Fund.....	100
Title III Fund	101
Title I Fund	102
Early Childhood Special Education Fund.....	103
Title II-A Fund	104
Miscellaneous Federal Grants Fund	105
Uniform School Supplies Fund	106
Public School Support Fund	107
Endowment Fund.....	108
Permanent Improvement Fund	109
Workers’ Compensation Fund.....	110

III. Statistical Section

Statistical Tables Descriptions	112
Net Position by Component – Last Ten Fiscal Years	113
Expenses, Program Revenues and Net (Expense) Revenue – Last Ten Fiscal Years	115
General Revenues and Total Change in Net Position – Last Ten Fiscal Years.....	117
Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	119
Governmental Funds Revenues – Last Ten Fiscal Years.....	121
Governmental Funds Expenditures and Debt Service Ratio – Last Ten Fiscal Years	123
Other Financing Sources and Uses and Net Change in Fund Balances – Governmental Funds – Last Ten Fiscal Years.....	125
Assessed Value and Actual Value of Taxable Property – Last Ten Calendar Years	127

Property Tax Rates (Per \$1,000 of Assessed Valuation) – Direct and Overlapping Governments – Last Ten Collection (Calendar) Years	129
Property Tax Levies and Collections – Last Ten Calendar Years.....	133
Principal Property Taxpayers –2017 and 2008	134
Outstanding Debt by Type – Last Ten Fiscal Years	135
Direct and Overlapping Governmental Activities Debt – As of June 30, 2018	137
Legal Debt Margin Information – Last Ten Fiscal Years	138
Demographic and Economic Statistics – Last Ten Calendar Years	139
Major Employers – 2017 and 2008.....	140
Full-Time Equivalent School District Employees by Type – Last Ten Fiscal Years.....	141
Operating Statistics – Last Ten Fiscal Years	145
School Building Information – Last Ten Fiscal Years.....	147

This page was intentionally left blank.

Introductory Section

This page was intentionally left blank.



NORTHWEST LOCAL SCHOOL DISTRICT

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

BOARD:

Pamela Detzel, President
Mark Gilbert, Vice President
Jim Detzel, Member
Joe Yoshimura, Member
Diane Bradley, Member

Todd Bowling, Superintendent
Amy M. Wells, CFO/Treasurer

December 20, 2018

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

The Comprehensive Annual Financial Report (CAFR) of the Northwest Local School District (School District) for the fiscal year ended June 30, 2018 is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from the Auditor of the State of Ohio and conforms to generally accepted accounting principles as applicable to governmental entities. The responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, is with the School District. This report will provide the taxpayers of the Northwest Local School District with comprehensive financial data in a format which will enable them to gain an understanding of the School District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions, and other interested parties. The CAFR is also available on the Treasurer's page on the Northwest Local School District website (<http://www.nwlsd.org>).

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

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

ECONOMIC CONDITION AND OUTLOOK

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

With the School District located in a large metropolitan area, many of the residents are employed in or near the School District. With many large employers such as Kroger, Proctor & Gamble Co., Children’s Hospital, and many more, employment opportunities exist in many job fields. On average our residents have above average household incomes, thus giving us opportunities for additional financial support. This support was proven by the passage of a new levy on November 3, 2015, and an operating levy renewal in May 2017.

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

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

THE SCHOOL DISTRICT AND ITS FACILITIES

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

The School District now houses 8,805 students in two high schools, three middle schools, seven elementary schools, one preschool, and two career centers. Each high school has an on-campus career center offering such programs as word processing, accounting and computing, data processing, diesel mechanics, machine tool technology, facilities management, and electronics offered by Butler Tech. Students also can attend off-site career technical programs offered by Butler Tech.

<i>Constructed</i>	<i>School/Address</i>	<i>June 2018 Enrollment</i>
1923	Colerain Elementary 4850 Poole Road	945
1932	Colerain Middle School 4700 Poole Road	583
1959	Struble Elementary 2760 Jonrose Avenue	420
1960	Taylor Elementary 3173 Springdale Road	564

<i>Constructed</i>	<i>School/Address</i>	<i>June 2018 Enrollment</i>
1961	White Oak Middle School 3130 Jessup Road	737
1961	Pleasant Run Elementary 11765 Hamilton Avenue	500
1964	Colerain High School 8801 Cheviot Road	1,929
1965	Weigel Elementary 3242 Banning Road	453
1969	Pleasant Run Middle 11770 Pippin Road	731
1972	Northwest High School 10761 Pippin Road	878
1977	Welch Elementary 12084 Deerhorn Drive	366
2000	Monfort Heights Elementary 3711 West Fork Road	699

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

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

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

ORGANIZATION OF THE SCHOOL DISTRICT

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

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

The Board members represent a cross section of professions in the community. The board members on June 30, 2018 were as follows:

<i>Board Member</i>	<i>Began Service</i>	<i>Term Expires</i>
Pamela Detzel	January 1998	December 2021
Mark Gilbert	January 2018	December 2021
Jim Detzel	January 2008	December 2019
Joe Yoshimura	January 2018	December 2021
Bob Engel	January 2016	December 2019*

**Bob Engle retired October 2018; replaced by Diane Bradley November 2018*

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

The Treasurer is the Chief Financial Officer of the School District, responsible directly to the Board of Education for maintaining all financial records, issuing all payments, maintaining custody of all School District funds and assets, and investing idle funds as specified by Ohio Law. Ms. Amy M. Wells was appointed the CFO/Treasurer of the School District in January 2015. Prior to becoming the School District’s Treasurer, Ms. Wells was the CFO/Treasurer for Bethel-Tate Local School District from 2004 to 2014. Additionally, Ms. Wells was an auditor for the Auditor of the State of Ohio from 1996 to 2003. Ms. Wells holds a Bachelor’s degree in Accounting and Management from the University of Cincinnati and is a Certified Public Accountant and Certified Business Manager.

EMPLOYEE RELATIONS

The School District currently has approximately 1,265 employees. During the 2018 fiscal year, the School District paid \$51,185,239 in salaries and wages and \$16,548,072 in fringe benefits, such as retirement contributions, Medicare taxes, workers’ compensation, and life, dental and health benefits, from its General Fund.

The School District’s teachers are represented for collective bargaining purposes by the Northwest Association of Educators (NAE). The School District has a three year collective bargaining agreement with NAE which expires June 30, 2020. The School District’s transportation employees are represented for collective bargaining purposes by the Ohio Association of Public School Employees (OAPSE). The School District has a three year collective bargaining agreement with OAPSE which expires June 30, 2021.

SERVICES PROVIDED

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

Transportation is provided for 4,254 students each day. The School District fleet of 81 buses travels over 5,256 miles each day transporting 72 school bus routes to 24 different sites. In addition to making more than 479 daily runs, the department transported both public and non-public students on 1,280 extracurricular trips during the year.

The food service department served approximately 766,433 plate lunches through the School District's 13 kitchens. This is accomplished through the full operation of 11 kitchens and 2 satellite sites. Beginning in the school year 2015, a reimbursable breakfast program became available in all 13 of the School District's schools.

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

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

The School District offers regular instructional programs daily to students in grades K through 12. There are 1,409.7 full-time equivalency students in the specific trades through career technical education. Over 1,356 students receive special services due to physical or mental handicapping conditions. In grades 4 through 8, approximately 286 students participated in the gifted program. The School District presented 709 high school diplomas in 2018.

MAJOR CURRENT AND FUTURE INITIATIVES

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

Mission

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

Beliefs

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

Vision

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

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

CURRICULUM AND INSTRUCTION

The Northwest Local School District offers rigorous academic programs and relevant educational experiences to ensure that our students are future ready. A variety of educational opportunities are available for students including: Advanced Placement (AP) courses, dual enrollment through College Credit Plus (CCP), gifted programs, special education services, intervention services, and career technical programs offered in partnership with Butler Tech.

The School District has adopted the Ohio Learning Standards and increased the rigor of curriculum, instruction and assessment. School District teachers and administrators are actively collaborating to develop detailed curriculum documents for all grades and subjects that are based on state standards. There has been a significant increase of technology being used to improve teaching and learning. The School District is close to attaining one-to-one technology status at grades K-12 and is providing professional learning opportunities to support staff in using this technology effectively in their classrooms. Our high schools are proud to offer a variety of AP courses and on-site dual credit opportunities through partnerships with area institutions of higher education.

The School District offers eLearning opportunities for students, including online and blended courses. A C-STEM program is currently being offered at all three middle schools as a continuation of our 2016-17 Straight A Grant. STEM opportunities are being expanded for staff and students through the Title IV grant. K-10 teachers throughout the School District are using newly adopted language arts materials designed to promote mastery of the Ohio Learning Standards. Throughout the 2018-19 school year, teachers will be reviewing resources for alignment and rigor which may result in adoption of new teaching and learning materials for K-5 mathematics, 11-12 English language arts, and high school math. A number of intervention programs are being implemented to assist students in their learning of the academic content standards, particularly in the areas of reading and mathematics. Title I Reading and Math Specialists work in collaboration with classroom teachers in using data to plan programming for at-risk learners. Our three middle schools utilize Title I instructional coaches to provide job embedded professional development to teachers. Using Title 2A funding, two district literacy coaches were hired for the 2018-19 school year to assist teachers with improving instruction in the area of literacy.

As a School District, we work to ensure that all decisions are data-driven. Members of the School District’s instructional leadership team are studying best practices around data-driven instruction and sharing their learning with all teachers. Common reading and math assessments (NWEA-MAP) are administered in grades K-8. Beginning with the Spring 2018 benchmark, students in grades 9 and 10 are also taking the NWEA-MAP assessment for reading. Members of the School District’s Curriculum Department continue to work with teachers to develop high-

quality common assessments to guide instruction and monitor progress toward mastery of state standards. The data from these assessments are used to refine teaching and provide intervention and enrichment for students. The School District continues to be encouraged by the greater than expected growth shown by all students, as indicated on the 2017-18 Local Report Card (Progress Measure). The Northwest Local School District remains focused on its goal of driving student achievement upward and continues to critically evaluate programming to ensure that the needs of all students are met.

BUSINESS-SCHOOL PARTNERSHIP PROGRAM

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

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

LONG-RANGE BUILDING AND MAINTENANCE PLANS

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

In 2014, the School District created an \$86 million Master Facility Plan that determined what schools need renovation versus complete replacement based upon needs and costs. In November 2015, the community approved a combined bond/operating levy for \$76 million towards the completion of the \$86 million project. \$10 million of Unreserved General Fund monies will be used to complete the project. Also in 2015, the School District began the Master Facility projects process by securing legal counsel and criteria architect in order to create the necessary Program of Requirements (POR) which would guide the School District throughout the selection process and in ultimately securing Skanska/Megen and SHP as the design/builder. Design proceeded through much of 2016 with groundbreaking occurring in October of the same year. The first projects completed in 2016 were the electrical upgrades and installation of commercial window air conditioners in all classrooms at Colerain Elementary and Middle Schools. In 2017, chilled water piping, coil installation as well as a new chiller plant was completed providing air conditioning to the entire building at White Oak Middle School. Also completed was the electrical service upgrade at Colerain High School which allowed for the installation of a chilled water system in the summer of 2018. Also completed the summer of 2018 was the installation of a chilled water system and a hot water heating system replacing the all electric heating system at Pleasant Run Middle School. Various sidewalks and pavement improvements were also made throughout the School District, but especially at Pleasant Run Middle School and Colerain High School. The three new Elementary Schools opened on time in August of 2018. Prior to the spring of 2019, plans are to add air conditioning to the band and science rooms and to repair a landslide near the baseball field at Colerain High School.

Future plans are to focus on roofing repairs/replacement throughout the School District.

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

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

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

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

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

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

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

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

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

FINANCIAL INFORMATION

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

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

Fund financial statements – These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified

accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Fiduciary and proprietary funds use the accrual basis of accounting.

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

As part of this report, management is responsible for preparing a Management’s Discussion and Analysis of the School District. This discussion follows this letter of transmittal, providing an assessment of the School District’s finances for 2018 and the outlook for the future.

INDEPENDENT AUDIT

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

AWARDS

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement to the School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The School District has received this award annual since fiscal year 1991.

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

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

ASBO Certificate of Excellence

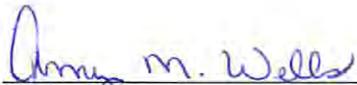
The Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting to school districts that publish Comprehensive Annual Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted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

The School District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2017. The School District has received this award annual since fiscal year 1991. The School District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2018, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

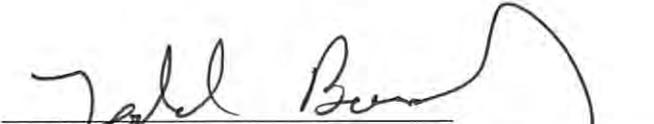
ACKNOWLEDGEMENTS

The preparation of the 2018 Comprehensive Annual Financial Report of the Northwest Local School District was made possible by the combined efforts of the School District's Treasurer's Office and Millhuff-Stang, CPA, Inc. The publication of this Comprehensive Annual Financial Report for the School District is a major step in reinforcing the accountability of the School District to the taxpayers of the community.

Respectfully submitted,



Amy M. Wells
CFO/Treasurer



Todd Bowling
Superintendent

Principal officials as of 6/30/18

Elected Officials

Pamela Detzel	President, Board of Education
Bob Engel	Vice President, Board of Education
Jim Detzel	Board Member
Joe Yoshimura	Board Member
Mark Gilbert	Board Member

Administrative Office Administrators

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

District Supervisors

Chuck Bostic	Maintenance
Dan Bolden	Transportation
Mary Barnaclo	Special Education
Sandy Blanck	Special Education
Chevonne Neal	Special Education
Lisa Robison	Food Services
Matt Piening	Enrollment & Attendance Services
Aimee Murray	Early Childhood
Matt Fischer	Technology
Jennifer Campbell	Payroll
Elizabeth Whitt	Accounting



Government Finance Officers Association

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

Presented to

**Northwest Local School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Northwest Local School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.' The signature is written in a cursive style and is positioned above a horizontal line.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

John D. Musso, CAE
Executive Director

Financial Section

This page was intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Local School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Local School District, Hamilton County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 22 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

December 20, 2018

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The discussion and analysis of Northwest Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's performance.

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- General revenues accounted for \$88,744,294, or 79 percent, of total revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$23,109,647, or 21 percent, of total revenues of \$111,853,941.
- The School District had \$64,381,975 in expenses related to governmental activities; \$23,109,647 of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues were available to provide for these programs.

Overview of the Financial Statements

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

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

The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. The School District has three major funds: the general fund, debt service fund and building fund.

Governmental-wide Financial Statements

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2018?" The government-wide financial statements answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the government-wide financial statements, the School District consists of governmental activities, which are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, interest and fiscal charges, and issuance costs.

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Fund Financial Statements

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

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

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

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

The School District as a Whole

As stated previously, the statement of net position looks at the School District as a whole. Table I provides a summary of the School District's net position for fiscal year 2018 compared to fiscal year 2017:

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Table 1
Net Position
Governmental Activities

	<u>2018</u>	<u>2017*</u>
Assets:		
Current and Other Assets	\$127,233,108	\$177,285,469
Capital Assets, Net	<u>104,802,070</u>	<u>49,249,138</u>
Total Assets	232,035,178	226,534,607
Deferred Outflows of Resources:		
Pension	34,935,505	29,725,516
OPEB	<u>1,124,115</u>	<u>264,040</u>
Total Deferred Outflows of Resources	36,059,620	29,989,556
Liabilities:		
Current and Other Liabilities	15,746,645	11,961,458
Long-Term Liabilities:		
Due Within One Year	3,490,775	3,438,409
Due in More Than One Year:		
Other	98,000,004	100,849,459
Net Pension Liability	111,667,003	151,084,634
Net OPEB Liability	<u>26,564,979</u>	<u>32,448,085</u>
Total Liabilities	255,469,406	299,782,045
Deferred Inflows of Resources:		
Property Taxes	29,698,232	29,301,224
Payment in Lieu of Taxes	4,172,764	3,585,040
Pension	4,829,550	382,012
OPEB	<u>2,979,038</u>	<u>0</u>
Total Deferred Inflows of Resources	41,679,584	33,268,276
Net Position:		
Net Investment in Capital Assets	12,179,024	10,789,591
Restricted	24,156,927	22,153,651
Unrestricted (Deficit)	<u>(65,390,143)</u>	<u>(109,469,400)</u>
Total Net Position	<u><u>(\$29,054,192)</u></u>	<u><u>(\$76,526,158)</u></u>

*As restated. See note 22 of the notes to the basic financial statements for additional information.

Current and other assets decreased due to decreased cash in banking and investment institutions primarily for expenses paid on the school building project. Increases in capital assets are the result of construction in progress for building and educational improvements within the School District, as well as technology and bus purchases within the equipment classification. Deferred outflows of resources increased as a result of the increase in amounts related to the School District's proportionate share of the state-wide net pension and OPEB liabilities.

Current and other liabilities increased as a result of increases in contracts and retainage payable related to the school building project. Long-term liabilities decreased significantly between years, due to the decrease in the School District's proportionate share of the state-wide net pension and OPEB liabilities as well as principal payments on

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

debt obligations. Deferred inflows of resources increased due to an increase in amounts related to the School District's proportionate share of the state-wide net pension and OPEB liabilities.

A portion of the School District's net position, \$24,156,927, represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use. Continued budget reductions contributed to the increase in the School District's net position. Net investment in capital assets at June 30, 2018 was \$12,179,024. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's net investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

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

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

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

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

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

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

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation, as well as an additional restated item, also had the effect of restating net position at June 30, 2017 from a deficit of \$44,341,985 to a deficit of \$76,526,158.

Table 2 shows the changes in net position for fiscal years 2018 and 2017.

Table 2
Change in Net Position
Governmental Activities

	2018	2017*
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$6,027,915	\$7,736,536
Operating Grants, Contributions, and Interest	16,380,808	16,676,393
Capital Grants, Contributions, and Interest	700,924	827,195
Total Program Revenues	23,109,647	25,240,124
General Revenues:		
Property Taxes	51,063,671	53,963,275
Grants and Entitlements	32,377,875	31,749,577
Other	5,302,748	4,060,442
Total General Revenues	88,744,294	89,773,294
Total Revenues	111,853,941	115,013,418

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Table 2
Change in Net Position
Governmental Activities
(Continued)

	2018	2017*
Program Expenses:		
Instruction	\$33,527,375	\$64,489,519
Support Services:		
Pupils and Instructional Staff	5,729,880	9,261,847
Board of Education, Administration, Fiscal, and Business	4,421,394	10,241,636
Operation and Maintenance of Plant	5,084,771	7,330,410
Pupil Transportation	4,175,383	6,147,488
Central	708,518	1,506,627
Operation of Non-Instructional Services	5,331,880	8,054,834
Extracurricular Activities	1,810,283	2,013,256
Debt Service:		
Interest and Fiscal Charges	3,592,491	3,593,583
Total Program Expenses	64,381,975	112,639,200
Change in Net Position	47,471,966	2,374,218
Net Position at Beginning of Year	(76,526,158)	N/A
Net Position at End of Year	(\$29,054,192)	(\$76,526,158)

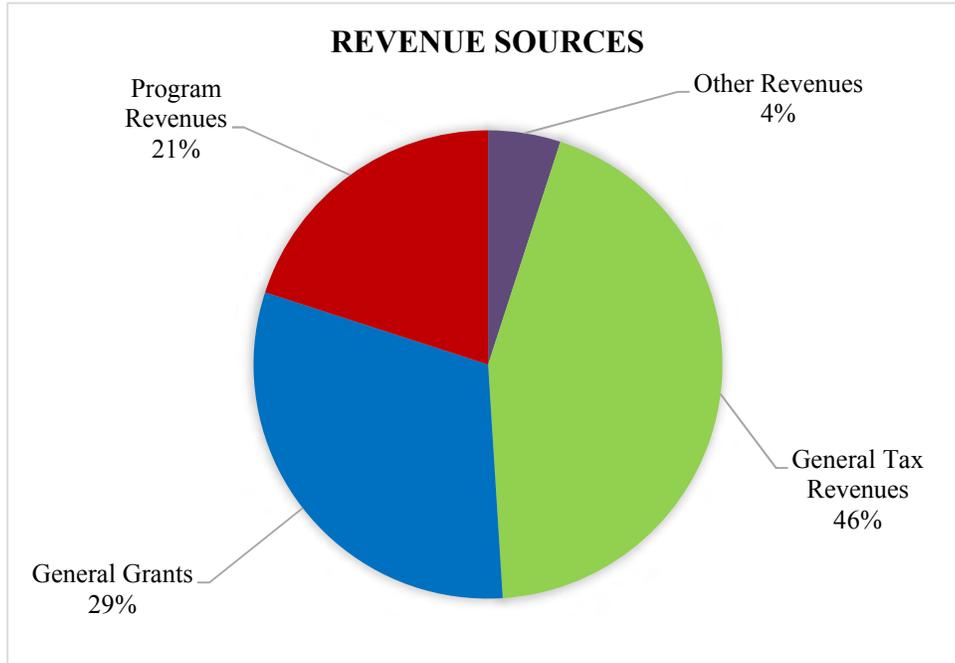
*As restated. See note 22 of the notes to the basic financial statements for additional information.

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

The School District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and the inflationary increase in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay \$35.00.

Thus Ohio school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up about 46 percent of revenue for governmental activities for the School District in fiscal year 2018. The School District's reliance upon tax revenues is demonstrated by the following graph:

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited



General revenues decreased mainly due to a decrease in property taxes recognized between years. This resulted from the timing of amounts paid to the county prior to fiscal year end that were available to be advanced to the School District. These decreases were partially offset by an increase in unrestricted grants and entitlements resulting from an increase in funding received through the state foundation. Program revenues decreased between years due to a decrease in charges for services and sales, due to \$2.4 million in Medicaid money received in fiscal year 2017 for several prior years' settlements, as compared to only \$334,000 in 2018.

Instruction comprises 52 percent of governmental program expenses. Support services expenses were 31 percent of governmental program expenses. Interest and all other expenses were 17 percent. Interest expense was attributable to the outstanding borrowings for capital projects. Most expense functions experienced a decrease between years due to the recognition of a negative expense related to pension and OPEB liabilities in the amount of \$35,709,968. Aside from this, many instruction and support services functions increased as a result of wage and step increases, increase in expenses for instructional supplies, and expenses for upcapitalizable costs related to ongoing construction projects. Operation of non-instructional services decreased because of decreased expenses for non-public programs.

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$264,040 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$3,431,909. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$64,381,975
Negative OPEB expense under GASB 75	3,431,909
2018 contractually required contribution	332,234
Adjusted 2018 program expenses	<u>68,146,118</u>
Total 2017 program expenses under GASB 45	<u>112,639,200</u>
Decrease in program expenses not related to OPEB	<u><u>(\$44,493,082)</u></u>

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017*
Instruction	\$33,527,375	\$64,489,519	\$22,502,531	\$51,490,032
Support Services:				
Pupils and Instructional Staff	5,729,880	9,261,847	4,236,188	7,726,158
Board of Education, Administration, Fiscal, and Business	4,421,394	10,241,636	3,203,906	9,157,589
Operation and Maintenance of Plant	5,084,771	7,330,410	4,081,459	6,412,255
Pupil Transportation	4,175,383	6,147,488	3,770,466	5,846,327
Central	708,518	1,506,627	646,044	1,455,684
Operation of Non-Instructional Services	5,331,880	8,054,834	(1,848,378)	396,170
Extracurricular Activities	1,810,283	2,013,256	1,087,621	1,321,278
Debt Service:				
Interest and Fiscal Charges	3,592,491	3,593,583	3,592,491	3,593,583
Total Program Expenses	<u>\$64,381,975</u>	<u>\$112,639,200</u>	<u>\$41,272,328</u>	<u>\$87,399,076</u>

*As restated. See note 22 of the notes to the basic financial statements for additional information.

The School District's Funds

The School District has three major governmental funds: the general fund, debt service fund, and building fund. Assets of the general fund comprised \$81,353,685 (64 percent) of the \$126,479,753 total governmental fund assets. Assets of the debt service and building funds comprised \$13,222,448 and \$22,226,141 (10 percent and 18 percent), respectively.

General Fund – The School District's fund balance at June 30, 2018 was \$41,075,867, including \$34,986,166 of unassigned balance. The primary reason for the \$903,286 decrease in fund balance was due to a decrease in revenues, primarily the result of \$2.4 million in Medicaid settlement money received for several prior years during fiscal year 2017 versus only \$334,000 received in fiscal year 2018. Expenditures also increased between years due to increases for salary and wages and instructional supplies. These decreases to fund balance were partially offset by an increase for the inception of a capital lease for copiers.

Debt Service Fund – The School District's fund balance at June 30, 2018 was \$10,109,766, which was all restricted for debt service. The primary reason for the \$308,741 increase in fund balance was due to a decrease in principal and interest obligations from the prior year.

Building Fund – The School District's fund balance at June 30, 2018 was \$17,394,645, which was all restricted for capital outlay. The primary reason for the \$55,612,530 decrease in fund balance was due to the School District's continued activity related to the school building project.

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

General Fund Budgeting Highlights

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

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

For the general fund, final budgeted revenue was \$88,316,857, compared to original budget estimates of \$85,240,850. Of the \$3,076,007 increase, most was due increases in estimates of property tax collections throughout the year as well as tuition and fees expected to be received from the state.

For the general fund, the final appropriations were \$90,500,271 and the original appropriations were \$93,076,524. This represents a \$2,576,253 decrease in appropriations. This is due mainly for a reallocation of regular instruction appropriations to various other appropriation lines after the temporary appropriations were further reviewed. The variance in appropriations versus expenditures was expected, giving authority to a greater range of appropriations, knowing that other internal controls will only allow those expenditures, when entirely necessary, coupled with legislative authority by consent of the Board of Education. The Administration and Board of Education have made additional dollars available in many categories in order to facilitate the educational needs of the School District as they arise. With the School District's tight internal controls, additional monies are appropriated in order to allow those individuals in charge to be creative in meeting their students' educational needs. The School District believes that appropriations should be prepared to operate in the best manner to meet the needs of those being educated. It is the School District's goal to allow funds to fully supplement the educational structure doing so in an effective and efficient manner. Judgment is used to value, educationally, the cash outlay for the benefit given. Both the Superintendent and the Treasurer of the School District have hands-on oversight of all School District purchases prior to being approved.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had \$104,802,070 invested in land, construction in progress, buildings and improvements, furniture, equipment, and vehicles, net of accumulated depreciation. Table 4 shows fiscal year 2018 balances compared to fiscal year 2017.

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

	2018	2017
Land	\$3,674,499	\$3,674,499
Construction in Progress	64,980,512	14,469,427
Buildings and Improvements	30,698,010	26,135,786
Furniture, Equipment and Vehicles	5,449,049	4,969,426
Total Capital Assets, Net	\$104,802,070	\$49,249,138

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

Northwest Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Debt

At June 30, 2018, the School District had \$97,732,471 in bonds outstanding, \$2,845,000 due within one year. Table 5 summarizes bonds outstanding.

Table 5
 Outstanding Debt at June 30
 Governmental Activities

	2018	2017
2005 Refunding Bonds:		
Current Interest Bonds	\$3,295,000	\$3,295,000
2013 QZAB Bonds	2,650,000	2,920,000
2013 Tax-Exempt Bonds	975,000	1,060,000
2013 Certificates of Participation	4,885,000	5,230,000
2015 School Improvement Refunding Bonds	5,615,000	7,115,000
2015/2016 School Improvement Bonds	74,740,000	75,260,000
Premium on Debt	5,572,471	5,817,004
Total Debt	\$97,732,471	\$100,697,004

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

For the Future

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

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

Contacting the School District's Financial Management

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

Northwest Local School District
Statement of Net Position
As of June 30, 2018

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$69,618,871
Inventory Held for Resale	21,404
Accrued Interest Receivable	100,850
Accounts Receivable	354,163
Intergovernmental Receivable	1,140,143
Property Taxes Receivable	50,674,466
Payment in Lieu of Taxes Receivable	4,172,764
Restricted Cash and Cash Equivalents	1,150,447
Capital Assets:	
Land and Construction in Progress	68,655,011
Depreciable Capital Assets, net	36,147,059
<i>Total Assets</i>	232,035,178
Deferred Outflows of Resources:	
Pension	34,935,505
OPEB	1,124,115
<i>Total Deferred Outflows of Resources</i>	36,059,620
Liabilities:	
Accounts Payable	276,878
Accrued Wages and Benefits	8,715,302
Contracts Payable	3,688,432
Intergovernmental Payable	1,379,240
Accrued Interest Payable	306,936
Retainage Payable	1,150,447
Claims Payable	229,410
Long-Term Liabilities:	
Due Within One Year	3,490,775
Due in More Than One Year	
Other	98,000,004
Net Pension Liability	111,667,003
Net OPEB Liability	26,564,979
<i>Total Liabilities</i>	255,469,406
Deferred Inflows of Resources:	
Property Taxes not Levied to Finance Current Year Operations	29,698,232
Payment in Lieu of Taxes not Intended to Finance Current Year Operations	4,172,764
Pension	4,829,550
OPEB	2,979,038
<i>Total Deferred Inflows of Resources</i>	41,679,584
Net Position:	
Net Investment in Capital Assets	12,179,024
Restricted for:	
Debt Service	10,314,758
Capital Outlay	11,826,015
Food Service	669,476
Special Trust	221,522
Career Consultant Grant	2,682
Athletics	393,693
Auxiliary Services	446,529
State Grants	35,739
Federal Grants	147,750
Endowment:	
Expendable	19,763
Nonexpendable	79,000
Unrestricted (Deficit)	(65,390,143)
<i>Total Net Position</i>	(\$29,054,192)

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

Northwest Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	
Governmental Activities:					
Instruction:					
Regular	\$22,274,942	\$1,996,193	\$87,836	\$0	(\$20,190,913)
Special	10,384,770	691,141	7,958,168	0	(1,735,461)
Vocational	30,610	1,418	17,011	0	(12,181)
Student Intervention Services	462,225	32,032	211,075	0	(219,118)
Other	374,828	29,199	771	0	(344,858)
Support Services:					
Pupils	4,570,172	253,120	420,203	0	(3,896,849)
Instructional Staff	1,159,708	84,753	735,616	0	(339,339)
Board of Education	61,322	3,198	73	0	(58,051)
Administration	2,788,600	256,973	866,448	0	(1,665,179)
Fiscal	1,427,896	78,115	0	0	(1,349,781)
Business	143,576	12,681	0	0	(130,895)
Operation and Maintenance of Plant	5,084,771	272,563	29,825	700,924	(4,081,459)
Pupil Transportation	4,175,383	341,133	63,784	0	(3,770,466)
Central	708,518	61,673	801	0	(646,044)
Operation of Non-Instructional Services	5,331,880	1,243,517	5,936,741	0	1,848,378
Extracurricular Activities	1,810,283	670,206	52,456	0	(1,087,621)
Debt Service:					
Interest and Fiscal Charges	3,592,491	0	0	0	(3,592,491)
<i>Total Governmental Activities</i>	<u>\$64,381,975</u>	<u>\$6,027,915</u>	<u>\$16,380,808</u>	<u>\$700,924</u>	<u>(41,272,328)</u>

General Revenues:

Property Taxes Levied for:	
General Purposes	42,740,419
Debt Service	5,658,589
Capital Outlay	2,664,663
Payments in Lieu of Taxes	3,947,558
Grants and Entitlements not Restricted for Specific Programs	32,377,875
Gain on Sale of Assets	57,835
Investment Earnings	510,473
Miscellaneous	786,882
<i>Total General Revenues</i>	<u>88,744,294</u>
<i>Change in Net Position</i>	47,471,966
<i>Net Position Beginning of Year-Restated</i>	<u>(76,526,158)</u>
<i>Net Position End of Year</i>	<u><u>(\$29,054,192)</u></u>

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

Northwest Local School District
Balance Sheet
Governmental Funds
As of June 30, 2018

	General Fund	Debt Service Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$33,866,024	\$8,009,766	\$21,019,891	\$5,862,430	\$68,758,111
Inventory Held for Resale	0	0	0	21,404	21,404
Accrued Interest Receivable	70,225	0	30,625	0	100,850
Accounts Receivable	324,265	0	25,178	4,720	354,163
Interfund Receivable	107,405	0	0	0	107,405
Intergovernmental Receivable	58,055	0	0	1,082,088	1,140,143
Property Taxes Receivable	42,754,947	5,212,682	0	2,706,837	50,674,466
Payment in Lieu of Taxes Receivable	4,172,764	0	0	0	4,172,764
Restricted Cash and Cash Equivalents	0	0	1,150,447	0	1,150,447
<i>Total Assets</i>	<u>\$81,353,685</u>	<u>\$13,222,448</u>	<u>\$22,226,141</u>	<u>\$9,677,479</u>	<u>\$126,479,753</u>
Liabilities:					
Accounts Payable	\$154,346	\$0	\$0	\$122,532	\$276,878
Accrued Wages and Benefits	7,971,857	0	0	743,445	8,715,302
Contracts Payable	0	0	3,681,049	7,383	3,688,432
Interfund Payable	0	0	0	107,405	107,405
Intergovernmental Payable	1,265,849	0	0	113,391	1,379,240
Retainage Payable	0	0	1,150,447	0	1,150,447
<i>Total Liabilities</i>	9,392,052	0	4,831,496	1,094,156	15,317,704
Deferred Inflows of Resources:					
Property Taxes not Levied to Finance Current Year Operations	25,179,461	2,907,690	0	1,611,081	29,698,232
Payment in Lieu of Taxes not Intended to Finance Current Year Operations	4,172,764	0	0	0	4,172,764
Unavailable Revenue	1,533,541	204,992	0	710,301	2,448,834
<i>Deferred Inflows of Resources</i>	30,885,766	3,112,682	0	2,321,382	36,319,830
Fund Balances:					
Nonspendable	0	0	0	79,000	79,000
Restricted	0	10,109,766	17,394,645	1,871,620	29,376,031
Committed	240,030	0	0	4,580,642	4,820,672
Assigned	5,849,671	0	0	0	5,849,671
Unassigned (Deficit)	34,986,166	0	0	(269,321)	34,716,845
<i>Total Fund Balances</i>	<u>41,075,867</u>	<u>10,109,766</u>	<u>17,394,645</u>	<u>6,261,941</u>	<u>74,842,219</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$81,353,685</u>	<u>\$13,222,448</u>	<u>\$22,226,141</u>	<u>\$9,677,479</u>	<u>\$126,479,753</u>

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

Northwest Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 As of June 30, 2018*

Total Governmental Fund Balances		\$74,842,219
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		104,802,070
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Intergovernmental	672,600	
Taxes	<u>1,776,234</u>	2,448,834
The internal service fund is used by management to charge the costs of workers' compensation claims to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		631,350
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(306,936)
The net pension/OPEB liability is not due and payable in the current period. Therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows-Pension	34,935,505	
Deferred Outflows-OPEB	1,124,115	
Deferred Inflows-Pension	(4,829,550)	
Deferred Inflows-OPEB	(2,979,038)	
Net Pension Liability	(111,667,003)	
Net OPEB Liability	<u>(26,564,979)</u>	(109,980,950)
Long-term liabilities, including bonds and related liabilities, capital leases, and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Bonds Payable	(3,295,000)	
QZAB Payable	(2,650,000)	
Tax-Exempt Bonds Payable	(975,000)	
Certificates of Participation Payable	(4,885,000)	
School Improvement Refunding Bonds Payable	(5,615,000)	
School Improvement Bonds Payable	(74,740,000)	
Premium on Bonds and Certificates of Participation	(5,572,471)	
Capital Lease Payable	(459,205)	
Compensated Absences	<u>(3,299,103)</u>	(101,490,779)
Net Position of Governmental Activities		<u><u>(\$29,054,192)</u></u>

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

Northwest Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General Fund	Debt Service Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$42,613,635	\$5,644,429	\$0	\$2,653,849	\$50,911,913
Intergovernmental	36,803,753	359,595	0	11,735,881	48,899,229
Interest	579,858	2,573	769,504	30,741	1,382,676
Decrease in Fair Value of Investments	(71,958)	0	(186,425)	0	(258,383)
Tuition and Fees	2,708,594	0	0	0	2,708,594
Rent	747,475	0	0	0	747,475
Extracurricular Activities	0	0	0	706,119	706,119
Gifts and Donations	23,478	0	0	208,505	231,983
Charges for Services	642,636	0	0	1,223,091	1,865,727
Payment in Lieu of Taxes	3,947,558	0	0	0	3,947,558
Miscellaneous	579,055	273	61,384	88,115	728,827
<i>Total Revenues</i>	<u>88,574,084</u>	<u>6,006,870</u>	<u>644,463</u>	<u>16,646,301</u>	<u>111,871,718</u>
Expenditures:					
Current:					
Instruction:					
Regular	41,129,539	0	0	170,573	41,300,112
Special	15,831,919	0	0	2,846,659	18,678,578
Vocational	32,510	0	0	0	32,510
Student Intervention Services	734,289	0	0	216,665	950,954
Other	659,871	0	0	0	659,871
Support Services:					
Pupils	5,777,001	0	0	435,280	6,212,281
Instructional Staff	1,731,465	0	0	687,052	2,418,517
Board of Education	73,304	0	0	135	73,439
Administration	6,064,724	0	0	926,494	6,991,218
Fiscal	1,801,810	75,403	39,447	35,069	1,951,729
Business	312,124	0	0	0	312,124
Operation and Maintenance of Plant	6,321,353	0	228,827	126,348	6,676,528
Pupil Transportation	5,557,771	0	0	185,247	5,743,018
Central	1,437,265	0	0	1,328	1,438,593
Operation of Non-Instructional Services	249,929	0	0	6,376,480	6,626,409
Extracurricular Activities	1,488,249	0	0	685,102	2,173,351
Capital Outlay	592,126	0	55,988,719	1,848,462	58,429,307
Debt Service:					
Principal	223,494	2,020,000	0	700,000	2,943,494
Interest	21,823	3,602,726	0	216,216	3,840,765
<i>Total Expenditures</i>	<u>90,040,566</u>	<u>5,698,129</u>	<u>56,256,993</u>	<u>15,457,110</u>	<u>167,452,798</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,466,482)	308,741	(55,612,530)	1,189,191	(55,581,080)
Other Financing Sources (Uses):					
Transfers In	0	0	0	60,000	60,000
Proceeds from Sale of Assets	56,234	0	0	1,601	57,835
Inception of Capital Lease	566,962	0	0	0	566,962
Transfers Out	(60,000)	0	0	0	(60,000)
<i>Total Other Financing Sources (Uses)</i>	<u>563,196</u>	<u>0</u>	<u>0</u>	<u>61,601</u>	<u>624,797</u>
<i>Net Change in Fund Balances</i>	(903,286)	308,741	(55,612,530)	1,250,792	(54,956,283)
<i>Fund Balance at Beginning of Year</i>	<u>41,979,153</u>	<u>9,801,025</u>	<u>73,007,175</u>	<u>5,011,149</u>	<u>129,798,502</u>
<i>Fund Balance at End of Year</i>	<u>\$41,075,867</u>	<u>\$10,109,766</u>	<u>\$17,394,645</u>	<u>\$6,261,941</u>	<u>\$74,842,219</u>

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

Northwest Local School District
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018*

Net Change in Fund Balances - Total Governmental Funds (\$54,956,283)

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

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

Capital Asset Additions	58,429,307	
Current Year Depreciation	<u>(2,244,148)</u>	56,185,159

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (638,497)

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

Intergovernmental	(291,695)	
Taxes	151,758	
Contribution of Donated Capital Asset	6,270	
Other	58,055	
Total	<u>58,055</u>	(75,612)

The internal service fund is used by management to charge the costs of workers' compensation claims to individual funds. The net income (loss) of the internal service fund is reported with governmental activities. 212,144

Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows. 8,234,257

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities. 35,709,968

Long-term debt proceeds and inception of capital leases are other financing sources in the governmental funds but the issuance increases the long-term liabilities on the statement of net position.

Inception of Capital Lease	<u>(566,962)</u>	(566,962)
----------------------------	------------------	-----------

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

Bond Principal Retirement	2,375,000	
Certificates of Participation Principal Retirement	345,000	
Capital Lease Principal Payments	<u>223,494</u>	2,943,494

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The difference in the amount of interest on the statement of activities is the result of the following:

Decrease in Accrued Interest	3,741	
Amortization of Premiums	<u>244,533</u>	248,274

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

Decrease in Compensated Absences	<u>176,024</u>	176,024
----------------------------------	----------------	---------

Net Change in Net Position of Governmental Activities \$47,471,966

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

Northwest Local School District
*Statement of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$40,841,686	\$42,825,878	\$42,823,635	(\$2,243)
Intergovernmental	37,076,621	36,828,502	36,828,487	(15)
Interest	450,000	579,858	579,858	0
Tuition and Fees	1,676,740	2,479,196	2,480,787	1,591
Rent	680,000	647,475	647,475	0
Charges for Services	584,227	641,699	641,499	(200)
Payments in Lieu of Taxes	3,635,600	3,947,558	3,947,558	0
Miscellaneous	295,976	366,691	359,528	(7,163)
<i>Total Revenues</i>	85,240,850	88,316,857	88,308,827	(8,030)
Expenditures:				
Current:				
Instruction:				
Regular	46,076,943	41,018,624	40,919,930	98,694
Special	14,412,563	16,003,460	15,992,009	11,451
Vocational	7,281	32,525	32,510	15
Student Intervention Services	788,555	734,398	734,289	109
Other	1,290,331	630,237	630,237	0
Support Services:				
Pupils	6,177,124	5,891,002	5,891,002	0
Instructional Staff	1,700,007	1,770,209	1,763,179	7,030
Board of Education	15,703	70,678	69,896	782
Administration	5,424,341	6,191,929	6,188,865	3,064
Fiscal	1,882,682	1,886,465	1,885,063	1,402
Business	521,674	333,604	328,903	4,701
Operation and Maintenance of Plant	7,346,792	7,071,605	6,662,245	409,360
Pupil Transportation	4,827,008	5,610,287	5,606,265	4,022
Central	1,224,148	1,552,576	1,543,006	9,570
Operation of Non-Instructional Services	202,739	230,980	230,311	669
Extracurricular Activities	1,178,633	1,471,692	1,471,692	0
<i>Total Expenditures</i>	93,076,524	90,500,271	89,949,402	550,869
<i>Excess of Revenues Under Expenditures</i>	(7,835,674)	(2,183,414)	(1,640,575)	542,839
Other Financing Sources (Uses):				
Transfers In	0	38,620	24,278	(14,342)
Advances In	50,000	12,541	12,541	0
Proceeds from Sale of Assets	30,000	45,851	45,851	0
Transfers Out	(270,000)	(200,981)	(200,730)	251
Advances Out	0	(73,533)	(73,533)	0
<i>Total Other Financing Sources (Uses)</i>	(190,000)	(177,502)	(191,593)	(14,091)
<i>Net Change in Fund Balance</i>	(8,025,674)	(2,360,916)	(1,832,168)	528,748
<i>Fund Balance at Beginning of Year</i>	33,843,330	33,843,330	33,843,330	0
<i>Prior Year Encumbrances Appropriated</i>	675,236	675,236	675,236	0
<i>Fund Balance at End of Year</i>	\$26,492,892	\$32,157,650	\$32,686,398	\$528,748

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

Northwest Local School District
Statement of Fund Net Position
Internal Service Fund
As of June 30, 2018

	<u>Workers' Compensation Fund</u>
Assets:	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$860,760</u>
<i>Total Assets</i>	860,760
Liabilities:	
<i>Current Liabilities:</i>	
Claims Payable	<u>229,410</u>
<i>Total Liabilities</i>	229,410
Net Position:	
Unrestricted	<u>631,350</u>
<i>Total Net Position</i>	<u><u>\$631,350</u></u>

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

Northwest Local School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2018

	<u>Workers' Compensation Fund</u>
Operating Revenues:	
Charges for Services	<u>\$515,396</u>
<i>Total Operating Revenues</i>	515,396
Operating Expenses:	
Fringe Benefits	67,266
Purchased Services	83,043
Materials and Supplies	14,000
Claims	51,814
Other	<u>87,129</u>
<i>Total Operating Expenses</i>	<u>303,252</u>
<i>Operating Income</i>	212,144
<i>Net Position Beginning of Year</i>	<u>419,206</u>
<i>Net Position End of Year</i>	<u><u>\$631,350</u></u>

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

Northwest Local School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2018

	Workers' Compensation Fund
Increase in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Interfund Services Provided	\$515,396
Cash Payments to Suppliers for Goods and Services	(164,989)
Cash Payments for Claims	(29,643)
Cash Payments to Others	(87,129)
<i>Net Increase in Cash and Cash Equivalents</i>	233,635
<i>Cash and Cash Equivalents at Beginning of Year</i>	627,125
<i>Cash and Cash Equivalents at End of Year</i>	\$860,760
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$212,144
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</i>	
Decrease in Accounts Payable	(680)
Increase in Claims Payable	22,171
<i>Net Cash Provided by Operating Activities</i>	\$233,635

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

Northwest Local School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
As of June 30, 2018

	<u>Agency Fund</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$111,613</u>
<i>Total Assets</i>	<u><u>\$111,613</u></u>
Liabilities:	
Due to Students	<u>\$111,613</u>
<i>Total Liabilities</i>	<u><u>\$111,613</u></u>

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 1 – Description of the School District

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

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

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

The School District currently has approximately 8,805 students enrolled in seven elementary schools, three middle schools, and two senior high schools. The School District has two career centers serving junior and senior students. There are 1,265 full time and part-time employees to provide services to the students. The School District is the 2nd largest public school district in Hamilton County and the 21st largest of all school districts in Ohio.

Reporting Entity

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

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

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

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

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

Fiduciary Funds

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has deferred outflows of resources that are reported on the government-wide statement of net position for pension and other post-employment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position/fund balance that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, unavailable revenue, pension and OPEB. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental funds balance sheet. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The School District has deferred inflows of resources that are reported on the government-wide statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB are explained in notes 10 and 11.

Expenses/Expenditures

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

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

Cash and Cash Equivalents

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

During fiscal year 2018, the School District invested in money market funds, negotiable certificates of deposit, commercial paper, the State Treasury Asset Reserve of Ohio (STAROhio), and federal government agency securities. Investments are reported at fair value, which is based on quoted market prices, except for mutual funds, which are based on current share price, and STAROhio.

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

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

deposits and withdrawals exceeding \$25 million. STAROhio reserves the right to limit the transaction to \$100 million. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to \$579,858, which includes \$176,712 assigned from other School District funds. The School District also credited interest to the debt service fund, building fund and nonmajor governmental funds in the amounts of \$2,573, \$769,504, and \$30,741, respectively. In addition, the School District experienced a decrease in fair value on investments of \$258,383, \$71,958 of which was recognized in the general fund with the remaining \$186,425 recognized in the building fund. \$21,929 of the general fund's decrease in fair value of investments is assigned from other School District funds.

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

Restricted Assets

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

Interfund Balances

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

Inventory

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

Capital Assets

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

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

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

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

Compensated Absences

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

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

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

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

Pensions/OPEB

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

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

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

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

Net Position

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

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

Internal Activity

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

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

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

Budgetary Process

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

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

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

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

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

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

Operating Revenues and Expenses

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

Estimates

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

Note 3 - Accountability

At June 30, 2018, the following funds had a deficit fund balance:

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Funds	Amounts
Public School Preschool	\$6,800
Entry Year Teacher Grant	1,911
IDEA-B Special Education	92,648
Title III	2,789
Title I	149,034
IDEA-B Early Childhood Special Education	3,011
Title II-A	9,317
Miscellaneous Federal Grants	3,811

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

Note 4 – Budgetary Basis of Accounting

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

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

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

	Net Change in Fund Balance
GAAP Basis	(\$903,286)
Adjustments:	
Revenue Accruals	(462,274)
Expenditure Accruals	442,372
Encumbrances	(639,150)
Change in Fair Value of Investments - Fiscal Year 2018	(179,126)
Change in Fair Value of Investments - Fiscal Year 2017	110,534
(Excess) Deficit of Funds Combined with General Fund for Reporting Purposes	(140,246)
Advances	(60,992)
Budget Basis	(\$1,832,168)

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2018, the School District's bank balance of \$7,340,152 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described below.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2018, the School District had the following investments:

Investment Type	Fair Value	Maturity			% of Portfolio	Credit Rating
		< 1 Year	1-2 Years	3-5 Years		
Money Market Fund	\$45,434	\$45,434	\$0	\$0	0.07%	AAAm
Commercial Paper:						
BNP Paribas	1,323,363	0	1,323,363	0	2.02%	A-1
Canadian Imp Holdings	573,936	0	573,936	0	0.88%	A-1
Credit Agricole NY	568,096	0	568,096	0	0.87%	A-1
GE Capital Corp	1,973,387	0	1,973,387	0	3.02%	A-1
ING US CP	4,101,410	0	4,101,410	0	6.27%	A-1
JP Morgan	3,805,891	0	3,805,891	0	5.82%	A-1
MUFG Bank	866,809	0	866,809	0	1.33%	A-1
Natixis NY	512,204	0	512,204	0	0.78%	A-1
TD USA	3,120,000	0	3,120,000	0	4.77%	A-1+
Toyota Motor Credit	5,012,731	0	5,012,731	0	7.67%	A-1+
Negotiable CDs	1,841,179	0	873,109	968,070	2.82%	N/A
STAROhio	13,380,050	13,380,050	0	0	20.47%	AAAm
FHLB	4,167,591	0	2,325,897	1,841,694	6.37%	AA+
FHLMC	9,943,146	0	5,789,809	4,153,337	15.21%	AA+
FNMA	7,694,549	0	0	7,694,549	11.77%	AA+
FFCB	5,044,815	0	5,044,815	0	7.72%	AA+
FFCB Discount Notes	1,398,181	0	1,398,181	0	2.14%	A-1+
Total	\$65,372,772	\$13,425,484	\$37,289,638	\$14,657,650	100.00%	

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2018. As discussed further in note 2, STAR Ohio is reported at its share price. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

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

Note 6 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, 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 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Hamilton County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2019 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes that are measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows-property taxes.

The amount available as an advance at June 30, 2018 was \$16,100,000 in the general fund, \$2,100,000 in the debt service fund, and \$1,000,000 in the nonmajor governmental funds.

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second- Half Collections		2018 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$1,407,201,070	96.53%	\$1,454,214,410	96.43%
Public Utility Personal	50,549,360	3.47%	53,811,960	3.57%
Total Assessed Value	\$1,457,750,430	100.00%	\$1,508,026,370	100.00%
Tax rate per \$1,000 of assessed valuation		\$58.87		\$58.48

Note 7 – Receivables

Receivables at June 30, 2018 consisted of property taxes, payment in lieu of taxes, intergovernmental grants, accounts (rent and student fees), accrued interest and interfund loans. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A summary of the principal items of intergovernmental receivables follows:

	Amounts
<i>Major Fund</i>	
General	\$58,055
<i>Nonmajor Funds</i>	
Public School Preschool	68,270
Vocational Education Enhancement	192
IDEA-B Special Education	435,530
Title III	26,717
Title I	429,100
Early Childhood Special Education	9,484
Title II-A	105,956
Miscellaneous Federal Grants	6,839
Total Nonmajor Funds	1,082,088
Total	\$1,140,143

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 8 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance at 6/30/17	Additions	Deletions	Balance at 6/30/18
<i>Governmental Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$3,674,499	\$0	\$0	\$3,674,499
Construction in Progress	14,469,427	55,994,989	(6,062,783)	64,980,512
Total Capital Assets Not Being Depreciated	18,143,926	55,994,989	(6,062,783)	68,655,011
Capital Assets Being Depreciated:				
Buildings and Improvements	67,022,818	5,775,597	(1,536,817)	70,682,719
Furniture, Equipment and Vehicles	17,351,744	2,247,373	(3,184,275)	16,414,842
Total Capital Assets Being Depreciated	84,374,562	8,022,970	(4,721,092)	87,097,561
Less Accumulated Depreciation:				
Buildings and Improvements	(40,338,568)	(1,109,786)	1,463,645	(39,984,709)
Furniture, Equipment and Vehicles	(12,930,782)	(1,134,362)	3,099,351	(10,965,793)
Total Accumulated Depreciation	(53,269,350)	(2,244,148)	4,562,996	(50,950,502)
Total Capital Assets Being Depreciated, Net	31,105,212	5,778,822	(158,096)	36,147,059
Governmental Activities Capital Assets, Net	\$49,249,138	\$61,773,811	(\$6,220,879)	\$104,802,070

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,407,718
Special	16,155
Vocational	651
Support Services:	
Pupils	2,331
Instructional Staff	3,402
Administration	4,048
Fiscal	15,913
Business	1,597
Operations and Maintenance of Plant	75,270
Pupil Transportation	532,420
Central	4,370
Operation of Non-Instructional Services	114,565
Extracurricular Activities	65,708
Total Depreciation Expense	<u>\$2,244,148</u>

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 9 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the School District contracted with Ohio Casualty Insurance Company for property and Argonaut for general liability insurance.

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

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

Workers' Compensation

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

Incurred but not reported claims and premium of \$229,410 have been accrued as a liability at June 30, 2018, based on an estimate by Hunter Consulting. The claims liability reported in the workers' compensation internal service fund at June 30, 2018 is based on the requirement of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses.

Changes in self-insurance workers' compensation claims liability for 2017 and 2018 were:

Fiscal Year	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2017	\$136,665	\$117,509	\$46,935	\$207,239
2018	207,239	51,814	29,643	229,410

Note 10 – Defined Benefits Pension Plans

Net Pension Liability

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

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables,

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

including estimated average life expectancies, earnings on investments, cost of living adjustments, and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent was allocated to the Health Care Fund.

The School District's contractually required contributions to SERS were \$2,075,487 for fiscal year 2018.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contributions to STRS were \$5,826,536 for fiscal year 2018.

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

The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.43729230%	0.35574589%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.47106630%</u>	<u>0.35159368%</u>	
Change in Proportionate Share	<u>0.03377400%</u>	<u>-0.00415221%</u>	
Proportionate Share of the Net			
Pension Liability	\$28,145,171	\$83,521,832	\$111,667,003
Pension Expense	(\$263,477)	(\$32,014,582)	(\$32,278,059)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$1,211,270	\$3,225,220	\$4,436,490
Changes of assumptions	1,455,408	18,267,142	19,722,550
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,935,508	938,934	2,874,442
School District contributions subsequent to the measurement date	<u>2,075,487</u>	<u>5,826,536</u>	<u>7,902,023</u>
Total Deferred Outflows of Resources	<u><u>\$6,677,673</u></u>	<u><u>\$28,257,832</u></u>	<u><u>\$34,935,505</u></u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$0	\$673,154	\$673,154
Net difference between projected and actual earnings on pension plan investments	133,602	2,756,319	2,889,921
Changes in proportion and differences between School District contributions and proportionate share of contributions	<u>96,493</u>	<u>1,169,982</u>	<u>1,266,475</u>
Total Deferred Inflows of Resources	<u><u>\$230,095</u></u>	<u><u>\$4,599,455</u></u>	<u><u>\$4,829,550</u></u>

\$7,902,023 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$1,878,346	\$3,854,616	\$5,732,962
2020	2,311,124	7,604,155	9,915,279
2021	1,050,090	5,145,103	6,195,193
2022	<u>(867,469)</u>	<u>1,227,967</u>	<u>360,498</u>
Total	<u><u>\$4,372,091</u></u>	<u><u>\$17,831,841</u></u>	<u><u>\$22,203,932</u></u>

Actuarial Assumptions - SERS

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.5 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was for the five-year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension liability	\$39,058,183	\$28,145,171	\$19,003,297

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017 actuarial valuation, compared with July 1, 2016 are presented below:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Actuarial assumptions used in the July 1, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

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

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net pension liability	\$119,725,704	\$83,521,832	\$53,025,497

Note 11 – Postemployment Benefits

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS’ Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS’ health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS’ health care coverage. Most retirees and dependents choosing SERS’ health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS’ website at www.ohsers.org under employers/audit resources.

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$255,364.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate, is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$332,234 for fiscal year 2018.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability Prior Measurement Date	0.43729230%	0.35574589%	
Proportion of the Net OPEB Liability Current Measurement Date	<u>0.47870150%</u>	<u>0.35159368%</u>	
Change in Proportionate Share	<u>0.04140920%</u>	<u>-0.00415221%</u>	
Proportionate Share of the Net OPEB Liability	\$12,847,091	\$13,717,888	\$26,564,979
OPEB Expense	\$754,050	(\$4,185,959)	(\$3,431,909)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$0	\$791,881	\$791,881
School District contributions subsequent to the measurement date	<u>332,234</u>	<u>0</u>	<u>332,234</u>
Total Deferred Outflows of Resources	<u>\$332,234</u>	<u>\$791,881</u>	<u>\$1,124,115</u>
<i>Deferred Inflows of Resources</i>			
Changes of assumptions	\$1,219,123	\$1,105,020	\$2,324,143
Net difference between projected and actual earnings on OPEB plan investments	33,926	586,335	620,261
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>34,634</u>	<u>0</u>	<u>34,634</u>
Total Deferred Inflows of Resources	<u>\$1,287,683</u>	<u>\$1,691,355</u>	<u>\$2,979,038</u>

\$332,234 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	(\$462,741)	(\$198,774)	(\$661,515)
2020	(462,741)	(198,774)	(661,515)
2021	(353,721)	(198,774)	(552,495)
2022	(8,480)	(198,772)	(207,252)
2023	0	(52,190)	(52,190)
Thereafter	<u>0</u>	<u>(52,190)</u>	<u>(52,190)</u>
Total	<u>(\$1,287,683)</u>	<u>(\$899,474)</u>	<u>(\$2,187,157)</u>

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017 are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

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

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	\$15,514,498	\$12,847,091	\$10,733,823

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
School District's proportionate share of the net OPEB liability	\$10,424,451	\$12,847,091	\$16,053,495

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017 actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

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

Actuarial assumptions used in the June 30, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease (3.13%)</u>	<u>Current Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
School District's proportionate share of the net OPEB liability	\$18,416,044	\$13,717,888	\$10,004,809

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$9,530,601	\$13,717,888	\$19,228,848

Note 12 – Employee Benefits

Compensated Absences

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

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

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

	Certified	Administrators	Non-Certified
Vacation			
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			
How earned	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)
Maximum Accumulation	250 days	262 days	250 to 272 days according to job classification
Vested	As earned	As earned	As earned
Termination Entitlement	Per contract	Per contract/policy	Per contract/policy

Insurance

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

Note 13 – Long-Term Liabilities

The change in the School District's long-term obligations during fiscal year 2018 consists of the following:

	Beginning Balance*	Issued	Retired	Ending Balance	Due in One Year
Bonds Payable:					
2005 Refunding Bonds:					
Current Interest Bonds	\$3,295,000	\$0	\$0	\$3,295,000	\$1,590,000
2013 QZAB Bonds	2,920,000	0	(270,000)	2,650,000	265,000
2013 Tax-Exempt Bonds	1,060,000	0	(85,000)	975,000	90,000
2013 Certificates of Participation	5,230,000	0	(345,000)	4,885,000	350,000
2015 School Improvement					
Refunding Bonds	7,115,000	0	(1,500,000)	5,615,000	0
2015 School Improvement Bonds	66,060,000	0	(520,000)	65,540,000	550,000
2016 School Improvement Bonds	9,200,000	0	0	9,200,000	0
Premiums on Bonds:					
2005 Refunding Bonds	33,116	0	(11,039)	22,077	0
2013 Tax-Exempt Bonds	21,330	0	(2,064)	19,266	0
2013 Certificates of Participation	71,322	0	(5,862)	65,460	0
2015 School Improvement					
Refunding Bonds	281,577	0	(55,392)	226,185	0
2015 School Improvement Bonds	4,969,942	0	(148,726)	4,821,216	0
2016 School Improvement Bonds	439,717	0	(21,450)	418,267	0
Total Bonds	100,697,004	0	(2,964,533)	97,732,471	2,845,000
Other Long-Term Liabilities:					
Net Pension Liability:					
SERS	32,005,761	0	(3,860,590)	28,145,171	0
STRS	119,078,873	0	(35,557,041)	83,521,832	0
Total Net Pension Liability	151,084,634	0	(39,417,631)	111,667,003	0
Net OPEB Liability:					
SERS	13,644,764	0	(797,673)	12,847,091	0
STRS	18,803,321	0	(5,085,433)	13,717,888	0
Total Net OPEB Liability	32,448,085	0	(5,883,106)	26,564,979	0
Compensated Absences	3,475,127	1,859,902	(2,035,926)	3,299,103	545,110
Capital Lease	115,737	566,962	(223,494)	459,205	100,665
Total Long-Term Liabilities	\$287,820,587	\$2,426,864	(\$50,524,690)	\$239,722,761	\$3,490,775

*As restated. See note 22 for additional information.

On November 1, 2005, the School District advance refunded \$15,380,000 in 1998 School Improvement Bonds that were originally for the purpose of new construction, improvements, renovating, and additions to school facilities. In retiring the bonds, \$590,000 in principal payments were made on the refunding bonds before sending the refunding agent the \$15,380,000 to retire the original debt. The \$584,485 premium on the issuance of the refunding bonds is included on this new debt and will be amortized over the life of the new debt with a final maturity date of December

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

1, 2022. The refunding bonds are not subject to optional redemption prior to maturity. Of the \$15,380,000 issued, \$14,660,000 represents serial bonds and \$720,000 is capital appreciation bonds. The capital appreciation bonds matured in fiscal year 2016.

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

The School District defeased the 1998 School Improvement Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the School District's financial statements. On June 30, 2018, \$15,380,000 of the defeased bonds are still outstanding.

On October 29, 2012, the School District issued \$4,000,000 Energy Conservation Limited Tax General Obligation Bonds which are Qualified Zone Academy Bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34). The bonds are being issued for the purpose of financing the energy conservation measures. The bonds were issued at the rate of 3.75 percent, with a maturity at December 1, 2027, with the entire principal balance coming due at maturity. With respect to the payment of the principal amount of the QZAB bonds, the School District has covenanted to set aside amount required to maintain the required sinking fund balance, on December 1 of each year, commencing on December 1, 2013, into the sinking fund account, to be applied to the payment of the principal amount of the QZAB bonds at maturity along with the investment earnings within the sinking fund account. The School District is required to place \$270,000 annually through fiscal year 2018 and \$265,000 annually from fiscal year 2019 through fiscal year 2028. A sinking fund has been established with a \$1,350,000 deposit as of June 30, 2018.

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

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

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

On December 10, 2015, the School District issued \$66,800,000 School Improvement Unlimited Tax General Obligation Bonds which are Non-Bank Qualified. The bonds are being issued for the purpose of paying the costs of new construction, improvements, renovations, and additions to school facilities and providing equipment

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

furnishings, and site improvements therefor. The bonds were issued at rates ranging from 1.5 to 5 percent, with a maturity of December 1, 2050. This issuance is comprised of \$17,640,000 in serial bonds and \$49,160,000 in term bonds. The term bonds are subject to mandatory redemption prior to maturity.

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

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

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

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

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

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

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

On January 14, 2016, the School District issued \$9,200,000 School Improvement Unlimited Tax General Obligation Bonds which are Bank Qualified. The bonds are being issued for the purpose of paying the costs of new construction, improvements, renovations, and additions to school facilities and providing equipment furnishings, and site improvements therefor. The bonds were issued at rates ranging from 3 to 4 percent, with a maturity of December

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

1, 2037. These serial bonds are not subject to mandatory redemption prior to maturity. Payment of principal and interest relating to this liability is recorded as expenditures in the debt service fund.

Capital leases will be retired from the general fund. Compensated absences and net pension/OPEB liabilities will be paid from the general, food services, auxiliary service, IDEA-B special education, title I school improvement stimulus A, and title I funds for governmental activities. The School District pays obligations relating to employee compensation from the fund benefitting from their service. For additional information related to the net pension and OPEB liabilities, see notes 10 and 11.

The School District's overall legal debt margin was \$58,557,139 with an unvoted debt margin of \$1,508,026 at June 30, 2018.

Annual base rent requirements to retire the certificates of participation outstanding at June 30, 2018 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$350,000	\$137,491	\$487,491
2020	355,000	129,554	484,554
2021	365,000	119,641	484,641
2022	375,000	108,541	483,541
2023	385,000	97,141	482,141
2024-2028	2,120,000	302,672	2,422,672
2029-2030	935,000	29,166	964,166
Totals	<u>\$4,885,000</u>	<u>\$924,206</u>	<u>\$5,809,206</u>

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

Fiscal Year Ending June 30,	2005 Refunding Bonds			2013 QZAB Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$1,590,000	\$131,250	\$1,721,250	\$265,000	\$150,000	\$415,000
2020	1,705,000	44,756	1,749,756	265,000	150,000	415,000
2021	0	0	0	265,000	150,000	415,000
2022	0	0	0	265,000	150,000	415,000
2023	0	0	0	265,000	150,000	415,000
2024-2028	0	0	0	1,325,000	675,000	2,000,000
Totals	<u>\$3,295,000</u>	<u>\$176,006</u>	<u>\$3,471,006</u>	<u>\$2,650,000</u>	<u>\$1,425,000</u>	<u>\$4,075,000</u>

Fiscal Year Ending June 30,	2013 Tax-Exempt Bonds			2015 School Improvement Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$90,000	\$20,150	\$110,150	\$0	\$154,650	\$154,650
2020	90,000	18,350	108,350	0	154,650	154,650
2021	95,000	16,500	111,500	1,785,000	127,875	1,912,875
2022	95,000	14,600	109,600	1,880,000	79,800	1,959,800
2023	95,000	12,700	107,700	1,950,000	29,250	1,979,250
2024-2028	510,000	31,250	541,250	0	0	0
Totals	<u>\$975,000</u>	<u>\$113,550</u>	<u>\$1,088,550</u>	<u>\$5,615,000</u>	<u>\$546,225</u>	<u>\$6,161,225</u>

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Fiscal Year Ending June 30,	2015 School Improvement Bonds			2016 School Improvement Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$550,000	\$2,910,988	\$3,460,988	\$0	\$335,650	\$335,650
2020	565,000	2,891,438	3,456,438	0	335,650	335,650
2021	590,000	2,875,713	3,465,713	0	335,650	335,650
2022	705,000	2,853,663	3,558,663	0	335,650	335,650
2023	750,000	2,817,288	3,567,288	0	335,650	335,650
2024-2028	5,040,000	13,411,690	18,451,690	0	1,678,250	1,678,250
2029-2033	7,570,000	11,939,939	19,509,939	0	1,678,250	1,678,250
2034-2038	1,225,000	11,110,288	12,335,288	9,200,000	942,475	10,142,475
2039-2043	14,295,000	9,289,625	23,584,625	0	0	0
2044-2048	19,615,000	5,152,350	24,767,350	0	0	0
2049-2051	14,635,000	894,092	15,529,092	0	0	0
Totals	\$65,540,000	\$66,147,074	\$131,687,074	\$9,200,000	\$5,977,225	\$15,177,225

Capital Lease Obligation

In fiscal year 2016, the School District entered into a capitalized lease for copier equipment. In fiscal year 2018, the School District entered into another capitalized lease for additional copier equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. However, these expenditures are reported as current expenditures on the budgetary statement.

Capital assets acquired by lease were initially capitalized in the statement of net position for governmental activities in the amount of \$790,587 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability in the amount of \$745,828 was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2018 totaled \$223,494 and were paid from the general funds.

Principal and interest requirements to retire the capital leases at June 30, 2018 are as follows:

Year Ending June 30	Capital Leases
2019	\$111,472
2020	121,606
2021	121,605
2022	121,605
2022	10,133
Total Debt Payments	486,421
Less: Interest	(27,216)
Total Principal	<u>\$459,205</u>

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 14 – Interfund Activity

As of June 30, 2018, receivable and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
<i>Major Fund:</i>		
General	\$107,405	\$0
<i>Nonmajor Funds:</i>		
Entry Year Teacher Grant	0	75
IDEA B Special Education	0	65,176
Title III	0	8,283
Title I	0	33,871
Total Nonmajor Funds	0	107,405
Total	\$107,405	\$107,405

Interfund balances at June 30, 2018 consisted of the above amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records and (3) payments between funds are made. All advances are expected to be paid within one year.

Transfers made during the fiscal year ended June 30, 2018 were as follows:

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

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

Note 15 – Jointly Governed Organizations

Southwest Ohio Computer Association

The School District is a participant in the Southwest Ohio Computer Association (SWOCA), a computer consortium. SWOCA is a jointly governed organization among a seven county consortium of 43 Ohio school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions of the member districts. Each member of the consortium supports SWOCA based upon a per pupil charge dependent upon the software package utilized. SWOCA is governed by a Board of Directors consisting of the superintendents and treasurers of member school districts. The Board exercises total control over the operations of SWOCA including budgeting, appropriating, contracting, and designating management. The Board consists of one representative from each of the participating 43 school districts. The School District paid SWOCA \$404,174 for services provided during the fiscal year. The financial statements for SWOCA are available at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Butler Technology and Career Development School

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

Southwest Ohio Organization of School Health

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

Note 16 – Set-Asides

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

	<u>Capital Acquisition</u>
Set-Aside Balance as of June 30, 2017	\$0
Current Year Set-Aside Requirement	1,522,503
Qualifying Disbursements	<u>(1,522,503)</u>
Totals	<u>\$0</u>
Set-Aside Balance as of June 30, 2018	<u>\$0</u>

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

Note 17 – Donor-Restricted Endowments

The School District's Endowment includes donor-restricted endowments. The restricted net position amount of \$19,763 represents the expendable portion of the endowment. The \$79,000 represents the nonexpendable amount. State law permits the Board of Education to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise.

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 18 – Fund Balances

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

	General	Debt Service	Building	Nonmajor Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>					
Endowment	\$0	\$0	\$0	\$79,000	\$79,000
<i>Restricted</i>					
Endowment	0	0	0	19,763	19,763
Capital Projects	0	0	17,394,645	0	17,394,645
Debt Service	0	10,109,766	0	0	10,109,766
Food Service	0	0	0	770,146	770,146
Special Trust	0	0	0	221,522	221,522
Career Consultant Grant	0	0	0	2,682	2,682
Athletics	0	0	0	393,693	393,693
Auxiliary Services	0	0	0	463,723	463,723
State Grants	0	0	0	91	91
Total Restricted	0	10,109,766	17,394,645	1,871,620	29,376,031
<i>Committed</i>					
Underground Storage	11,000	0	0	0	11,000
Services and Supplies	229,030	0	0	0	229,030
Capital Projects	0	0	0	4,580,642	4,580,642
Total Assigned	240,030	0	0	4,580,642	4,820,672
<i>Assigned</i>					
Services and Supplies	255,774	0	0	0	255,774
Public School Support	119,655	0	0	0	119,655
FY19 Appropriations in Excess of Estimated Receipts	5,474,242	0	0	0	5,474,242
Total Assigned	5,849,671	0	0	0	5,849,671
<i>Unassigned (Deficit)</i>	34,986,166	0	0	(269,321)	34,716,845
Total Fund Balances	\$41,075,867	\$10,109,766	\$17,394,645	\$6,261,941	\$74,842,219

Note 19 – Significant Commitments

Encumbrances

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

<i>Major Funds:</i>	
General	\$639,962
Building	20,660,497
<i>Nonmajor Funds:</i>	
Permanent Improvement	51,688
Food Service	15,153
Special Trust	1,100
Athletics	15,609
Auxiliary Services	61,607
Entry Year Teacher Grant	5,134
IDEA-B Special Education	56,618
Title I	469
IDEA-B Early Childhood Special Education	3,289
Title II-A	31,572
Miscellaneous Federal grants	3,070
Total Nonmajor Funds	245,309
Total Encumbrances	\$21,545,768

Contractual Commitments

The following table provides a summary of the outstanding contractual commitments as of June 30, 2018:

Contractor	Description	Contract Total	Paid as of June 30, 2018	Amount Remaining
Kleingers	Master Facility Project Site Survey	\$56,150	\$19,040	\$37,110
	Roadway/Drainage Improvements	90,350	56,550	33,800
Four Seasons	Commission/Maintenance Plan	206,286	96,276	110,010
Skanska	HVAC Improvements	5,168,483	1,097,695	4,070,788
	Master Facility Project Various Bldgs	71,340,452	58,751,125	12,589,327
	WOMS Renovations	1,903,789	1,584,891	318,898
	Demolitions	2,455,727	666,410	1,789,317
	CHS Electrical Upgrades	764,723	534,960	229,763
Façade Forensics	CHS Masonry	15,760	8,160	7,600
Planes Moving & Storage	Moving	80,660	36,553	44,107

Note 20 – Contingent Liabilities

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2018, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Litigation

The School District is not currently party to legal proceedings.

Note 21 – Tax Abatements

As of June 30, 2018, the School District provides tax abatements through three programs – Enterprise Zone Agreements, Tax Increment Financing Agreements, and Community Reinvestment Area (CRA) Agreements.

Enterprise Zone Agreements

Enterprise Zones, as defined in the Ohio Revised Code Section 5709.61-.69, are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investments. The amount and term of the tax exemption are negotiated between local officials and the company, and the agreement is then approved by the Board of Education in the form of legislation. The Enterprise Zone law permits local governments to offer incentives of exemption of real and/or personal property assessed values of up to 75% for up to ten years, or an average of 60% over the term of the agreement on new investment in buildings, machinery/equipment, and inventory and improvements to existing land and buildings for a specific project. Maximum exemption levels may be exceeded and may be up to 100% exemption for up to fifteen years with approval by the affect Board of Education. Tax incentive review councils shall annually submit a copy of the written recommendations required by division (C) (1) of section 5709.85 of the Revised Code to the director of the development services agency. There were no improvements to be abated under the Enterprise Agreement program in 2018.

Tax Increment Financing Agreements

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

- (a) As provided in the School District Resolution, the School District approves the TIF Exemption for up to one hundred percent (100%) of the Increased Value to the Exempted Property for a period of up to twenty (20) years, commencing with the 2017 tax year and ending no later than the tax year ending December 31, 2035.
- (b) During any year, or any portion thereof, in which this Agreement is in effect, the Company, its successors, transferees, and assigns, shall pay to the School District and Butler Technology and Career Development Schools (“Butler Tech”) an amount equal to the respective amount of real property taxes the School District and Butler Tech should receive from the property set forth in designated properties during collection year 2015 minus the amount of real estate taxes the School District and Butler Tech respectively receive from the Hamilton County Auditor for the designated properties. The parties anticipate that few, if any, payments will be required.
- (c) Upon termination of the TIF Exemption, any funds remaining in the Tax Increment Equivalent Fund (“Increment Fund Balance”) shall be paid to or retained by the School District, the Township and Butler Tech on a proportionate basis according to the following formula:
 - (i) School District: an amount equal to the Increment Fund Balance multiplied by the quotient of the School District’s effective millage rate divided by the sum of the effective millage rates of the School District, the Township, and Butler Tech (the “Combined Millage”); and
 - (ii) Township: an amount equal to the Increment Fund Balance multiplied by the quotient of the Township’s effective millage rate divided by the Combined Millage; and
 - (iii) Butler Tech: an amount equal to the Increment Fund Balance multiplied by the quotient of the Butler Tech’s effective millage rate divided by the Combined Millage.
- (d) In determining the amount of the Service Payments in Lieu of Taxes required by the Township pursuant to Section 5709.74 of the Ohio Revised Code, it is expressly agreed and relied upon that the value of the Exempted Property which shall be exempt under Sections 5709.73 through 5709.75 of the Ohio Revised Code shall be the increase in value of the parcels from and after the date that the Township Resolution granting the TIF Exemption was adopted by the Township, regardless of the date on which the exemption from real property taxation is certified to the Hamilton County Auditor by the Tax Commissioner of the State of Ohio and regardless of the years for which such exemption is claimed.

Community Reinvestment Area Agreements

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

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

number of areas, and the term and extend of the real property exemptions. Below are four steps that must be followed per the Ohio Department of Development (ODOD) for approval of a CRA area:

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

There were no improvements to be abated under the Enterprise Zone Agreement program in 2018. The School District abated property taxes to a company providing retail space totaling \$55,376 under the Tax Increment Financing Agreement and \$100,483 to a company providing retail space and a large grocery retailer under the Community Reinvestment Area (CRA) abatement agreements during 2018.

Note 22 – New Accounting Pronouncements/Restatement of Beginning Balances

For the fiscal year ended June 30, 2018, the School District was required to implement Governmental Accounting Standards Board Statements No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” No. 81, “Irrevocable Split-Interest Agreements,” No. 85, “Omnibus 2017,” and No. 86, “Certain Debt Extinguishment Issues.”

GASB Statement No. 75 replaces the requirements of GASB Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.” Among other things, Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The School District implemented GASB 75, which resulted in expanded note disclosures and required supplementary information, restatement of beginning net position, and recognition of additional deferred inflows and outflows of resources and liabilities.

GASB Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. Statement No. 81 requires that a government recognize revenue when the resources become applicable to the reporting period.

GASB Statement No. 85 addresses issues found during the application of: 1) blending a component unit in circumstances in which the primary government is a business-type activity reporting in a single column for financial statement presentation; 2) reporting amounts previously reported as goodwill and “negative” goodwill; 3) classifying real estate held by insurance entities; 4) measuring certain money market investments and participating interest-earning investment contracts at amortized cost; 5) timing of the measurement of pension and other postemployment benefits (OPEB) liabilities and related expenditures recognized in financial statements prepared using the current

Northwest Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

financial resources measurement focus; 6) recognizing on-behalf payments for pensions or OPEB in employer financial statements; and 7) simplifying certain aspects of the alternative measurement method for OPEB. These changes were incorporated in the School District’s fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Under Statement No. 7, “Advance Refundings Resulting in Defeasance of Debt,” government entities must consider debt to be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. Statement No. 86 generally follows the same requirements as Statement No. 7 when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance.

Except as noted above, none of these Statements had an impact on the School District’s financial statements or note disclosures.

In addition, the School District previously recognized a grant receivable that was not subsequently collected. The School District restated its beginning balances to remove this balance.

The implementation of GASB Statement No. 75 and the restatement for grants had the following effect on beginning net position.

Net Position, As Reported, June 30, 2017	(\$44,341,985)
Restatements:	
GASB 75 Implementation:	
Deferred Outflows of Resources	264,040
Net OPEB Liability	(32,448,085)
Grants Receivable	(128)
Net Position, As Restated, July 1, 2017	(\$76,526,158)

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Note 23 – Subsequent Event

As a result of the voter approved bond levy in 2015, the School District combined the seven elementary schools into five to bring all elementary buildings to K through 5 buildings. The three new elementary buildings, Pleasant Run, Struble and Taylor, opened for the 2018/2019 school year. The School District is in the planning stages to determine what will be done with the Welch, Weigel and BEVIS properties.

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

	2014	2015	2016	2017	2018
<i>State Teachers Retirement System</i>					
School District's proportion of the net pension liability	0.34836811%	0.34836811%	0.35493970%	0.35574589%	0.35159368%
School District's proportionate share of the net pension liability	\$100,935,993	\$84,735,181	\$98,094,962	\$119,078,873	\$83,521,832
School District's covered-employee payroll	\$36,699,831	\$35,770,629	\$37,246,864	\$39,060,100	\$40,401,207
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	275.0%	236.9%	263.4%	304.9%	206.7%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%	75.3%
<i>School Employees Retirement System</i>					
School District's proportion of the net pension liability	0.41802100%	0.41802100%	0.42730910%	0.43729230%	0.47106630%
School District's proportionate share of the net pension liability	\$24,858,367	\$21,155,805	\$24,382,671	\$32,005,761	\$28,145,171
School District's covered-employee payroll	\$11,413,588	\$12,404,292	\$12,638,012	\$12,863,536	\$15,353,314
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	217.8%	170.6%	192.9%	248.8%	183.3%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	69.2%	63.0%	69.5%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
Information not available prior to 2014.
See the accompanying notes to the required supplementary information.

Northwest Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Last Two Fiscal Years

	2017	2018
<i>State Teachers Retirement System</i>		
School District's proportion of the net OPEB liability	0.35574589%	0.35159368%
School District's proportionate share of the net OPEB liability	\$18,803,321	\$13,717,888
School District's covered-employee payroll	\$39,060,100	\$40,401,207
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	48.1%	34.0%
Plan fiduciary net position as a percentage of the total OPEB liability	37.3%	47.1%
 <i>School Employees Retirement System</i>		
School District's proportion of the net OPEB liability	0.43729230%	0.47870150%
School District's proportionate share of the net OPEB liability	\$13,644,764	\$12,847,091
School District's covered-employee payroll	\$12,863,536	\$15,353,314
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	106.1%	83.7%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
Information not available prior to 2017.
See the accompanying notes to the required supplementary information.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>State Teachers Retirement System</i>										
Contractually required contribution - pension	\$5,679,492	\$5,757,480	\$5,678,263	\$5,446,835	\$4,770,978	\$4,650,182	\$5,214,561	\$5,468,414	\$5,656,169	\$5,826,536
Contractually required contribution - OPEB	436,884	442,883	436,789	418,987	366,998	357,706	0	0	0	0
Contractually required contribution - total	6,116,376	6,200,363	6,115,052	5,865,822	5,137,976	5,007,888	5,214,561	5,468,414	5,656,169	5,826,536
Contributions in relation to the contractually required contribution	6,116,376	6,200,363	6,115,052	5,865,822	5,137,976	5,007,888	5,214,561	5,468,414	5,656,169	5,826,536
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered-employee payroll	\$43,688,400	\$44,288,308	\$43,678,946	\$41,898,731	\$36,699,831	\$35,770,631	\$37,246,864	\$39,060,100	\$40,401,207	\$41,618,114
Contributions as a percentage of covered-employee payroll - pension	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
<i>School Employees Retirement System</i>										
Contractually required contribution - pension	\$1,824,394	\$1,858,629	\$2,039,511	\$2,057,762	\$1,579,641	\$1,719,235	\$1,665,690	\$1,800,895	\$2,149,464	\$2,075,487
Contractually required contribution - OPEB (1)	771,289	63,144	232,021	84,146	18,262	17,366	103,632	0	0	76,870
Contractually required contribution - total	2,595,683	1,921,773	2,271,532	2,141,908	1,597,903	1,736,601	1,769,322	1,800,895	2,149,464	2,152,357
Contributions in relation to the contractually required contribution	2,595,683	1,921,773	2,271,532	2,141,908	1,597,903	1,736,601	1,769,322	1,800,895	2,149,464	2,152,357
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered-employee payroll	\$18,540,589	\$13,726,950	\$16,225,227	\$15,299,346	\$11,413,591	\$12,404,293	\$12,638,012	\$12,863,536	\$15,353,314	\$15,373,978
Contributions as a percentage of covered-employee payroll - pension	9.84%	13.54%	12.57%	13.45%	13.84%	13.86%	13.18%	14.00%	14.00%	13.50%
Contributions as a percentage of covered-employee payroll - OPEB	4.16%	0.46%	1.43%	0.55%	0.16%	0.14%	0.82%	0.00%	0.00%	0.50%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.
See the accompanying notes to the required supplementary information.

State Teachers Retirement System

Pension

Changes in benefit terms

For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017.

Changes in assumptions

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.50 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered to 3.00 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

OPEB

Changes in benefit terms

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

Changes in assumptions

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

School Employees Retirement System

Pension

Changes in benefit terms

For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

Changes in assumptions

There were no changes in assumptions since the prior measurement date.

OPEB

Changes in benefit terms

There were no changes in benefit terms since the prior measurement date.

Changes in assumptions

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63.

This page was intentionally left blank.

Combining and Individual Fund Statements and Schedules

Northwest Local School District
Nonmajor Fund Descriptions

Special Revenue Funds

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

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

Entry Year Teacher Grant Fund – This fund accounts for state grants to be used to provide support training programs for first year teachers.

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

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

Northwest Local School District
Nonmajor Fund Descriptions

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

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

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

Miscellaneous Federal Fund – This fund accounts for and reports federal funds that are legally restricted to expenditures for specified purposes.

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

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

Underground Storage Tank Fund – This fund accounts for and reports local funds which are provided in the event of an underground storage tank leak. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source. This fund had no activity during fiscal year 2018. Therefore, no budgetary statement is presented.

Permanent Fund

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

Nonmajor Permanent Fund

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

Capital Projects Fund

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

Nonmajor Capital Projects Fund

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

Internal Service Fund

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

Northwest Local School District
Nonmajor Fund Descriptions

Nonmajor Internal Service Fund

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

Northwest Local School District
Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,175,642	\$98,763	\$3,588,025	\$5,862,430
Inventory Held for Resale	21,404	0	0	21,404
Accounts Receivable	4,720	0	0	4,720
Intergovernmental Receivable	1,082,088	0	0	1,082,088
Property Taxes Receivable	0	0	2,706,837	2,706,837
<i>Total Assets</i>	<u>\$3,283,854</u>	<u>\$98,763</u>	<u>\$6,294,862</u>	<u>\$9,677,479</u>
Liabilities:				
Accounts Payable	\$122,532	\$0	\$0	\$122,532
Accrued Wages and Benefits	743,445	0	0	743,445
Contracts Payable	0	0	7,383	7,383
Interfund Payable	107,405	0	0	107,405
Intergovernmental Payable	113,391	0	0	113,391
<i>Total Liabilities</i>	1,086,773	0	7,383	1,094,156
Deferred Inflows of Resources:				
Property Taxes not Levied to Finance Current Year Operations	0	0	1,611,081	1,611,081
Unavailable Revenue	614,545	0	95,756	710,301
<i>Deferred Inflows of Resources</i>	614,545	0	1,706,837	2,321,382
Fund Balances:				
Nonspendable	0	79,000	0	79,000
Restricted	1,851,857	19,763	0	1,871,620
Committed	0	0	4,580,642	4,580,642
Unassigned (Deficit)	(269,321)	0	0	(269,321)
<i>Total Fund Balances</i>	<u>1,582,536</u>	<u>98,763</u>	<u>4,580,642</u>	<u>6,261,941</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$3,283,854</u>	<u>\$98,763</u>	<u>\$6,294,862</u>	<u>\$9,677,479</u>

Northwest Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
As of June 30, 2018

	Food Service Fund	Special Trust Fund	Career Consultant Grant Fund	Athletic Fund	Auxiliary Service Fund
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$1,020,098	\$219,929	\$2,682	\$404,913	\$527,929
Inventory Held for Resale	21,404	0	0	0	0
Accounts Receivable	129	1,593	0	2,998	0
Intergovernmental Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$1,041,631</u>	<u>\$221,522</u>	<u>\$2,682</u>	<u>\$407,911</u>	<u>\$527,929</u>
Liabilities:					
Accounts Payable	\$2,291	\$0	\$0	\$14,218	\$55,160
Accrued Wages and Benefits	226,781	0	0	0	8,960
Interfund Payable	0	0	0	0	0
Intergovernmental Payable	42,413	0	0	0	86
<i>Total Liabilities</i>	271,485	0	0	14,218	64,206
Deferred Inflows of Resources:					
Unavailable Revenue	0	0	0	0	0
<i>Deferred Inflows of Resources</i>	0	0	0	0	0
Fund Balances:					
Restricted	770,146	221,522	2,682	393,693	463,723
Unassigned (Deficit)	0	0	0	0	0
<i>Total Fund Balances</i>	<u>770,146</u>	<u>221,522</u>	<u>2,682</u>	<u>393,693</u>	<u>463,723</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$1,041,631</u>	<u>\$221,522</u>	<u>\$2,682</u>	<u>\$407,911</u>	<u>\$527,929</u>

Public School Preschool Fund	SchoolNet Professional Development Fund	Vocational Education Enhancement Fund	Straight A Grant Fund	Entry Year Teacher Grant Fund	IDEA-B Special Education Fund	Title III Fund
\$0	\$0	\$91	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
68,270	0	192	0	0	435,530	26,717
<u>\$68,270</u>	<u>\$0</u>	<u>\$283</u>	<u>\$0</u>	<u>\$0</u>	<u>\$435,530</u>	<u>\$26,717</u>
\$0	\$0	\$0	\$0	\$1,836	\$31,476	\$0
25,514	0	0	0	0	167,602	7,233
0	0	0	0	75	65,176	8,283
2,337	0	0	0	0	26,892	904
27,851	0	0	0	1,911	291,146	16,420
47,219	0	192	0	0	237,032	13,086
47,219	0	192	0	0	237,032	13,086
0	0	91	0	0	0	0
(6,800)	0	0	0	(1,911)	(92,648)	(2,789)
(6,800)	0	91	0	(1,911)	(92,648)	(2,789)
<u>\$68,270</u>	<u>\$0</u>	<u>\$283</u>	<u>\$0</u>	<u>\$0</u>	<u>\$435,530</u>	<u>\$26,717</u>

continued

Northwest Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
As of June 30, 2018

	Title I Fund	Early Childhood Special Education Fund	Title II-A Fund	Miscellaneous Federal Grants Fund	Total Nonmajor Special Revenue Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$0	\$0	\$0	\$0	\$2,175,642
Inventory Held for Resale	0	0	0	0	21,404
Accounts Receivable	0	0	0	0	4,720
Intergovernmental Receivable	429,100	9,484	105,956	6,839	1,082,088
<i>Total Assets</i>	<u>\$429,100</u>	<u>\$9,484</u>	<u>\$105,956</u>	<u>\$6,839</u>	<u>\$3,283,854</u>
Liabilities:					
Accounts Payable	\$95	\$230	\$13,415	\$3,811	\$122,532
Accrued Wages and Benefits	293,602	3,013	10,740	0	743,445
Interfund Payable	33,871	0	0	0	107,405
Intergovernmental Payable	30,572	43	10,144	0	113,391
<i>Total Liabilities</i>	358,140	3,286	34,299	3,811	1,086,773
Deferred Inflows of Resources:					
Unavailable Revenue	219,994	9,209	80,974	6,839	614,545
<i>Deferred Inflows of Resources</i>	219,994	9,209	80,974	6,839	614,545
Fund Balances:					
Restricted	0	0	0	0	1,851,857
Unassigned (Deficit)	(149,034)	(3,011)	(9,317)	(3,811)	(269,321)
<i>Total Fund Balances</i>	<u>(149,034)</u>	<u>(3,011)</u>	<u>(9,317)</u>	<u>(3,811)</u>	<u>1,582,536</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$429,100</u>	<u>\$9,484</u>	<u>\$105,956</u>	<u>\$6,839</u>	<u>\$3,283,854</u>

Northwest Local School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$0	\$0	\$2,653,849	\$2,653,849
Intergovernmental	11,376,307	0	359,574	11,735,881
Interest	30,131	610	0	30,741
Extracurricular Activities	706,119	0	0	706,119
Gifts and Donations	87,930	9,000	111,575	208,505
Charges for Services	1,223,091	0	0	1,223,091
Miscellaneous	36,672	0	51,443	88,115
<i>Total Revenues</i>	<u>13,460,250</u>	<u>9,610</u>	<u>3,176,441</u>	<u>16,646,301</u>
Expenditures:				
Current:				
Instruction:				
Regular	89,981	0	80,592	170,573
Special	2,846,659	0	0	2,846,659
Student Intervention Services	216,665	0	0	216,665
Support Services:				
Pupils	435,280	0	0	435,280
Instructional Staff	687,052	0	0	687,052
Board of Education	135	0	0	135
Administration	908,014	0	18,480	926,494
Fiscal	0	0	35,069	35,069
Operation and Maintenance of Plant	26,988	0	99,360	126,348
Pupil Transportation	167,784	0	17,463	185,247
Central	1,328	0	0	1,328
Operation of Non-Instructional Services	6,376,480	0	0	6,376,480
Extracurricular Activities	673,347	11,000	755	685,102
Capital Outlay	344,195	0	1,504,267	1,848,462
Debt Service:				
Principal	0	0	700,000	700,000
Interest	0	0	216,216	216,216
<i>Total Expenditures</i>	<u>12,773,908</u>	<u>11,000</u>	<u>2,672,202</u>	<u>15,457,110</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	686,342	(1,390)	504,239	1,189,191
Other Financing Sources:				
Transfers In	60,000	0	0	60,000
Proceeds from Sale of Assets	1,601	0	0	1,601
<i>Total Other Financing Sources</i>	<u>61,601</u>	<u>0</u>	<u>0</u>	<u>61,601</u>
<i>Net Change in Fund Balances</i>	747,943	(1,390)	504,239	1,250,792
<i>Fund Balance at Beginning of Year</i>	<u>834,593</u>	<u>100,153</u>	<u>4,076,403</u>	<u>5,011,149</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,582,536</u></u>	<u><u>\$98,763</u></u>	<u><u>\$4,580,642</u></u>	<u><u>\$6,261,941</u></u>

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, 2018

	Food Service Fund	Special Trust Fund	Career Consultant Grant Fund	Athletic Fund	Auxiliary Service Fund
Revenues:					
Intergovernmental	\$2,385,036	\$0	\$0	\$0	\$2,897,180
Interest	22,271	0	0	0	7,860
Extracurricular Activities	0	0	0	706,119	0
Gifts and Donations	0	35,119	3,000	49,811	0
Charges for Services	1,223,091	0	0	0	0
Miscellaneous	12,594	11,565	0	12,513	0
<i>Total Revenues</i>	<u>3,642,992</u>	<u>46,684</u>	<u>3,000</u>	<u>768,443</u>	<u>2,905,040</u>
Expenditures:					
Current:					
Instruction:					
Regular	0	21,407	4,893	0	0
Special	0	2,067	1,110	0	0
Student Intervention Services	0	0	0	0	0
Support Services:					
Pupils	0	860	0	0	0
Instructional Staff	0	1,229	2,916	0	0
Board of Education	0	135	0	0	0
Administration	0	3,339	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0
Pupil Transportation	0	0	0	109,460	0
Central	0	1,328	0	0	0
Operation of Non-Instructional Services	3,340,850	34,787	484	0	2,403,055
Extracurricular Activities	0	0	0	673,347	0
Capital Outlay	5,166	0	0	33,052	118,017
<i>Total Expenditures</i>	<u>3,346,016</u>	<u>65,152</u>	<u>9,403</u>	<u>815,859</u>	<u>2,521,072</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	296,976	(18,468)	(6,403)	(47,416)	383,968
Other Financing Sources:					
Transfers In	0	0	0	60,000	0
Proceeds from Sale of Assets	1,601	0	0	0	0
<i>Total Other Financing Sources</i>	<u>1,601</u>	<u>0</u>	<u>0</u>	<u>60,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	298,577	(18,468)	(6,403)	12,584	383,968
<i>Fund Balance at Beginning of Year</i>	<u>471,569</u>	<u>239,990</u>	<u>9,085</u>	<u>381,109</u>	<u>79,755</u>
<i>Fund Balance at End of Year</i>	<u><u>\$770,146</u></u>	<u><u>\$221,522</u></u>	<u><u>\$2,682</u></u>	<u><u>\$393,693</u></u>	<u><u>\$463,723</u></u>

Public School Preschool Fund	SchoolNet Professional Development Fund	Vocational Education Enhancement Fund	Straight A Grant Fund	Entry Year Teacher Grant Fund	IDEA-B Special Education Fund	Title III Fund
\$284,042	\$21,599	\$18,808	\$760	\$1,614	\$2,726,799	\$85,946
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
284,042	21,599	18,808	760	1,614	2,726,799	85,946
708	24,039	6,523	0	0	0	0
196,794	0	0	0	3,525	749,253	25,329
0	0	0	0	0	216,665	0
13,342	0	0	0	0	404,711	0
410	0	12,194	0	0	28,318	60,617
0	0	0	0	0	0	0
35,643	0	0	0	0	783,664	0
26,988	0	0	0	0	0	0
0	0	0	0	0	58,324	0
0	0	0	0	0	0	0
0	0	0	0	0	379,540	1,473
0	0	0	0	0	0	0
0	0	0	0	0	56,040	0
273,885	24,039	18,717	0	3,525	2,676,515	87,419
10,157	(2,440)	91	760	(1,911)	50,284	(1,473)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
10,157	(2,440)	91	760	(1,911)	50,284	(1,473)
(16,957)	2,440	0	(760)	0	(142,932)	(1,316)
(\$6,800)	\$0	\$91	\$0	(\$1,911)	(\$92,648)	(\$2,789)

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, 2018

	Title I Fund	Early Childhood Special Education Fund	Title II-A Fund	Miscellaneous Federal Grants Fund	Total Nonmajor Special Revenue Funds
Revenues:					
Intergovernmental	\$2,505,453	\$42,156	\$359,446	\$47,468	\$11,376,307
Interest	0	0	0	0	30,131
Extracurricular Activities	0	0	0	0	706,119
Gifts and Donations	0	0	0	0	87,930
Charges for Services	0	0	0	0	1,223,091
Miscellaneous	0	0	0	0	36,672
<i>Total Revenues</i>	<u>2,505,453</u>	<u>42,156</u>	<u>359,446</u>	<u>47,468</u>	<u>13,460,250</u>
Expenditures:					
Current:					
Instruction:					
Regular	0	0	2,212	30,199	89,981
Special	1,841,370	27,211	0	0	2,846,659
Student Intervention Services	0	0	0	0	216,665
Support Services:					
Pupils	0	16,367	0	0	435,280
Instructional Staff	296,116	765	271,727	12,760	687,052
Board of Education	0	0	0	0	135
Administration	85,368	0	0	0	908,014
Operation and Maintenance of Plant	0	0	0	0	26,988
Pupil Transportation	0	0	0	0	167,784
Central	0	0	0	0	1,328
Operation of Non-Instructional Services	129,556	0	78,415	8,320	6,376,480
Extracurricular Activities	0	0	0	0	673,347
Capital Outlay	131,920	0	0	0	344,195
<i>Total Expenditures</i>	<u>2,484,330</u>	<u>44,343</u>	<u>352,354</u>	<u>51,279</u>	<u>12,773,908</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	21,123	(2,187)	7,092	(3,811)	686,342
Other Financing Sources:					
Transfers In	0	0	0	0	60,000
Proceeds from Sale of Assets	0	0	0	0	1,601
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>61,601</u>
<i>Net Change in Fund Balances</i>	21,123	(2,187)	7,092	(3,811)	747,943
<i>Fund Balance at Beginning of Year</i>	<u>(170,157)</u>	<u>(824)</u>	<u>(16,409)</u>	<u>0</u>	<u>834,593</u>
<i>Fund Balance at End of Year</i>	<u>(\$149,034)</u>	<u>(\$3,011)</u>	<u>(\$9,317)</u>	<u>(\$3,811)</u>	<u>\$1,582,536</u>

Northwest Local School District
Nonmajor Fund Descriptions

Agency Funds

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

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

Northwest Local School District
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018

	Balance at June 30, 2017	Additions	Deductions	Balance at June 30, 2018
Athletic Tournament Host Fund				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$35,688	\$35,688	\$0
<i>Total Assets</i>	<u>\$0</u>	<u>\$35,688</u>	<u>\$35,688</u>	<u>\$0</u>
Liabilities:				
Undistributed Monies	\$0	\$35,688	\$35,688	\$0
<i>Total Liabilities</i>	<u>\$0</u>	<u>\$35,688</u>	<u>\$35,688</u>	<u>\$0</u>
Student Activity Fund				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$117,757	\$174,529	\$180,673	\$111,613
<i>Total Assets</i>	<u>\$117,757</u>	<u>\$174,529</u>	<u>\$180,673</u>	<u>\$111,613</u>
Liabilities:				
Due to Students	\$117,757	\$174,529	\$180,673	\$111,613
<i>Total Liabilities</i>	<u>\$117,757</u>	<u>\$174,529</u>	<u>\$180,673</u>	<u>\$111,613</u>
Total Agency Funds				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$117,757	\$210,217	\$216,361	\$111,613
<i>Total Assets</i>	<u>\$117,757</u>	<u>\$210,217</u>	<u>\$216,361</u>	<u>\$111,613</u>
Liabilities:				
Undistributed Monies	\$0	\$35,688	\$35,688	\$0
Due to Students	117,757	174,529	180,673	111,613
<i>Total Liabilities</i>	<u>\$117,757</u>	<u>\$210,217</u>	<u>\$216,361</u>	<u>\$111,613</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Debt Service Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Property Taxes	\$5,746,673	\$5,744,429	(\$2,244)
Intergovernmental	367,454	360,149	(7,305)
Interest	2,600	2,573	(27)
Miscellaneous	300	273	(27)
<i>Total Revenues</i>	<u>6,117,027</u>	<u>6,107,424</u>	<u>(9,603)</u>
Expenditures:			
Current:			
Support Services:			
Fiscal	75,403	75,403	0
Debt Service:			
Principal	2,020,000	2,020,000	0
Interest	3,602,726	3,602,726	0
<i>Total Expenditures</i>	<u>5,698,129</u>	<u>5,698,129</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	418,898	409,295	(9,603)
<i>Fund Balance at Beginning of Year</i>	<u>7,600,471</u>	<u>7,600,471</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$8,019,369</u></u>	<u><u>\$8,009,766</u></u>	<u><u>(\$9,603)</u></u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Building Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Interest	\$775,000	\$769,504	(\$5,496)
Miscellaneous	35,000	36,206	1,206
<i>Total Revenues</i>	810,000	805,710	(4,290)
Expenditures:			
Current:			
Support Services:			
Fiscal	55,000	55,000	0
Operation and Maintenance of Plant	51,308	51,308	0
Capital Outlay	72,583,594	72,558,564	25,030
<i>Total Expenditures</i>	72,689,902	72,664,872	25,030
<i>Net Change in Fund Balance</i>	(71,879,902)	(71,859,162)	20,740
<i>Fund Balance at Beginning of Year</i>	10,565,784	10,565,784	0
<i>Prior Year Encumbrances Appropriated</i>	62,860,387	62,860,387	0
<i>Fund Balance at End of Year</i>	<u>\$1,546,269</u>	<u>\$1,567,009</u>	<u>\$20,740</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$2,463,637	\$2,389,875	(\$73,762)
Interest	22,402	22,271	(131)
Charges for Services	1,233,768	1,222,995	(10,773)
Miscellaneous	0	12,561	12,561
<i>Total Revenues</i>	<u>3,719,807</u>	<u>3,647,702</u>	<u>(72,105)</u>
Expenditures:			
Current:			
Support Services:			
Board of Education	505	0	505
Operation of Non-Instructional Services	3,408,743	3,400,312	8,431
<i>Total Expenditures</i>	<u>3,409,248</u>	<u>3,400,312</u>	<u>8,936</u>
<i>Excess of Revenues Over Expenditures</i>	310,559	247,390	(63,169)
Other Financing Sources:			
Proceeds from Sale of Assets	0	1,601	1,601
<i>Total Other Financing Sources</i>	<u>0</u>	<u>1,601</u>	<u>1,601</u>
<i>Net Change in Fund Balance</i>	310,559	248,991	(61,568)
<i>Fund Balance at Beginning of Year</i>	741,858	741,858	0
<i>Prior Year Encumbrances Appropriated</i>	14,096	14,096	0
<i>Fund Balance at End of Year</i>	<u><u>\$1,066,513</u></u>	<u><u>\$1,004,945</u></u>	<u><u>(\$61,568)</u></u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Special Trust Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Interest	\$6	\$0	(\$6)
Gifts and Donations	32,700	35,119	2,419
Miscellaneous	9,380	9,979	599
<i>Total Revenues</i>	42,086	45,098	3,012
Expenditures:			
Current:			
Instruction:			
Regular	21,601	21,414	187
Special	2,135	2,067	68
Support Services:			
Pupils	860	860	0
Instructional Staff	1,229	1,229	0
Board of Education	135	135	0
Administration	4,439	4,439	0
Central	1,328	1,328	0
Operation of Non-Instructional Services	37,086	36,293	793
<i>Total Expenditures</i>	68,813	67,765	1,048
<i>Net Change in Fund Balance</i>	(26,727)	(22,667)	4,060
<i>Fund Balance at Beginning of Year</i>	239,482	239,482	0
<i>Prior Year Encumbrances Appropriated</i>	2,014	2,014	0
<i>Fund Balance at End of Year</i>	<u>\$214,769</u>	<u>\$218,829</u>	<u>\$4,060</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Career Consultation Grant Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Gifts and Donations	\$3,750	\$3,000	(\$750)
<i>Total Revenues</i>	3,750	3,000	(750)
Expenditures:			
Current:			
Instruction:			
Regular	4,745	5,745	(1,000)
Special	1,110	1,110	0
Support Services:			
Instructional Staff	2,916	2,916	0
Operation of Non-Instructional Services	484	484	0
Extracurricular Activities	125	0	125
<i>Total Expenditures</i>	9,380	10,255	(875)
<i>Net Change in Fund Balance</i>	(5,630)	(7,255)	(1,625)
<i>Fund Balance at Beginning of Year</i>	8,753	8,753	0
<i>Prior Year Encumbrances Appropriated</i>	1,184	1,184	0
<i>Fund Balance at End of Year</i>	<u>\$4,307</u>	<u>\$2,682</u>	<u>(\$1,625)</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Athletic Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Extracurricular Activities	\$989,691	\$705,325	(\$284,366)
Gifts and Donations	61,616	49,811	(11,805)
Miscellaneous	7,200	11,429	4,229
<i>Total Revenues</i>	1,058,507	766,565	(291,942)
Expenditures:			
Current:			
Support Services:			
Pupil Transportation	109,476	109,460	16
Extracurricular Activities	725,469	686,883	38,586
Capital Outlay	25,910	25,310	600
<i>Total Expenditures</i>	860,855	821,653	39,202
<i>Excess of Revenues Over (Under) Expenditures</i>	197,652	(55,088)	(252,740)
Other Financing Sources:			
Transfers In	53,500	60,000	6,500
<i>Total Other Financing Sources</i>	53,500	60,000	6,500
<i>Net Change in Fund Balance</i>	251,152	4,912	(246,240)
<i>Fund Balance at Beginning of Year</i>	375,855	375,855	0
<i>Prior Year Encumbrances Appropriated</i>	8,537	8,537	0
<i>Fund Balance at End of Year</i>	<u>\$635,544</u>	<u>\$389,304</u>	<u>(\$246,240)</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$2,897,185	\$2,897,180	(\$5)
Interest	7,675	7,860	185
<i>Total Revenues</i>	2,904,860	2,905,040	180
Expenditures:			
Current:			
Operation of Non-Instructional Services	2,713,504	2,712,807	697
<i>Total Expenditures</i>	2,713,504	2,712,807	697
<i>Net Change in Fund Balance</i>	191,356	192,233	877
<i>Fund Balance at Beginning of Year</i>	39,473	39,473	0
<i>Prior Year Encumbrances Appropriated</i>	234,616	234,616	0
<i>Fund Balance at End of Year</i>	<u>\$465,445</u>	<u>\$466,322</u>	<u>\$877</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Public School Preschool Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$357,966	\$289,697	(\$68,269)
<i>Total Revenues</i>	357,966	289,697	(68,269)
Expenditures:			
Current:			
Instruction:			
Regular	708	708	0
Special	216,734	216,734	0
Support Services:			
Pupils	10,806	10,806	0
Instructional Staff	410	410	0
Administration	35,057	35,057	0
Operation and Maintenance of Plant	26,007	26,007	0
<i>Total Expenditures</i>	289,722	289,722	0
<i>Net Change in Fund Balance</i>	68,244	(25)	(68,269)
<i>Fund Balance at Beginning of Year</i>	25	25	0
<i>Fund Balance at End of Year</i>	\$68,269	\$0	(\$68,269)

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
SchoolNet Professional Development Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$21,599	\$21,599	\$0
<i>Total Revenues</i>	21,599	21,599	0
Expenditures:			
Current:			
Instruction:			
Regular	24,039	24,039	0
<i>Total Expenditures</i>	24,039	24,039	0
<i>Net Change in Fund Balance</i>	(2,440)	(2,440)	0
<i>Fund Balance at Beginning of Year</i>	2,440	2,440	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Vocational Education Enhancement Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$27,122	\$23,791	(\$3,331)
<i>Total Revenues</i>	27,122	23,791	(3,331)
Expenditures:			
Current:			
Instruction:			
Regular	7,064	6,974	90
Support Services:			
Instructional Staff	13,571	13,571	0
<i>Total Expenditures</i>	20,635	20,545	90
<i>Excess of Revenues Over Expenditures</i>	6,487	3,246	(3,241)
Other Financing Uses:			
Advances Out	(3,155)	(3,155)	0
<i>Total Other Financing Uses</i>	(3,155)	(3,155)	0
<i>Net Change in Fund Balance</i>	3,332	91	(3,241)
<i>Fund Balance at Beginning of Year</i>	(1,828)	(1,828)	0
<i>Prior Year Encumbrances Appropriated</i>	1,828	1,828	0
<i>Fund Balance at End of Year</i>	<u>\$3,332</u>	<u>\$91</u>	<u>(\$3,241)</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Straight A Grant Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$2,266	\$760	(\$1,506)
<i>Total Revenues</i>	2,266	760	(1,506)
Expenditures:			
Current:			
Instruction:			
Regular	760	760	0
<i>Total Expenditures</i>	760	760	0
<i>Net Change in Fund Balance</i>	1,506	0	(1,506)
<i>Fund Balance at Beginning of Year</i>	(734)	(734)	0
<i>Prior Year Encumbrances Appropriated</i>	734	734	0
<i>Fund Balance at End of Year</i>	<u>\$1,506</u>	<u>\$0</u>	<u>(\$1,506)</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Entry Year Teacher Grant Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$6,823	\$1,614	(\$5,209)
<i>Total Revenues</i>	6,823	1,614	(5,209)
Expenditures:			
Current:			
Instruction:			
Special	6,823	6,823	0
<i>Total Expenditures</i>	6,823	6,823	0
<i>Excess of Revenues Under Expenditures</i>	0	(5,209)	(5,209)
Other Financing Sources:			
Advances In	75	75	0
<i>Total Other Financing Sources</i>	75	75	0
<i>Net Change in Fund Balance</i>	75	(5,134)	(5,209)
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$75	(\$5,134)	(\$5,209)

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
IDEA-B Special Education Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$3,436,618	\$2,831,752	(\$604,866)
<i>Total Revenues</i>	3,436,618	2,831,752	(604,866)
Expenditures:			
Current:			
Instruction:			
Special	773,640	773,624	16
Student Intervention Services	247,465	247,465	0
Support Services:			
Pupils	686,717	676,687	10,030
Instructional Staff	29,041	29,041	0
Administration	804,539	796,751	7,788
Pupil Transportation	58,324	58,324	0
Operation of Non-Instructional Services	379,193	379,194	(1)
<i>Total Expenditures</i>	2,978,919	2,961,086	17,833
<i>Excess of Revenues Over (Under) Expenditures</i>	457,699	(129,334)	(587,033)
Other Financing Sources:			
Advances In	65,176	65,176	0
<i>Total Other Financing Sources</i>	65,176	65,176	0
<i>Net Change in Fund Balance</i>	522,875	(64,158)	(587,033)
<i>Fund Balance at Beginning of Year</i>	(396,238)	(396,238)	0
<i>Prior Year Encumbrances Appropriated</i>	403,778	403,778	0
<i>Fund Balance at End of Year</i>	<u>\$530,415</u>	<u>(\$56,618)</u>	<u>(\$587,033)</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Title III Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$106,447	\$73,008	(\$33,439)
<i>Total Revenues</i>	106,447	73,008	(33,439)
Expenditures:			
Current:			
Instruction:			
Special	27,130	27,130	0
Support Services:			
Instructional Staff	52,688	52,688	0
Operation of Non-Instructional Services	1,473	1,473	0
<i>Total Expenditures</i>	81,291	81,291	0
<i>Excess of Revenues Over (Under) Expenditures</i>	25,156	(8,283)	(33,439)
Other Financing Sources:			
Advances In	8,283	8,283	0
<i>Total Other Financing Sources</i>	8,283	8,283	0
<i>Net Change in Fund Balance</i>	33,439	0	(33,439)
<i>Fund Balance at Beginning of Year</i>	(1,926)	(1,926)	0
<i>Prior Year Encumbrances Appropriated</i>	1,926	1,926	0
<i>Fund Balance at End of Year</i>	<u>\$33,439</u>	<u>\$0</u>	<u>(\$33,439)</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Title I Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$3,162,951	\$2,504,404	(\$658,547)
<i>Total Revenues</i>	3,162,951	2,504,404	(658,547)
Expenditures:			
Current:			
Instruction:			
Special	1,960,049	1,959,918	131
Support Services:			
Instructional Staff	322,409	322,409	0
Administration	86,317	86,317	0
Operation of Non-Instructional Services	133,946	129,355	4,591
<i>Total Expenditures</i>	2,502,721	2,497,999	4,722
<i>Excess of Revenues Over Expenditures</i>	660,230	6,405	(653,825)
Other Financing Uses:			
Advances Out	(6,880)	(6,880)	0
<i>Total Other Financing Uses</i>	(6,880)	(6,880)	0
<i>Net Change in Fund Balance</i>	653,350	(475)	(653,825)
<i>Fund Balance at Beginning of Year</i>	(16,875)	(16,875)	0
<i>Prior Year Encumbrances Appropriated</i>	16,881	16,881	0
<i>Fund Balance at End of Year</i>	<u>\$653,356</u>	<u>(\$469)</u>	<u>(\$653,825)</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Early Childhood Special Education Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$77,091	\$46,317	(\$30,774)
<i>Total Revenues</i>	77,091	46,317	(30,774)
Expenditures:			
Current:			
Instruction:			
Special	28,906	27,166	1,740
Support Services:			
Pupils	16,367	16,367	0
Instructional Staff	3,824	3,824	0
<i>Total Expenditures</i>	49,097	47,357	1,740
<i>Excess of Revenues Over (Under) Expenditures</i>	27,994	(1,040)	(29,034)
Other Financing Uses:			
Advances Out	(2,249)	(2,249)	0
<i>Total Other Financing Uses</i>	(2,249)	(2,249)	0
<i>Net Change in Fund Balance</i>	25,745	(3,289)	(29,034)
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	<u>\$25,745</u>	<u>(\$3,289)</u>	<u>(\$29,034)</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Title II-A Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$473,789	\$354,301	(\$119,488)
<i>Total Revenues</i>	473,789	354,301	(119,488)
Expenditures:			
Current:			
Instruction:			
Regular	38,200	38,200	0
Support Services:			
Instructional Staff	262,727	262,601	126
Operation of Non-Instructional Services	84,814	84,814	0
<i>Total Expenditures</i>	385,741	385,615	126
<i>Excess of Revenues Over (Under) Expenditures</i>	88,048	(31,314)	(119,362)
Other Financing Uses:			
Advances Out	(258)	(258)	0
<i>Total Other Financing Uses</i>	(258)	(258)	0
<i>Net Change in Fund Balance</i>	87,790	(31,572)	(119,362)
<i>Fund Balance at Beginning of Year</i>	(50)	(50)	0
<i>Prior Year Encumbrances Appropriated</i>	50	50	0
<i>Fund Balance at End of Year</i>	<u>\$87,790</u>	<u>(\$31,572)</u>	<u>(\$119,362)</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Miscellaneous Federal Grants Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Intergovernmental	\$54,307	\$47,468	(\$6,839)
<i>Total Revenues</i>	54,307	47,468	(6,839)
Expenditures:			
Current:			
Instruction:			
Regular	30,760	30,760	0
Support Services:			
Instructional Staff	10,925	10,925	0
Operation of Non-Instructional Services	8,853	8,853	0
<i>Total Expenditures</i>	50,538	50,538	0
<i>Net Change in Fund Balance</i>	3,769	(3,070)	(6,839)
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$3,769	(\$3,070)	(\$6,839)

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Tuition and Fees	\$167,600	\$166,617	(\$983)
<i>Total Revenues</i>	167,600	166,617	(983)
Expenditures:			
Current:			
Instruction:			
Regular	181,170	175,836	5,334
<i>Total Expenditures</i>	181,170	175,836	5,334
<i>Excess of Revenues Under Expenditures</i>	(13,570)	(9,219)	4,351
Other Financing Sources:			
Transfers In	115,000	116,452	1,452
<i>Total Other Financing Sources</i>	115,000	116,452	1,452
<i>Net Change in Fund Balance</i>	101,430	107,233	5,803
<i>Fund Balance at Beginning of Year</i>	478,970	478,970	0
<i>Prior Year Encumbrances Appropriated</i>	3,665	3,665	0
<i>Fund Balance at End of Year</i>	<u>\$584,065</u>	<u>\$589,868</u>	<u>\$5,803</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Public School Support Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Tuition and Fees	\$62,200	\$55,733	(\$6,467)
Gifts and Donations	15,150	23,478	8,328
Miscellaneous	30,400	59,423	29,023
<i>Total Revenues</i>	107,750	138,634	30,884
Expenditures:			
Current:			
Instruction:			
Regular	71,848	71,814	34
Special	80	80	0
Support Services:			
Pupils	1,651	1,651	0
Instructional Staff	20,578	20,578	0
Administration	1,297	1,297	0
Operation and Maintenance of Plant	224	224	0
Central	418	418	0
Operation of Non-Instructional Services	21,684	21,684	0
<i>Total Expenditures</i>	117,780	117,746	34
<i>Net Change in Fund Balance</i>	(10,030)	20,888	30,918
<i>Fund Balance at Beginning of Year</i>	96,321	96,321	0
<i>Prior Year Encumbrances Appropriated</i>	709	709	0
<i>Fund Balance at End of Year</i>	<u>\$87,000</u>	<u>\$117,918</u>	<u>\$30,918</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Endowment Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Interest	\$575	\$610	\$35
Gifts and Donations	9,000	9,000	0
<i>Total Revenues</i>	9,575	9,610	35
Expenditures:			
Current:			
Extracurricular Activities	11,000	11,000	0
<i>Total Expenditures</i>	11,000	11,000	0
<i>Net Change in Fund Balance</i>	(1,425)	(1,390)	35
<i>Fund Balance at Beginning of Year</i>	100,153	100,153	0
<i>Fund Balance at End of Year</i>	<u>\$98,728</u>	<u>\$98,763</u>	<u>\$35</u>

Northwest Local School District
*Schedule of Revenues, Expenditures, and Change
in Fund Balance - Budget (Non-GAAP) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Revenues:			
Property Taxes	\$2,645,668	\$2,643,849	(\$1,819)
Intergovernmental	392,026	359,846	(32,180)
Gifts and Donations	111,500	111,575	75
Miscellaneous	0	51,443	51,443
<i>Total Revenues</i>	3,149,194	3,166,713	17,519
Expenditures:			
Current:			
Instruction:			
Regular	855,183	853,283	1,900
Support Services:			
Instructional Staff	38,315	15,926	22,389
Administration	18,480	18,480	0
Fiscal	42,416	42,416	0
Operation and Maintenance of Plant	736,148	164,904	571,244
Pupil Transportation	496,001	479,445	16,556
Extracurricular Activities	755	755	0
Capital Outlay	238,417	235,966	2,451
Debt Service:			
Principal	700,000	700,000	0
Interest	216,341	216,216	125
<i>Total Expenditures</i>	3,342,056	2,727,391	614,665
<i>Net Change in Fund Balance</i>	(192,862)	439,322	632,184
<i>Fund Balance at Beginning of Year</i>	2,670,591	2,670,591	0
<i>Prior Year Encumbrances Appropriated</i>	426,424	426,424	0
<i>Fund Balance at End of Year</i>	<u>\$2,904,153</u>	<u>\$3,536,337</u>	<u>\$632,184</u>

Northwest Local School District
*Schedule of Revenues, Expenses, and Change
in Fund Equity - Budget (Non-GAAP) and Actual
Workers' Compensation Fund
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual	Variance with Final Budget: Positive (Negative)
Operating Revenues:			
Charges for Services	\$475,000	\$515,396	\$40,396
<i>Total Operating Revenues</i>	475,000	515,396	40,396
Operating Expenses:			
Fringe Benefits	67,556	67,266	290
Purchased Services	98,722	83,723	14,999
Materials and Supplies	14,000	14,000	0
Claims	29,643	29,643	0
Other	120,320	87,128	33,192
<i>Total Operating Expenses</i>	330,241	281,760	48,481
<i>Net Change in Net Position</i>	144,759	233,636	88,877
<i>Net Position at Beginning of Year</i>	625,805	625,805	0
<i>Prior Year Encumbrances Appropriated</i>	1,319	1,319	0
<i>Net Position at End of Year</i>	<u>\$771,883</u>	<u>\$860,760</u>	<u>\$88,877</u>

This page was intentionally left blank.

Statistical Section

This page was intentionally left blank.

Northwest Local School District
Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	113-126
Revenue Capacity These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.	127-134
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	135-138
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place.	139-140
Operating Information These schedules contain service data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	141-150

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

Northwest Local School District
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Schedule 1

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities				
Net Investment in Capital Assets	\$3,408,154	\$4,824,453	\$5,225,512	\$4,781,684
Restricted	4,545,762	4,294,401	5,209,988	4,070,811
Unrestricted	<u>21,200,605</u>	<u>22,468,679</u>	<u>27,598,942</u>	<u>31,016,137</u>
Total Net Position	<u><u>\$29,154,521</u></u>	<u><u>\$31,587,533</u></u>	<u><u>\$38,034,442</u></u>	<u><u>\$39,868,632</u></u>

Source: School District Records.

The School District implemented GASB 68 in fiscal year 2015 and GASB 75 in fiscal year 2018.

*Restated in fiscal year 2018.

2013	2014	2015	2016	2017*	2018
\$4,508,984	\$5,508,604	\$8,822,606	\$7,242,252	\$10,789,591	\$12,179,024
4,053,067	4,587,670	3,612,634	11,483,201	22,153,651	24,156,927
37,810,222	(70,671,546)	(62,206,286)	(65,441,784)	(109,469,400)	(65,390,143)
<u>\$46,372,273</u>	<u>(\$60,575,272)</u>	<u>(\$49,771,046)</u>	<u>(\$46,716,331)</u>	<u>(\$76,526,158)</u>	<u>(\$29,054,192)</u>

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

	2009	2010	2011	2012
Expenses				
Governmental Activities:				
Instruction	\$49,951,460	\$52,481,465	\$52,123,019	\$50,229,137
Pupils	5,191,242	5,864,785	5,918,209	5,761,067
Instructional Staff	5,774,646	6,168,524	7,479,306	6,658,352
Board of Education	93,830	178,161	131,907	173,452
Administration	6,041,145	5,688,140	6,071,446	5,576,976
Fiscal	1,807,516	1,593,129	2,091,931	1,970,661
Business	720,409	583,823	600,034	449,022
Operation and Maintenance of Plant	7,029,199	7,821,491	7,905,720	6,977,678
Pupil Transportation	4,595,467	5,078,256	5,248,647	5,030,613
Central	1,586,120	1,970,404	1,783,588	1,615,795
Operation of Non-Instructional Services	8,306,507	6,746,827	7,231,875	6,495,716
Extracurricular Activities	1,861,017	1,861,932	2,009,970	1,849,366
Interest and Fiscal Charges	964,410	915,785	867,155	818,560
Issuance Costs	0	0	0	0
Total Government Expenses	<u>93,922,968</u>	<u>96,952,722</u>	<u>99,462,807</u>	<u>93,606,395</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	\$1,592,934	\$1,869,950	\$1,641,647	\$1,585,050
Pupils	16,349	14,785	23,810	394,526
Instructional Staff	0	0	0	0
Board of Education	0	0	0	0
Administration	0	0	0	0
Fiscal	0	0	0	0
Business	0	0	0	0
Operation and Maintenance of Plant	617,093	613,381	809,126	708,595
Pupil Transportation	0	46,465	57,404	53,205
Central	0	0	0	0
Operation of Non-Instructional Services	1,947,625	1,709,506	1,603,407	1,508,953
Extracurricular Activities	804,655	643,017	789,862	665,183
Operating Grants and Contributions	11,795,565	15,592,209	16,183,531	10,597,997
Capital Grants and Contributions	184,366	32,008	0	0
Total Government Revenues	<u>\$16,958,587</u>	<u>\$20,521,321</u>	<u>\$21,108,787</u>	<u>\$15,513,509</u>
Total Government Net Expense	<u>(\$76,964,381)</u>	<u>(\$76,431,401)</u>	<u>(\$78,354,020)</u>	<u>(\$78,092,886)</u>

Source: School District Records.

The School District implemented GASB 68 in fiscal year 2015 and GASB 75 in fiscal year 2018.

*Restated in fiscal year 2018.

2013	2014	2015	2016	2017*	2018
\$50,043,505	\$54,525,320	\$55,737,691	\$58,190,257	\$64,489,519	\$33,527,375
5,409,943	5,317,452	5,570,842	5,527,800	6,302,836	4,570,172
6,128,612	2,291,903	3,286,238	2,977,984	2,959,011	1,159,708
106,612	62,669	123,176	144,646	151,755	61,322
5,879,145	5,819,121	5,504,484	6,366,536	7,653,534	2,788,600
2,059,500	1,905,673	1,849,298	1,900,112	2,105,865	1,427,896
413,910	516,401	423,051	264,876	330,482	143,576
7,467,985	6,901,372	7,085,017	6,532,591	7,330,410	5,084,771
5,020,887	6,156,186	5,805,654	5,175,348	6,147,488	4,175,383
1,651,136	1,301,675	1,312,068	1,257,223	1,506,627	708,518
7,467,942	6,588,168	7,822,810	7,252,128	8,054,834	5,331,880
1,900,451	1,932,463	1,730,914	1,677,146	2,013,256	1,810,283
1,237,982	1,045,993	949,047	2,206,248	3,593,583	3,592,491
0	0	0	606,306	0	0
94,787,610	94,364,396	97,200,290	100,079,201	112,639,200	64,381,975
\$1,709,059	\$1,294,081	\$2,116,708	\$1,563,368	\$4,649,028	\$2,749,983
387,550	360,622	378,621	130,373	195,652	253,120
0	0	0	65,553	81,982	84,753
0	0	0	3,566	5,073	3,198
0	0	0	138,386	230,318	256,973
0	0	0	42,824	64,208	78,115
0	0	0	6,323	10,976	12,681
856,200	901,593	909,130	146,998	235,858	272,563
28,494	53,118	34,032	230,065	289,135	341,133
0	0	0	30,018	50,207	61,673
1,338,206	1,222,728	1,192,773	1,304,822	1,254,152	1,243,517
604,704	411,576	379,183	393,410	669,947	670,206
10,694,778	14,148,185	15,624,474	15,675,545	16,676,393	16,380,808
0	0	0	686,733	827,195	700,924
\$15,618,991	\$18,391,903	\$20,634,921	\$20,417,984	\$25,240,124	\$23,109,647
(\$79,168,619)	(\$75,972,493)	(\$76,565,369)	(\$79,661,217)	(\$87,399,076)	(\$41,272,328)

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

	2009	2010	2011	2012
Total Government Net Expense	(\$76,964,381)	(\$76,431,401)	(\$78,354,020)	(\$78,092,886)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes Levied for General Purposes	39,010,796	37,232,185	41,222,092	36,350,086
Property Taxes Levied for Debt Service	1,666,398	1,567,267	1,953,476	1,623,331
Property Taxes Levied for Capital Outlay	2,760,232	2,798,365	3,248,049	2,517,199
Payment in Lieu of Taxes	4,170,555	2,983,732	3,217,041	3,769,607
Grants and Entitlements not Restricted to Specific Programs	35,319,550	33,399,642	34,570,047	34,579,559
Unrestricted Gifts and Donations	209,561	171,915	152,446	147,731
Gain on Sale of Assets	0	0	0	0
Investment Earnings	433,779	202,298	198,962	157,882
Miscellaneous	672,870	509,009	238,814	781,681
Total Government Activities	<u>84,243,741</u>	<u>78,864,413</u>	<u>84,800,927</u>	<u>79,927,076</u>
Change in Net Position	<u>\$7,279,360</u>	<u>\$2,433,012</u>	<u>\$6,446,907</u>	<u>\$1,834,190</u>

Source: School District Records.

The School District implemented GASB 68 in fiscal year 2015 and GASB 75 in fiscal year 2018.

*Restated in fiscal year 2018.

2013	2014	2015	2016	2017*	2018
(\$79,168,619)	(\$75,972,493)	(\$76,565,369)	(\$79,661,217)	(\$87,399,076)	(\$41,272,328)
43,920,672	46,152,421	44,020,483	37,571,044	45,511,477	42,740,419
1,725,996	1,777,796	1,668,331	5,112,378	6,070,206	5,658,589
2,544,368	2,615,606	2,452,865	2,311,390	2,381,592	2,664,663
3,464,114	3,710,151	3,881,320	3,635,600	3,399,242	3,947,558
32,831,800	33,547,912	34,089,574	32,581,232	31,749,577	32,377,875
167,983	155,139	255,556	114,020	156	0
0	0	0	758	5,112	57,835
(20,926)	312,279	242,400	584,226	84,652	510,473
1,038,253	178,587	759,066	805,284	571,280	786,882
85,672,260	88,449,891	87,369,595	82,715,932	89,773,294	88,744,294
\$6,503,641	\$12,477,398	\$10,804,226	\$3,054,715	\$2,374,218	\$47,471,966

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

	2009	2010	2011	2012
General Fund				
Reserved	\$14,344,202	\$13,265,955	\$0	\$0
Unreserved	7,466,773	10,221,736	0	0
Committed	0	0	54,549	41,489
Assigned	0	0	554,329	812,264
Unassigned	0	0	24,609,553	25,972,050
Total General Fund	<u>\$21,810,975</u>	<u>\$23,487,691</u>	<u>\$25,218,431</u>	<u>\$26,825,803</u>
All Other Governmental Funds				
Reserved	\$2,538,473	\$2,058,837	\$0	\$0
Unreserved, Reported in:				
Special Revenue Funds	375,257	427,040	0	0
Debt Service Funds	1,035,064	1,055,225	0	0
Capital Project Funds	208,299	693,319	0	0
Permanent Funds	0	94,707	0	0
Nonspendable	0	0	120,684	127,763
Restricted	0	0	4,130,877	3,065,950
Committed	0	0	3,699,071	5,425,741
Unassigned (Deficit)	0	0	(141,437)	(538,641)
Total All Other Governmental Funds	<u>\$4,157,093</u>	<u>\$4,329,128</u>	<u>\$7,809,195</u>	<u>\$8,080,813</u>

Source: School District Records.

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

2013	2014	2015	2016	2017	2018
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
11,000	11,000	11,000	400,062	194,149	240,030
931,943	527,033	458,064	8,832,585	7,799,073	5,849,671
30,882,889	42,201,249	50,374,983	39,592,115	33,985,931	34,986,166
<u>\$31,825,832</u>	<u>\$42,739,282</u>	<u>\$50,844,047</u>	<u>\$48,824,762</u>	<u>\$41,979,153</u>	<u>\$41,075,867</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
79,000	79,000	146,298	79,000	79,000	79,000
7,014,383	3,806,387	3,046,376	86,994,707	84,013,301	29,376,031
7,461,026	7,947,551	5,706,281	3,445,759	4,076,403	4,580,642
(491,050)	(123,256)	(281,172)	(255,273)	(349,355)	(269,321)
<u>\$14,063,359</u>	<u>\$11,709,682</u>	<u>\$8,617,783</u>	<u>\$90,264,193</u>	<u>\$87,819,349</u>	<u>\$33,766,352</u>

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

	2009	2010	2011	2012
Revenues:				
Property Taxes	\$43,221,580	\$41,099,173	\$46,496,662	\$40,713,901
Intergovernmental	48,131,399	50,279,723	49,954,418	45,192,632
Investment Earnings	433,779	202,298	198,962	157,882
Tuition and Fees	908,960	1,615,133	1,699,249	1,764,717
Rent	0	0	0	0
Extracurricular Activities	670,974	524,755	614,328	645,926
Gifts and Donations	0	0	0	0
Charges for Services	3,398,723	3,028,333	2,611,679	1,924,423
Payments in Lieu of Taxes	2,974,827	2,983,732	3,217,041	3,769,607
Miscellaneous	814,488	409,555	333,927	1,509,858
Total Revenues	<u>\$100,554,730</u>	<u>\$100,142,702</u>	<u>\$105,126,266</u>	<u>\$95,678,946</u>

Source: School District Records.

2013	2014	2015	2016	2017	2018
\$48,730,582	\$50,372,524	\$48,648,693	\$45,642,244	\$53,482,629	\$50,911,913
43,465,307	47,674,373	50,347,957	47,714,254	48,402,747	48,899,229
(31,452)	311,253	231,500	1,168,549	738,558	1,124,293
1,709,059	1,294,081	2,116,708	1,140,812	2,330,572	2,708,594
671,196	640,003	660,409	652,427	634,989	747,475
818,202	726,284	661,936	480,624	737,786	706,119
178,483	165,139	255,556	402,907	299,362	231,983
1,725,756	1,583,350	1,571,394	1,781,843	4,033,189	1,865,727
3,464,114	3,710,151	3,881,320	3,635,600	3,399,242	3,947,558
1,038,253	178,587	759,066	805,284	571,280	728,827
<u>\$101,769,500</u>	<u>\$106,655,745</u>	<u>\$109,134,539</u>	<u>\$103,424,544</u>	<u>\$114,630,354</u>	<u>\$111,871,718</u>

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

	2009	2010	2011	2012
Instruction	\$49,098,127	\$51,443,938	\$51,738,062	\$49,147,165
Pupils	5,123,343	5,755,844	5,981,301	5,734,490
Instructional Staff	5,880,737	6,199,761	7,437,142	6,676,607
Board of Education	93,830	178,161	131,907	173,521
Administration	5,942,361	5,549,993	5,997,588	5,694,393
Fiscal	1,785,013	1,581,215	2,084,929	1,965,954
Business	707,873	596,807	605,131	448,021
Operation and Maintenance of Plant	8,487,069	7,806,790	7,725,956	6,753,373
Pupil Transportation	4,438,485	5,402,586	5,113,826	4,753,428
Central	1,503,774	1,977,662	1,774,642	1,593,639
Operation of Non-Instructional Services	8,142,696	6,718,077	7,405,032	6,456,083
Extracurricular Activities	1,836,262	1,858,764	1,964,452	1,902,618
Capital Outlay	147,548	990,767	36,483	554,874
Debt Service				
Principal Retirements	1,129,533	1,351,679	990,000	1,070,000
Interest and Fiscal Charges	934,502	881,907	829,008	775,790
Issuance Costs	0	0	0	0
Total Expenditures	<u>\$95,251,153</u>	<u>\$98,293,951</u>	<u>\$99,815,459</u>	<u>\$93,699,956</u>
Debt Service as a Percentage of Noncapital Expenditures	2.19%	2.32%	1.86%	2.01%

Source: School District Records.

2013	2014	2015	2016	2017	2018
\$49,540,643	\$54,153,033	\$57,710,898	\$56,737,953	\$59,780,478	\$61,622,025
5,445,195	5,422,641	5,640,673	5,634,276	6,090,776	6,212,281
6,131,354	2,324,603	3,429,009	3,067,267	2,773,811	2,418,517
106,610	62,676	123,828	144,657	151,750	73,439
5,797,858	5,673,717	5,875,866	6,320,105	7,027,336	6,991,218
2,061,788	1,862,236	1,925,220	1,905,630	1,982,531	1,951,729
430,116	435,194	421,010	310,861	307,024	312,124
7,260,093	6,892,569	7,087,307	6,604,914	6,951,805	6,676,528
5,278,539	5,559,199	5,707,840	5,081,954	5,392,819	5,743,018
1,602,071	1,335,845	1,345,689	1,301,175	1,370,815	1,438,593
7,425,550	6,513,109	7,837,697	7,348,485	7,739,142	6,626,409
1,907,581	1,888,006	1,789,058	1,691,507	1,924,321	2,173,351
7,621,167	3,096,775	2,325,834	4,753,358	15,688,400	58,429,307
1,155,000	1,875,000	1,890,000	2,190,307	2,902,822	2,943,494
1,046,827	1,001,369	1,011,744	2,085,055	3,842,089	3,840,765
0	0	0	606,306	0	0
<u>\$102,810,392</u>	<u>\$98,095,972</u>	<u>\$104,121,673</u>	<u>\$105,783,810</u>	<u>\$123,925,919</u>	<u>\$167,452,798</u>

2.34% 3.05% 2.88% 4.23% 6.23% 6.22%

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	\$67,941	\$250	\$0	\$0
Inception of Capital Leases	0	0	0	0
Payments to Refunded Bonds Escrow Agent	0	0	0	0
Proceeds of Refunding Bonds	0	0	0	0
Bonds Issued	0	0	0	0
Premium on Bonds and Notes Issued	0	0	0	0
Transfers In	0	61,649	65,000	0
Transfers Out	0	(61,649)	(165,000)	(100,000)
Total Other Financing Sources (Uses)	<u>67,941</u>	<u>250</u>	<u>(100,000)</u>	<u>(100,000)</u>
Net Change in Fund Balances	<u>\$5,371,518</u>	<u>\$1,849,001</u>	<u>\$5,210,807</u>	<u>\$1,878,990</u>

Source: School District Records.

2013	2014	2015	2016	2017	2018
\$2,850	\$0	\$0	\$758	\$5,112	\$57,835
0	0	0	178,866	0	566,962
0	0	0	(8,913,295)	0	0
0	0	0	8,655,000	0	0
11,890,000	0	0	76,000,000	0	0
130,617	0	0	6,065,062	0	0
60,000	60,000	60,000	60,000	10,060,000	60,000
(60,000)	(60,000)	(60,000)	(60,000)	(10,060,000)	(60,000)
<u>12,023,467</u>	<u>0</u>	<u>0</u>	<u>81,986,391</u>	<u>5,112</u>	<u>624,797</u>
<u>\$10,982,575</u>	<u>\$8,559,773</u>	<u>\$5,012,866</u>	<u>\$79,627,125</u>	<u>(\$9,290,453)</u>	<u>(\$54,956,283)</u>

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

Calendar Year	Real Property Assessed Value	Estimated Actual Value	Tangible Personal Property Assessed Value	Estimated Actual Value	Public Utilities Personal Assessed Value
2008	\$1,620,943,080	\$4,631,265,943	\$2,675,180	\$3,343,975	\$35,300,900
2009	1,616,185,810	4,617,673,743	1,260,480	1,575,600	35,469,760
2010	1,444,372,160	4,126,777,600	0	0	35,573,060
2011	1,444,372,160	4,126,777,600	0	0	35,573,060
2012	1,434,832,940	4,099,522,686	0	0	40,743,160
2013	1,434,689,580	4,099,113,086	0	0	44,188,630
2014	1,384,139,410	3,954,684,029	0	0	47,404,440
2015	1,387,706,210	3,964,874,886	0	0	49,276,380
2016	1,407,201,070	4,020,574,486	0	0	50,549,360
2017	1,454,214,410	4,154,898,314	0	0	53,811,960

Source: Hamilton County Auditor.

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

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

Estimated Actual Value	Total Assessed Value	Total Estimated Actual Value	Ratio	Weighted Average Tax Rate
\$353,009,000	\$1,658,919,160	\$4,987,618,918	33.26%	\$10.69
709,395,200	1,652,916,050	5,328,644,543	31.02%	10.10
711,461,200	1,479,945,220	4,838,238,800	30.59%	10.19
711,461,200	1,479,945,220	4,838,238,800	30.59%	11.13
814,863,200	1,475,576,100	4,914,385,886	30.03%	12.83
883,772,600	1,478,878,210	4,982,885,686	29.68%	12.72
948,088,800	1,431,543,850	4,902,772,829	29.20%	12.66
985,527,600	1,436,982,590	4,950,402,486	29.03%	12.42
1,010,987,200	1,457,750,430	5,031,561,686	28.97%	12.20
1,076,239,200	1,508,026,370	5,231,137,514	28.83%	12.00

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

	2008	2009	2010	2011
UNVOTED MILLAGE:				
Operating	\$4.33	\$4.33	\$4.33	\$4.33
Permanent Improvement	2.00	2.00	2.00	2.00
VOTED MILLAGE - BY LEVY:				
1976 Current Expense				
Residential/Agricultural Real	5.31	5.32	5.33	6.00
Commercial/Industrial and Public Utility Real	7.13	7.28	7.53	8.41
General Business and Public Utility Personal	19.84	19.84	19.84	19.84
1986 Current Expense				
Residential/Agricultural Real	4.34	4.35	4.36	4.90
Commercial/Industrial and Public Utility Real	4.82	4.92	5.09	5.68
General Business and Public Utility Personal	9.86	9.86	9.86	9.86
1989 Current Expense				
Residential/Agricultural Real	3.39	3.39	3.40	3.83
Commercial/Industrial and Public Utility Real	4.11	4.20	4.34	4.85
General Business and Public Utility Personal	6.95	6.95	6.95	6.95
1997 Current Expense				
Residential/Agricultural Real	3.77	3.77	3.78	4.26
Commercial/Industrial and Public Utility Real	4.23	4.32	4.46	4.99
General Business and Public Utility Personal	5.56	5.56	5.56	5.56
1997 Bond (\$25,000,000)				
Residential/Agricultural Real	1.12	1.12	1.12	1.30
Commercial/Industrial and Public Utility Real	1.12	1.12	1.12	1.30
General Business and Public Utility Personal	1.12	1.12	1.12	1.30
2007 Emergency (\$6,411,000)				
Residential/Agricultural Real	3.90	3.91	3.94	0.00
Commercial/Industrial and Public Utility Real	3.90	3.91	3.94	0.00
General Business and Public Utility Personal	3.90	3.91	3.94	0.00
2010 Emergency (\$6,411,000)				
Residential/Agricultural Real	0.00	0.00	0.00	4.38
Commercial/Industrial and Public Utility Real	0.00	0.00	0.00	4.38
General Business and Public Utility Personal	0.00	0.00	0.00	4.38
2012 Emergency (\$7,344,295)				
Residential/Agricultural Real	0.00	0.00	0.00	0.00
Commercial/Industrial and Public Utility Real	0.00	0.00	0.00	0.00
General Business and Public Utility Personal	0.00	0.00	0.00	0.00
2015 Current Expense				
Residential/Agricultural Real	0.00	0.00	0.00	0.00
Commercial/Industrial and Public Utility Real	0.00	0.00	0.00	0.00
General Business and Public Utility Personal	0.00	0.00	0.00	0.00
2015 Bond (\$76,000,000)				
Residential/Agricultural Real	0.00	0.00	0.00	0.00
Commercial/Industrial and Public Utility Real	0.00	0.00	0.00	0.00
General Business and Public Utility Personal	0.00	0.00	0.00	0.00
TOTAL VOTED MILLAGE BY TYPE OF PROPERTY				
Residential/Agricultural Real	21.83	21.86	21.93	24.67
Commercial/Industrial and Public Utility Real	25.31	25.75	26.48	29.61
General Business and Public Utility Personal	47.23	47.24	47.27	47.89
TOTAL SCHOOL DISTRICT MILLAGE				
	<u>53.56</u>	<u>53.57</u>	<u>53.60</u>	<u>54.22</u>
WEIGHTED AVERAGE				
	<u>10.69</u>	<u>10.10</u>	<u>10.19</u>	<u>11.13</u>

2012	2013	2014	2015	2016	2017
\$4.33	\$4.33	\$4.33	\$4.33	\$4.33	\$4.33
2.00	2.00	2.00	2.00	2.00	2.00
6.03	6.06	6.37	6.38	6.39	6.18
8.74	8.79	8.94	8.98	8.75	8.71
19.84	19.84	19.84	19.84	19.84	19.84
4.92	4.95	5.20	5.21	5.22	5.05
5.91	5.94	6.04	6.07	5.91	5.88
9.86	9.86	9.86	9.86	9.86	9.86
3.85	3.86	4.06	4.07	4.07	3.94
5.04	5.06	5.15	5.18	5.04	5.01
6.95	6.95	6.95	6.95	6.95	6.95
4.28	4.30	4.52	4.52	4.53	4.38
5.19	5.21	5.30	5.33	5.19	5.16
5.56	5.56	5.56	5.56	5.56	5.56
1.36	1.36	1.36	1.36	1.32	1.26
1.36	1.36	1.36	1.36	1.32	1.26
1.36	1.36	1.36	1.36	1.32	1.26
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
4.52	4.52	4.52	0.00	0.00	0.00
4.52	4.52	4.52	0.00	0.00	0.00
4.52	4.52	4.52	0.00	0.00	0.00
5.15	5.15	5.15	5.15	5.26	5.04
5.15	5.15	5.15	5.15	5.26	5.04
5.15	5.15	5.15	5.15	5.26	5.04
0.00	0.00	0.00	1.00	1.00	0.97
0.00	0.00	0.00	1.00	0.97	0.97
0.00	0.00	0.00	1.00	1.00	1.00
0.00	0.00	0.00	2.82	2.75	2.64
0.00	0.00	0.00	2.82	2.75	2.64
0.00	0.00	0.00	2.82	2.75	2.64
30.11	30.20	31.18	30.51	30.54	29.46
35.91	36.03	36.46	35.89	35.19	34.67
53.24	53.24	53.24	52.54	52.54	52.15
59.57	59.57	59.57	58.87	58.87	58.48
12.83	12.36	12.66	12.42	12.20	12.00

continued

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

OVERLAPPING RATES BY TAXING DISTRICT	2008	2009	2010	2011
Townships:				
Residential/Agricultural Real	8.02 - 16.29	8.03 - 18.83	8.05 - 18.94	8.67 - 21.15
Commercial/Industrial and Public Utility Real	9.24 - 18.45	9.23 - 21.05	9.34 - 21.66	9.77 - 22.72
General Business and Public Utility Personal	11.71 - 20.30	11.71 - 22.80	11.71 - 22.80	11.71 - 22.80
Corporations:				
Residential/Agricultural Real	4.88 - 12.76	4.86 - 11.08	4.88 - 11.08	5.23 - 11.08
Commercial/Industrial and Public Utility Real	4.99 - 12.76	5.23 - 11.08	5.28 - 11.08	5.63 - 11.08
General Business and Public Utility Personal	5.94 - 12.76	5.94 - 11.08	5.94 - 11.08	5.94 - 6.68
Butler County Joint Vocational District:				
Residential/Agricultural Real	1.93	1.93	1.93	1.93
Commercial/Industrial and Public Utility Real	1.93	1.93	1.93	1.93
General Business and Public Utility Personal	1.93	1.93	1.93	1.93
COUNTY AND OTHER UNITS:				
Butler County:				
Residential/Agricultural Real	8.55	8.89	8.95	9.08
Commercial/Industrial and Public Utility Real	8.65	8.97	9.21	9.54
General Business and Public Utility Personal	9.75	9.75	9.72	9.72
Metro Parks of Butler County:				
Residential/Agricultural Real	0.00	0.00	0.50	0.50
Commercial/Industrial and Public Utility Real	0.00	0.00	0.50	0.50
General Business and Public Utility Personal	0.00	0.00	0.50	0.50
Hamilton County:				
Residential/Agricultural Real	12.33	12.36	12.42	13.35
Commercial/Industrial and Public Utility Real	14.92	15.07	15.57	16.10
General Business and Public Utility Personal	19.60	19.45	19.45	19.03
Hamilton County Park District:				
Residential/Agricultural Real	0.78	0.78	0.79	0.87
Commercial/Industrial and Public Utility Real	0.90	1.91	0.96	1.02
General Business and Public Utility Personal	1.03	1.03	1.03	1.03
Cincinnati-Hamilton City Public Library:				
Residential/Agricultural Real	0.00	1.00	1.00	1.00
Commercial/Industrial and Public Utility Real	0.00	1.00	1.00	1.00
General Business and Public Utility Personal	0.00	1.00	1.00	1.00

Source: Ohio Department of Taxation.

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

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

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

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

2012	2013	2014	2015	2016	2017
8.68 - 22.27	8.70 - 22.41	5.92 - 22.81	9.82-23.67	9.82-23.80	14.34-23.54
9.80 - 23.74	9.85 - 23.75	5.95 - 22.93	9.85-23.79	9.74-23.67	14.44-23.61
11.71 - 23.80	11.71 - 23.80	7.19 - 22.98	11.09-23.80	11.09-23.79	14.66-23.80
5.24 - 11.08	5.25 - 11.08	5.37 - 11.08	5.38-16.83	7.88-16.83	8.13-16.55
5.73 - 11.08	5.69 - 11.46	5.76 - 11.31	5.79-16.83	8.34-16.83	8.22-16.63
5.94 - 11.08	5.94 - 11.69	5.94 - 11.58	5.94-16.83	8.44-16.83	8.44-16.83
1.93	1.93	1.93	1.93	1.93	1.93
1.93	1.93	1.93	1.93	1.93	1.93
1.93	1.93	1.93	1.93	1.93	1.93
9.09	9.09	9.13	9.12	9.11	9.43
9.55	9.55	9.56	9.54	9.57	9.49
9.72	9.72	9.72	9.72	9.72	9.72
0.50	0.50	0.50	0.50	0.50	0.70
0.50	0.50	0.50	0.50	0.50	0.70
0.50	0.50	0.50	0.50	0.50	0.70
13.41	13.45	13.26	13.29	13.30	15.62
16.28	16.37	16.44	16.49	16.48	16.38
19.03	19.03	18.85	18.85	18.85	18.85
0.88	0.88	0.88	0.88	1.03	1.03
1.03	1.03	1.03	1.03	1.03	1.03
1.03	1.03	1.03	1.03	1.03	1.03
1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00

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

Calendar Year	Taxes Levied for the Calendar Year (1)	Collected within the Calendar Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$50,772,759	\$46,882,929	92.34%	\$1,423,427	\$48,306,356	95.14%
2009	51,248,384	46,784,226	91.29%	1,495,281	48,279,507	94.21%
2010	52,001,081	47,330,833	91.02%	1,772,516	49,103,349	94.43%
2011	50,973,174	46,194,644	90.63%	2,093,891	48,288,535	94.73%
2012	58,895,102	55,041,653	93.46%	1,711,628	56,753,281	96.36%
2013	58,788,930	55,204,307	93.90%	1,583,887	56,788,194	96.60%
2014	58,269,300	54,983,676	94.36%	1,471,776	56,455,452	96.89%
2015	56,768,245	54,449,775	95.92%	1,174,641	55,624,416	97.99%
2016	57,899,911	55,104,909	95.17%	1,170,527	56,275,436	97.19%
2017	58,668,729	55,669,254	94.89%	1,223,242	56,892,496	96.97%

Source: Hamilton County Auditor.

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

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

Northwest Local School District
Principal Property Taxpayers
2017 and 2008
Schedule 11

Taxpayer	2017 (1)	
	Taxable Assessed Value	Percentage of Total Taxable Value
Duke Energy Ohio Inc.	\$50,483,260	3.35%
TKG Colerain Towne Center	10,047,120	0.67%
Inland Stone Creek LLC	8,584,140	0.57%
T Northgate Mall LLC	7,077,950	0.47%
Rumpke Sanitary Landfill INC	6,704,480	0.44%
Mercy Hospitals West	5,915,850	0.39%
8403 Colerain Ave LLC	5,347,830	0.35%
Persea Acquisitions LLC	4,847,500	0.32%
Meijer Stores Limited Partnership	4,515,000	0.30%
Prospect Square 16 LLC	42,700,180	2.83%
Total Principal Taxpayers	146,223,310	9.70%
All Other Taxpayers	<u>1,361,803,060</u>	<u>90.30%</u>
Total All Taxpayers	<u><u>\$1,508,026,370</u></u>	<u><u>100.00%</u></u>
Taxpayer	2008 (1)	
	Taxable Assessed Value	Percentage of Total Taxable Value
Northgate Partners LLC	\$35,335,660	2.13%
KIR Colerain LLC	9,634,760	0.58%
Rumpke Sanitary Landfill Inc.	6,909,270	0.42%
Cincinnati Mills	6,075,130	0.37%
Procter & Gamble Co	5,873,360	0.35%
Wells Fargo Bank NA	5,558,370	0.34%
Wal-Mart Real Estate	5,409,260	0.33%
Stone Creek Development	4,148,400	0.25%
Northwest Woods LLC	4,020,180	0.24%
Lee Crossing LLC	3,986,400	0.24%
Total Principal Taxpayers	86,950,790	5.24%
All Other Taxpayers	<u>1,571,968,370</u>	<u>94.76%</u>
Total All Taxpayers	<u><u>\$1,658,919,160</u></u>	<u><u>100.00%</u></u>

Source: Hamilton County Auditor.

(1) Denotes calendar year.

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

Fiscal Year	General Bonded Debt	Resources Available to Pay Principal	Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (2)	Net Bonded Debt Per Capita (3)
2009	\$19,405,000	\$1,651,064	\$17,753,936	1.07%	\$207
2010	18,485,000	1,624,225	16,860,775	1.02%	226
2011	17,495,000	1,748,355	15,746,645	1.06%	212
2012	17,155,629	1,754,196	15,401,433	1.04%	207
2013	16,040,263	1,846,909	14,193,354	0.96%	191
2014	14,840,946	1,955,370	12,885,576	0.87%	173
2015	13,589,646	1,976,862	11,612,784	0.81%	156
2016	93,810,959	9,272,533	84,538,426	5.88%	1,126
2017	91,394,352	9,801,025	81,593,327	5.60%	1,087
2018	89,137,745	10,109,766	79,027,979	5.24%	1,053

Source: School District Records.

(1) See schedule 15 for personal income data.

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

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

Other Debt Obligations				
QZAB and Tax-Exempt Bonds	Certificates of Participation	Total Outstanding Debt Obligations	Percentage of Personal Income (1)	General Debt Per Capita
\$0	\$0	\$19,405,000	0.05%	\$226
0	0	18,485,000	0.05%	248
0	0	17,495,000	0.05%	235
0	0	17,155,629	0.04%	230
5,419,586	6,594,770	28,054,619	0.07%	377
5,067,522	6,308,908	26,217,376	0.06%	352
4,715,458	5,978,046	24,283,150	0.06%	326
4,358,394	5,642,184	103,811,537	0.24%	1,383
4,001,330	5,301,322	100,697,004	0.23%	1,341
3,644,266	4,950,460	97,732,471	0.21%	1,302

Northwest Local School District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018
Schedule 13

<u>Governmental Unit</u>	<u>Gross Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct:			
Northwest Local School District	<u>\$98,191,676</u>	100.00%	<u>\$98,191,676</u>
Overlapping Debt:			
Butler County	\$40,923,580	0.03%	\$12,277
Hamilton County	133,845,000	7.78%	10,413,141
City of Fairfield	18,645,000	0.00%	0
City of Forest Park	4,090,000	10.77%	440,493
City of North College Hill	666,000	2.18%	14,519
Fairfield Township	4,840,000	0.47%	22,748
Springfield Township	7,210,000	12.82%	924,322
Butler Technology & Career Center JT. Voc. School District	<u>8,430,000</u>	17.17%	<u>1,447,431</u>
Total Overlapping Debt	<u>218,649,580</u>		<u>13,274,931</u>
Total Direct and Overlapping Debt	<u>\$316,841,256</u>		<u>\$111,466,607</u>

Source: Ohio Municipal Advisory Council.

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

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

	2009	2010	2011	2012	2013
Debt Limit	\$150,139,460	\$149,302,724	\$148,552,126	\$133,334,715	\$132,801,849
Total Net Debt Applicable to Limit	<u>19,405,000</u>	<u>18,485,000</u>	<u>16,425,000</u>	<u>20,660,000</u>	<u>25,313,091</u>
Legal Debt Margin	<u>\$130,734,460</u>	<u>\$130,817,724</u>	<u>\$132,127,126</u>	<u>\$112,674,715</u>	<u>\$107,488,758</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.92%	12.38%	11.06%	15.49%	19.06%
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$133,099,039	\$128,838,947	\$129,328,433	\$131,197,539	\$135,722,373
Total Net Debt Applicable to Limit	<u>23,329,630</u>	<u>21,418,138</u>	<u>82,912,467</u>	<u>79,848,975</u>	<u>77,165,234</u>
Legal Debt Margin	<u>\$109,769,409</u>	<u>\$107,420,809</u>	<u>\$46,415,966</u>	<u>\$51,348,564</u>	<u>\$58,557,139</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.53%	16.62%	64.11%	60.86%	56.86%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value (1)	\$1,508,026,370
Debt Limit (9% of Assessed Value)	135,722,373
Debt Applicable to Limit	87,275,000
Less Amount Available in Debt Service	<u>(10,109,766)</u>
Legal Debt Margin	<u>\$58,557,139</u>

Source: School District Records.

(1) Assessed values are on a calendar year basis (i.e. fiscal year 2018 is calendar year 2017).

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)
2009	85,875	\$36,248,694	\$44,320	8.9%
2010	74,442	36,770,921	45,852	9.4%
2011	74,442	37,522,065	46,881	8.6%
2012	74,442	39,631,501	49,413	6.8%
2013	74,442	40,415,100	50,235	7.3%
2014	74,442	41,322,507	51,229	7.1%
2015	74,442	42,060,595	52,081	4.4%
2016	75,068	42,669,035	52,081	4.4%
2017	75,068	43,251,503	53,456	4.7%
2018	75,068	46,331,959	56,931	4.5%

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

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

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

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

Northwest Local School District
Major Employers
*2017 and 2008**
Schedule 16

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

Sources:

Cincinnatiusa.org.

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

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

Data: city population USA metro cincinnati in ky

*2018 and 2009 were not available as of the date of the preparation of this schedule.

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

	2010	2011	2012
Office/Administration			
Administrative Assistant	4.00	4.00	4.00
Assistant, Deputy/Associate Superintendent	1.00	1.00	1.00
Assistant Principal	10.00	11.00	12.00
Principal	13.00	14.00	13.00
Superintendent	1.00	1.00	1.00
Supervisor/Manager	12.00	11.00	9.00
Treasurer	1.00	1.00	1.00
Coordinator	0.00	0.00	0.30
Education Administrative Specialist	2.00	2.00	2.00
Director	3.00	3.00	2.00
Other Official/Administrative	0.00	0.00	0.00
Office/Administration	<u>47.00</u>	<u>48.00</u>	<u>45.30</u>
Professional Education			
Curriculum Specialist	8.50	9.50	7.50
Counseling	18.00	19.00	18.00
Librarian/Media	4.00	4.00	4.00
Remedial Specialist	9.50	10.50	2.50
Tutor/Small Group Instructor	0.00	0.00	0.00
Special Education Supplemental Service Teacher	31.00	31.00	37.50
Teacher Mentor/Evaluator	0.00	0.00	0.00
Teacher	517.60	507.80	472.00
Other Professional - Educational	7.00	10.00	7.00
Professional Education	<u>595.60</u>	<u>591.80</u>	<u>548.50</u>
Professional - Other			
Accounting	2.00	2.00	2.00
Dietitian/Nutritionist	1.00	1.00	1.00
Phycologist	0.00	0.00	0.00
Registered Nursing	1.00	2.00	2.00
Social Work	1.00	1.00	1.00
Speech and Language Therapist	1.00	1.00	1.00
Other Professional - Other	0.00	0.00	0.00
Professional - Other	<u>6.00</u>	<u>7.00</u>	<u>7.00</u>
Technical			
Computer Operating	5.00	5.00	5.00
Practical Nursing	15.10	15.10	16.10
Library Aide	8.00	5.60	7.70
Instructional Paraprofessional	28.70	58.50	48.10
Other Technical	4.00	4.00	4.00
Technical	<u>60.80</u>	<u>88.20</u>	<u>80.90</u>

Source: School District records.

The table was updated for the fiscal year 2018 financial report; 2010 was the earliest available year in this format.

2013	2014	2015	2016	2017	2018
0.00	0.00	0.00	1.00	0.00	0.00
2.00	0.00	1.00	0.00	0.00	1.00
9.00	10.00	11.00	13.00	16.00	16.00
13.00	12.00	10.00	14.00	0.00	13.00
1.00	1.00	1.00	2.00	12.00	1.00
7.00	8.00	8.00	7.00	1.00	20.10
1.00	1.00	1.50	1.00	9.00	1.00
0.30	0.30	0.00	1.30	1.00	3.00
6.00	7.00	8.00	13.00	0.30	0.00
2.00	2.00	2.00	2.00	10.00	8.00
0.00	0.00	0.00	1.00	2.00	0.00
<u>41.30</u>	<u>41.30</u>	<u>42.50</u>	<u>55.30</u>	<u>51.30</u>	<u>63.10</u>
5.50	5.00	5.50	4.50	3.50	5.50
16.00	14.00	12.00	15.00	16.00	14.00
4.00	4.20	3.00	6.00	7.00	5.00
3.00	2.00	0.00	8.00	7.00	17.00
0.00	0.00	104.70	111.00	111.50	99.36
40.00	36.00	31.50	29.90	41.60	67.75
0.00	0.00	0.00	1.00	0.00	0.00
452.10	446.10	440.60	464.50	459.50	435.44
4.50	8.50	20.50	29.00	25.50	24.50
<u>525.10</u>	<u>515.80</u>	<u>617.80</u>	<u>668.90</u>	<u>671.60</u>	<u>668.55</u>
2.00	2.00	3.00	4.00	4.00	9.00
1.00	1.00	1.00	2.00	1.00	0.00
0.00	0.00	0.00	0.00	1.00	1.00
2.00	2.00	2.00	2.00	1.00	1.74
1.00	1.00	1.00	1.00	3.00	2.00
1.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	1.00	0.00	0.00	0.00
<u>7.00</u>	<u>6.00</u>	<u>8.00</u>	<u>9.00</u>	<u>10.00</u>	<u>13.74</u>
5.00	6.00	6.00	6.00	6.00	4.00
14.80	13.00	14.40	16.50	15.20	13.31
7.70	6.90	6.00	6.00	6.00	5.97
31.60	33.20	37.90	38.40	56.90	177.13
3.00	2.00	3.00	3.00	2.00	20.34
<u>62.10</u>	<u>61.10</u>	<u>67.30</u>	<u>69.90</u>	<u>86.10</u>	<u>220.75</u>

continued

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Office/Clerical			
Bookkeeping	0.00	0.00	0.00
Clerical	63.60	61.60	65.60
Messenger	0.00	0.00	0.00
Teaching Aide	15.80	15.00	18.10
Telephone Operator	1.00	1.00	0.00
Parent Mentor	0.90	0.90	0.90
Other Office/Clerical	3.70	4.00	4.00
Office/Clerical	<u>85.00</u>	<u>82.50</u>	<u>88.60</u>
Crafts & Trades			
Electrician	0.00	1.00	0.00
General Maintenance	8.00	9.00	11.00
Mechanic	5.00	5.00	6.00
Plumbing	1.00	1.00	1.00
Foreman	4.00	4.00	4.00
Other Crafts and Trades	0.00	0.00	0.00
Crafts & Trades	<u>18.00</u>	<u>20.00</u>	<u>22.00</u>
Transportation			
Vehicle Operating (other than buses)	2.30	1.80	3.00
Vehicle Operating (buses)	52.90	53.60	57.30
Transportation	<u>55.20</u>	<u>55.40</u>	<u>60.30</u>
Service Worker/Laborer			
Attendance Officer	5.90	4.90	4.90
Custodian	56.10	57.60	55.60
Food Service	66.30	65.50	66.30
Monitoring	12.30	11.90	13.80
Attendant	60.50	53.00	66.90
Service Worker/Laborer	<u>201.10</u>	<u>192.90</u>	<u>207.50</u>
Total Employees	<u><u>1,068.70</u></u>	<u><u>1,085.80</u></u>	<u><u>1,060.10</u></u>

Source: School District records.

The table was updated for the fiscal year 2018 financial report; 2010 was the earliest available year in this format.

2013	2014	2015	2016	2017	2018
0.00	0.00	0.00	0.00	0.00	27.00
56.40	57.70	58.70	61.70	59.90	25.23
0.00	0.00	0.00	0.00	0.00	0.56
15.50	11.50	20.70	18.90	22.80	6.94
0.00	0.00	0.00	0.00	0.00	1.00
0.90	2.50	2.60	2.60	2.60	1.00
2.20	2.10	4.60	3.40	2.90	5.86
<u>75.00</u>	<u>73.80</u>	<u>86.60</u>	<u>86.60</u>	<u>88.20</u>	<u>67.59</u>
0.00	1.00	1.00	0.00	0.00	0.00
9.00	8.00	6.00	7.00	6.00	11.00
5.00	5.00	6.00	7.00	6.00	5.00
1.00	1.00	1.00	1.00	1.00	1.00
4.00	4.00	5.00	5.00	5.30	12.05
0.00	1.00	2.00	1.00	1.00	0.00
<u>19.00</u>	<u>20.00</u>	<u>21.00</u>	<u>21.00</u>	<u>19.30</u>	<u>29.05</u>
2.00	1.40	1.40	3.00	3.00	5.53
<u>48.10</u>	<u>52.60</u>	<u>57.20</u>	<u>56.10</u>	<u>57.50</u>	<u>60.52</u>
<u>50.10</u>	<u>54.00</u>	<u>58.60</u>	<u>59.10</u>	<u>60.50</u>	<u>66.05</u>
1.70	1.70	1.70	2.90	3.50	0.00
43.50	43.00	47.00	49.00	47.50	35.86
59.70	60.80	61.80	64.90	62.60	70.82
12.60	8.50	11.20	11.90	13.30	7.56
<u>71.60</u>	<u>76.20</u>	<u>101.20</u>	<u>106.80</u>	<u>117.90</u>	<u>21.48</u>
<u>189.10</u>	<u>190.20</u>	<u>222.90</u>	<u>235.50</u>	<u>244.80</u>	<u>135.72</u>
<u>968.70</u>	<u>962.20</u>	<u>1,124.70</u>	<u>1,205.30</u>	<u>1,231.80</u>	<u>1,264.55</u>

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

Fiscal Year	Enrollment	Operating Expenditure (1)	Cost Per Pupil (2)	Percentage Change	Expenses (3)
2009	9,616	\$93,039,570	\$9,675	-3.17%	\$93,922,968
2010	9,678	95,069,598	9,823	1.53%	96,952,722
2011	9,515	97,959,968	10,295	4.81%	99,462,807
2012	9,263	91,299,292	9,856	-4.26%	93,606,395
2013	9,252	92,987,398	10,051	1.97%	94,787,610
2014	9,279	92,122,828	9,928	-1.22%	94,364,396
2015	9,080	98,894,095	10,891	9.70%	97,200,290
2016	8,930	96,148,784	10,767	-1.14%	100,079,201
2017	8,723	101,492,608	11,635	8.06%	112,639,200
2018	8,805	102,239,232	11,611	-0.20%	64,381,975

Source: School District Records.

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

(2) Operating Expenditures by Enrollment.

(3) Expenses are Total Expenses from Schedule 2.

(4) Expenses by Enrollment.

(5) Special Education Supplemental Service Teacher and Teacher Counts from Schedule 17.

*Presentation for 2010 through 2017 were revised for new format presented by the School District in Schedule 17.

<u>Cost Per Pupil (4)</u>	<u>Percentage Change of Cost Per Pupil</u>	<u>Teaching Staff (5)*</u>	<u>Pupil- Teacher Ratio*</u>	<u>Percentage of Students Receiving Free or Reduced-Price Meals</u>
\$9,767	-4.43%	577	16.67	38.28%
10,018	2.56%	548.60	17.64	40.71%
10,453	4.35%	538.80	17.66	46.42%
10,105	-3.33%	509.50	18.18	48.76%
10,245	1.38%	492.10	18.80	49.37%
10,170	-0.74%	482.10	19.25	49.00%
10,705	5.26%	472.10	19.23	45.00%
11,207	4.69%	494.40	18.06	52.00%
12,913	15.22%	501.10	17.41	54.00%
7,312	-43.37%	503.19	17.50	51.00%

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

School	2009	2010	2011	2012
Elementary				
Colerain Elementary - 1923				
Square feet	84,934	84,934	84,934	84,934
Capacity (1)	850	850	850	850
Enrollment	852	856	849	848
Bevis Elementary - 1970				
Square feet	48,640	48,640	48,640	48,640
Capacity (1)	600	600	600	600
Enrollment	429	440	442	454
Houston Elementary - 1966				
Square feet	62,826	62,826	62,826	62,826
Capacity (1)	0	0	0	0
Enrollment	0	0	0	0
Monfort Heights Elementary - 2000				
Square feet	76,787	76,787	76,787	76,787
Capacity (1)	700	700	700	700
Enrollment	645	665	655	644
Pleasant Run Elementary - 1961				
Square feet	54,751	54,751	54,751	54,751
Capacity (1)	575	575	575	575
Enrollment	394	418	389	367
Struble Elementary - 1959				
Square feet	45,000	45,000	45,000	45,000
Capacity (1)	376	376	376	376
Enrollment	408	409	417	361
Taylor Elementary - 1960				
Square feet	56,262	56,262	56,262	56,262
Capacity (1)	525	525	525	525
Enrollment	488	521	494	431
Weigel Elementary - 1965				
Square feet	55,057	55,057	55,057	55,057
Capacity (1)	500	500	500	500
Enrollment	470	488	490	476
Welch Elementary - 1977				
Square feet	46,800	46,800	46,800	46,800
Capacity (1)	425	425	425	425
Enrollment	387	367	404	395

Source: School District Records.

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

2013	2014	2015	2016	2017	2018
84,934	84,934	84,934	84,934	84,934	84,934
850	850	850	850	850	850
861	899	942	944	904	945
48,640	48,640	48,640	48,640	48,640	48,640
600	600	600	600	600	600
434	0	0	0	0	0
62,826	62,826	62,826	62,826	62,826	62,826
0	0	0	0	0	0
0	0	0	0	0	0
76,787	76,787	76,787	76,787	76,787	76,787
700	700	700	700	700	700
669	667	651	659	671	699
54,751	54,751	54,751	54,751	54,751	54,751
575	575	575	575	575	575
356	552	514	497	462	500
45,000	45,000	45,000	45,000	45,000	45,000
376	376	376	376	376	376
430	444	439	425	429	420
56,262	56,262	56,262	56,262	56,262	56,262
525	525	525	525	525	525
463	631	575	571	562	564
55,057	55,057	55,057	55,057	55,057	55,057
500	500	500	500	500	500
454	455	424	424	450	453
46,800	46,800	46,800	46,800	46,800	46,800
425	425	425	425	425	425
398	520	494	493	425	366

continued

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

School	2009	2010	2011	2012
Junior High School				
Colerain Middle - 1932				
Square feet	77,591	77,591	77,591	77,591
Capacity (1)	675	675	675	675
Enrollment	670	669	641	619
Pleasant Run Middle - 1969				
Square feet	108,230	108,230	108,230	108,230
Capacity (1)	1,100	1,100	1,100	1,100
Enrollment	867	816	794	792
White Oak Middle - 1961				
Square feet	81,950	81,950	81,950	81,950
Capacity (1)	735	735	735	735
Enrollment	751	721	752	764
High School				
Colerain High - 1964				
Square feet	193,768	193,768	193,768	193,768
Capacity (1)	2,100	2,100	2,100	2,100
Enrollment	2,151	2,165	2,150	2,073
Northwest High - 1972				
Square feet	163,345	163,345	163,345	163,345
Capacity (1)	1,250	1,250	1,250	1,250
Enrollment	1,104	1,102	1,038	1,039

Source: School District Records.

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

2013	2014	2015	2016	2017	2018
77,591	77,591	77,591	77,591	77,591	77,591
675	675	675	675	675	675
593	595	595	568	573	583
108,230	108,230	108,230	108,230	108,230	108,230
1,100	1,100	1,100	1,100	1,100	1,100
787	752	709	707	710	731
81,950	81,950	81,950	81,950	81,950	81,950
735	735	735	735	735	735
792	763	754	759	728	737
193,768	193,768	193,768	193,768	193,768	193,768
2,100	2,100	2,100	2,100	2,100	2,100
1,997	1,998	1,976	1,908	1,912	1,929
163,345	163,345	163,345	163,345	163,345	163,345
1,250	1,250	1,250	1,250	1,250	1,250
1,018	1,003	1,007	975	897	878

This page intentionally left blank.



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
DECEMBER 27, 2018**