



**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2017



Dave Yost • Auditor of State

**NORTHRIDGE LOCAL SCHOOL DISTRICT
LICKING COUNTY
JUNE 30, 2017**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Northridge Local School District
Licking County
6097 Johnstown-Utica Rd
Johnstown, Ohio 43031

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2018, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

April 3, 2018

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

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

Financial Highlights

Key financial highlights for the fiscal year 2017 are as follows:

- Net position of governmental activities decreased \$246,879.
- General revenues accounted for \$13,205,166 in revenue or 84 percent of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$2,564,710, 16 percent of total revenues of \$15,769,876.
- Total assets of governmental activities increased \$239,135.
- The School District had \$16,016,755, in expenses related to governmental activities; only \$2,564,710 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues in the amount of \$13,205,166 were not adequate to provide for these programs.
- The School District's major fund was the General Fund. The General Fund had \$13,985,747 in revenues, \$13,315,738 in expenditures, and (\$265,744) in other financing sources (uses). The General Fund's balance increased \$404,265.

Using this Annual Financial Report

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

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 non-major funds presented in total in one column.

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. 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 Statement of Net Position and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major fund begins on page 11. Fund financial reports provide detailed information about the School District's major fund. 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. The School District's major governmental fund is the General Fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental 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.

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2017 compared to 2016.

Table 1 - Net Position

	<u>Governmental Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>Change</u>
Assets			
Current and Other Assets	\$16,424,869	\$15,726,684	\$698,185
Capital Assets	13,852,457	14,311,507	(459,050)
Total Assets	<u>30,277,326</u>	<u>30,038,191</u>	<u>239,135</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	26,285	43,808	(17,523)
Pension	4,385,452	1,939,275	2,446,177
Total Deferred Outflows of Resources	<u>4,411,737</u>	<u>1,983,083</u>	<u>2,428,654</u>
Liabilities			
Current and Other Liabilities	1,366,476	1,459,102	(92,626)
Long-Term Liabilities:			
Due Within One Year	938,088	900,591	37,497
Due in More Than One Year:			
Net Pension Liability	19,521,841	15,268,695	4,253,146
Other Amounts	1,348,114	2,156,023	(807,909)
Total Liabilities	<u>23,174,519</u>	<u>19,784,411</u>	<u>3,390,108</u>
Deferred Inflows of Resources			
Property Taxes	7,530,416	7,048,191	482,225
Pension	0	957,665	(957,665)
Total Deferred Inflows of Resources	<u>7,530,416</u>	<u>8,005,856</u>	<u>(475,440)</u>
Net Position			
Net Investment in Capital Assets	12,033,451	11,723,397	310,054
Restricted	1,009,282	995,848	13,434
Unrestricted (Deficits)	(9,058,605)	(8,488,238)	(570,367)
Total Net Position	<u>\$3,984,128</u>	<u>\$4,231,007</u>	<u>(\$246,879)</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2017 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27." 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 the net pension liability to the reported net pension and subtracting deferred outflows related to pension.

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

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

GASB 68 requires the net pension liability equals the School District's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension 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 this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

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

Total assets increased \$239,135. The majority of this increase was due to an increase in cash and cash equivalents in the amount of \$341,147, an increase in property taxes receivable in the amount of \$284,055, and an increase in intergovernmental receivable in the amount of \$66,546. The increase in cash and cash equivalents was primarily due to the School District monitoring the cash flow very closely and insuring that expenses are well within revenue sources. Property taxes receivable increased during fiscal year 2017 due to an increase in the amounts certified to be collected by the respective county auditors. The increase in intergovernmental receivable is due to State foundation adjustments increasing from the prior year as the state continues to reconcile amounts owed to the School District at year end. These increases were offset by a decrease in capital assets that decreased due to the current year depreciation exceeding additions

The decrease in current and other liabilities in the amount of \$92,626 was mainly due to a decrease in accounts payable in the amount of \$79,275, a decrease in matured compensated absences payable in the amount of \$61,698, and a decrease in intergovernmental payable in the amount of \$59,507. The decrease in matured compensated absences was a result of two employees retiring prior to fiscal year end 2017 as compared to eight retiring prior to the fiscal year end 2016. Intergovernmental payables decreased due mainly to a decrease in fiscal year 2017 State foundation adjustments. These decreases were offset by an increase in accrued wages and benefits payable in the amount of \$110,554. The increase in accrued wages and benefits were a result of annual salary increase based on the School District's salary schedules as well as increases in health, dental, vision, and life insurance.

Long-term liabilities, excluding the pension liability, decreased \$770,412 primarily due to principal payments of \$625,000 for Classroom Facilities Refunding General Improvement Serial Bonds, for the principal payments of \$80,000 for School Energy Conservation Improvement General Obligation Bonds, for the principal payments of \$15,254 for the equipment loan, and principal payments in the amount of \$39,342 for the copiers capital leases. Termination benefits payable decreased \$6,000 due to the final termination benefit payment made to an employee who retired in a prior year. These decreases were offset by an increase in compensated absences of \$23,568.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2017 and comparisons to fiscal year 2016.

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

Table 2 - Changes in Net Position

	Governmental Activities		Change
	2017	2016	
Program Revenues:			
Charges for Services	\$1,451,337	\$1,111,638	\$339,699
Operating Grants and Contributions	1,113,373	1,148,606	(35,233)
Capital Grants and Contributions	0	3,500	(3,500)
Total Program Revenues	<u>2,564,710</u>	<u>2,263,744</u>	<u>300,966</u>
General Revenues:			
Property Taxes	7,738,529	7,930,370	(191,841)
Income Taxes	29,303	36,843	(7,540)
Grants and Entitlements	5,401,760	5,257,769	143,991
Investment Earnings	6,232	4,829	1,403
Miscellaneous	29,342	19,809	9,533
Total General Revenues	<u>13,205,166</u>	<u>13,249,620</u>	<u>(44,454)</u>
Total Revenues	<u>15,769,876</u>	<u>15,513,364</u>	<u>256,512</u>
Program Expenses			
Instruction			
Regular	6,561,183	6,139,192	421,991
Special	1,405,364	1,131,210	274,154
Vocational	123,102	112,966	10,136
Student Intervention Services	102,720	120,796	(18,076)
Support Services			
Pupil	579,851	430,853	148,998
Instructional Staff	884,957	957,254	(72,297)
Board of Education	246,503	142,726	103,777
Administration	1,458,061	1,215,554	242,507
Fiscal	526,269	477,511	48,758
Operation and Maintenance of Plant	1,253,161	1,232,009	21,152
Pupil Transportation	1,644,969	1,543,785	101,184
Central	151,216	240,315	(89,099)
Operation of Non-Instructional Services:			
Food Service Operations	411,672	349,352	62,320
Community Services	753	0	753
Extracurricular Activities	572,648	520,865	51,783
Interest and Fiscal Charges	94,326	128,979	(34,653)
Total Program Expenses	<u>16,016,755</u>	<u>14,743,367</u>	<u>1,273,388</u>
<i>Change in Net Position</i>	(246,879)	769,997	(1,016,876)
Net Position Beginning of Year	<u>4,231,007</u>	<u>3,461,010</u>	<u>769,997</u>
Net Position End of Year	<u>\$3,984,128</u>	<u>\$4,231,007</u>	<u>(\$246,879)</u>

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

Net position decreased by \$246,879 in fiscal year 2017. Overall revenues reflect an increase of \$256,512 primarily due to an increase in charges for services in the amount of \$339,699 and an increase in grants and entitlements in the amount of \$143,991. Charges for services increased due to an increase of open enrollment students electing to attend the School District. The increase in grants and entitlements was due to an increase in State foundation revenue during fiscal year 2017 as compared to fiscal year 2016. These increases were offset by a decrease in property taxes in the amount of \$191,841. The decrease in property taxes is based upon estimates that were provided by the respective county auditors.

Instruction comprises approximately 51 percent of governmental program expenses and support services make up approximately 42 percent of the program expenses of the School District.

The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decrease as the property valuation increases thus generating about the same revenue. Property taxes made up approximately 49 percent of revenues for governmental activities for the School District in fiscal year 2017.

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

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

Table 3 - Governmental Activities

	2017 Total Cost of Services	2017 Net Cost of Services	2016 Total Cost of Services	2016 Net Cost of Services
Instruction:				
Regular	\$6,561,183	\$5,645,266	\$6,139,192	\$5,432,597
Special	1,405,364	689,711	1,131,210	454,573
Vocational	123,102	90,761	112,966	98,517
Student Intervention Services	102,720	102,720	120,796	120,796
Support Services:				
Pupil	579,851	544,867	430,853	395,136
Instructional Staff	884,957	844,083	957,254	916,140
Board of Education	246,503	246,503	142,726	142,726
Administration	1,458,061	1,253,747	1,215,554	1,014,753
Fiscal	526,269	438,513	477,511	382,790
Operation and Maintenance of Plant	1,253,161	1,225,347	1,232,009	1,197,999
Pupil Transportation	1,644,969	1,644,969	1,543,785	1,543,785
Central	151,216	144,016	240,315	233,115
Operation of Non-Instructional Services:				
Food Service Operations	411,672	56,336	349,352	42,699
Community Services	753	325	0	0
Extracurricular Activities	572,648	430,555	520,865	375,018
Interest and Fiscal Charges	94,326	94,326	128,979	128,979
Totals	\$16,016,755	\$13,452,045	\$14,743,367	\$12,479,623

Table 3 clearly shows the dependence upon tax revenues and State subsidies for governmental activities. For 2017, only 16 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services, grants, and contributions. The remaining 84 percent is provided through taxes and entitlements.

The School District's Major Fund

The School District's major fund (the General Fund) is accounted for using the modified accrual basis of accounting.

General Fund

The General Fund had total revenues of \$13,985,747, expenditures of \$13,315,738, and other financing sources (uses) in the amount of (\$265,744) which resulted in an increase in fund balance of \$404,265. Total revenues increased by \$405,794 and total expenditures decreased by \$139,175. The increase in revenues was due to an increase in amounts received through State foundation for fiscal year 2017.

Northridge Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
 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.

During the course of fiscal year 2017, the School District amended its General Fund budget. The School District closely monitors its resources and uses and if necessary, modifies appropriations on a timely basis.

The General Fund had original revenue budget estimates of \$13,282,963. The original budget estimates for revenues were increased to a final budget amount of \$13,831,576 due to an increase in the amounts estimated to be received for property taxes and State foundation monies for the fiscal year. Actual revenues were \$13,828,193 at June 30, 2017.

Original appropriations, including other financing uses, were \$14,127,662. The final appropriations, including other financing uses, were decreased to \$13,697,790. Due the financial concerns of the School District, the appropriations were closely monitored throughout the fiscal year and amended to account for the fluctuations in the normal operating expenses in the General Fund. Actual expenditures were \$13,428,663 and transfers out were \$265,744 at June 30, 2017.

The School District's ending unobligated fund balance was \$6,722,620.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the School District had \$13,852,457 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2017 balances compared to 2016.

Table 4 - Capital Assets at June 30, 2017
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Land	\$338,545	\$338,545
Land Improvements	363,094	392,612
Buildings and Improvements	11,974,966	12,295,875
Furniture and Equipment	1,170,670	1,272,646
Vehicles	5,182	11,829
Totals	<u>\$13,852,457</u>	<u>\$14,311,507</u>

See Note 11 for more detailed information of the School District's capital assets.

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

Debt

At June 30, 2017, the School District had \$1,848,670 in Classroom Facilities Refunding Improvement Bonds (including bond premiums), School Energy Conservation Improvement Bonds (including bond premiums), Equipment Loan, and Capital Leases outstanding.

Table 5 - Outstanding Debt, at Fiscal Year End

	Governmental Activities 2017	Governmental Activities 2016
Classroom Facilities Refunding Improvement Bonds	\$1,350,000	\$1,975,000
Bond Premium	40,549	67,580
School Energy Conservation Improvement Bonds	270,000	350,000
Bond Premium	3,379	4,732
Equipment Loan	48,917	64,171
Capital Leases	135,825	175,167
Totals	\$1,848,670	\$2,636,650

See Note 17 for more detailed information of the School District's debt. The net pension liability under GASB 68 is also reported as a long-term obligation that has been previously disclosed within the management's discussion and analysis.

Economic Factors

During fiscal year 2017, the School District's net position of governmental activities decreased by \$246,879, due to reduction of outplaced services and increasing student opportunities on campus. The School District continues to closely monitoring all financial activity. The School District will continue to be conservative in the area of expenses in the future. The School District continues to utilize a Board of Education Finance Committee created during fiscal year 2009. The Finance Committee's job is to monitor the School District's financial stability and to meet once a month where it approves the monthly financial statements and reports to the Board of Education any finance related recommendations. The Ohio Department of Education released the School District from fiscal caution during fiscal year 2013. The Board of Education and Administration of the School District must continue to maintain careful financial planning and prudent fiscal management in order to preserve the opportunities of our students and staff.

According to the most recent Board-approved five year forecast, the School District is projecting deficit spending beginning in fiscal year 2018 and positive cash balances through fiscal year 2021.

Contacting the School District's Financial Management

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

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

Britt Lewis, Treasurer/CFO at Northridge Local School District, 6097 Johnstown-Utica Road, Johnstown, Ohio 43031. You may also e-mail the Treasurer at blewis@laca.org.

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Basic Financial Statements

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Northridge Local School District, Ohio
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$7,809,408
Cash and Cash Equivalents in Segregated Accounts	529
Materials and Supplies Inventory	10,349
Inventory Held for Resale	18,042
Intergovernmental Receivable	313,039
Accrued Interest Receivable	116
Income Taxes Receivable	32,232
Prepaid Items	15,859
Accounts Receivable	10,997
Property Taxes Receivable	8,214,298
Nondepreciable Capital Assets	338,545
Depreciable Capital Assets, Net	13,513,912
<i>Total Assets</i>	<i>30,277,326</i>
Deferred Outflows of Resources	
Deferred Charge on Refunding	26,285
Pension	4,385,452
<i>Total Deferred Outflows of Resources</i>	<i>4,411,737</i>
Liabilities	
Accounts Payable	116,477
Accrued Wages and Benefits Payable	960,544
Matured Compensated Absences Payable	2,152
Accrued Interest Payable	6,509
Intergovernmental Payable	280,794
Long-Term Liabilities:	
Due Within One Year	938,088
Due In More Than One Year:	
Net Pension Liability (See Note 13)	19,521,841
Other Amounts Due in More Than One Year	1,348,114
<i>Total Liabilities</i>	<i>23,174,519</i>
Deferred Inflows of Resources	
Property Taxes	7,530,416
Net Position	
Net Investment in Capital Assets	12,033,451
Restricted for:	
Debt Service	701,986
Classroom Facilities Maintenance	245,383
Title VI-B	24,460
Data Communications Support	21,600
Title I	8,398
Class Size Reduction	3,044
District Managed Student Activities	454
Other Purposes	3,957
Unrestricted	(9,058,605)
<i>Total Net Position</i>	<i>\$3,984,128</i>

See accompanying notes to the basic financial statements

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$6,561,183	\$909,566	\$6,351	(\$5,645,266)
Special	1,405,364	0	715,653	(689,711)
Vocational	123,102	0	32,341	(90,761)
Student Intervention Services	102,720	0	0	(102,720)
Support Services:				
Pupil	579,851	0	34,984	(544,867)
Instructional Staff	884,957	0	40,874	(844,083)
Board of Education	246,503	0	0	(246,503)
Administration	1,458,061	184,078	20,236	(1,253,747)
Fiscal	526,269	0	87,756	(438,513)
Operation and Maintenance of Plant	1,253,161	18,170	9,644	(1,225,347)
Pupil Transportation	1,644,969	0	0	(1,644,969)
Central	151,216	0	7,200	(144,016)
Operation of Non-Instructional Services:				
Food Service Operations	411,672	199,026	156,310	(56,336)
Community Services	753	428	0	(325)
Extracurricular Activities	572,648	140,069	2,024	(430,555)
Interest and Fiscal Charges	94,326	0	0	(94,326)
Totals	\$16,016,755	\$1,451,337	\$1,113,373	(\$13,452,045)

General Revenues

Property Taxes Levied for:	
General Purposes	6,942,519
Debt Service	711,387
Classroom Facilities Maintenance	84,623
Income Taxes Levied for General Purposes	29,303
Grants and Entitlements not Restricted to Specific Programs	5,401,760
Investment Earnings	6,232
Miscellaneous	29,342
Total General Revenues	13,205,166
<i>Change in Net Position</i>	<i>(246,879)</i>
<i>Net Position Beginning of Year</i>	<i>4,231,007</i>
<i>Net Position End of Year</i>	<i>\$3,984,128</i>

See accompanying notes to the basic financial statements

Northridge Local School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$6,886,897	\$922,511	\$7,809,408
Cash and Cash Equivalents in Segregated Accounts	0	529	529
Materials and Supplies Inventory	7,262	3,087	10,349
Inventory Held for Resale	5,818	12,224	18,042
Intergovernmental Receivable	175,217	137,822	313,039
Accrued Interest Receivable	116	0	116
Income Taxes Receivable	32,232	0	32,232
Prepaid Items	15,223	636	15,859
Accounts Receivable	10,588	409	10,997
Interfund Receivable	40,203	0	40,203
Property Taxes Receivable	7,373,877	840,421	8,214,298
<i>Total Assets</i>	<u>\$14,547,433</u>	<u>\$1,917,639</u>	<u>\$16,465,072</u>
Liabilities			
Accounts Payable	\$113,948	\$2,529	\$116,477
Accrued Wages and Benefits Payable	877,202	83,342	960,544
Matured Compensated Absences Payable	2,152	0	2,152
Interfund Payable	0	40,203	40,203
Intergovernmental Payable	269,600	11,194	280,794
<i>Total Liabilities</i>	<u>1,262,902</u>	<u>137,268</u>	<u>1,400,170</u>
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	6,754,945	775,471	7,530,416
Unavailable Revenue	234,028	157,214	391,242
<i>Total Deferred Inflows of Resources</i>	<u>6,988,973</u>	<u>932,685</u>	<u>7,921,658</u>
Fund Balances			
Nonspendable	22,485	3,723	26,208
Restricted	0	960,304	960,304
Committed	5,841	0	5,841
Assigned	422,323	0	422,323
Unassigned (Deficit)	5,844,909	(116,341)	5,728,568
<i>Total Fund Balances</i>	<u>6,295,558</u>	<u>847,686</u>	<u>7,143,244</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$14,547,433</u>	<u>\$1,917,639</u>	<u>\$16,465,072</u>

See accompanying notes to the basic financial statements

Northridge Local School District, Ohio
*Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Position
June 30, 2017*

Total Governmental Fund Balances		\$7,143,244
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because of the following:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		13,852,457
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources: unavailable revenue in the funds:		
Property Taxes Receivable	236,375	
Intergovernmental Receivable	143,982	
Miscellaneous	1,660	
Student Fees	9,225	391,242
Deferred outflows of resources represent deferred charges on refundings which are not reported in the funds.		26,285
Accrued Interest Payable is recognized for outstanding long-term liabilities with interest accrual that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(6,509)
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Bonds Payable	(1,620,000)	
Bond Premium	(43,928)	
Loan Payable	(48,917)	
Capital Leases Payable	(135,825)	
Compensated Absences	(437,532)	(2,286,202)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	4,385,452	
Net Pension Liability	(19,521,841)	(15,136,389)
<i>Net Position of Governmental Activities</i>		\$3,984,128

See accompanying notes to the basic financial statements

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$6,957,384	\$794,907	\$7,752,291
Income Taxes	31,791	0	31,791
Intergovernmental	5,812,263	746,620	6,558,883
Investment Earnings	6,232	0	6,232
Tuition and Fees	944,171	0	944,171
Extracurricular Activities	184,651	139,924	324,575
Rentals	18,170	0	18,170
Charges for Services	0	199,026	199,026
Contributions and Donations	2,290	2,024	4,314
Miscellaneous	28,795	0	28,795
<i>Total Revenues</i>	<u>13,985,747</u>	<u>1,882,501</u>	<u>15,868,248</u>
Expenditures			
Current:			
Instruction:			
Regular	5,868,248	4,064	5,872,312
Special	807,890	452,303	1,260,193
Vocational	106,878	3,238	110,116
Student Intervention Services	102,285	0	102,285
Support Services:			
Pupil	477,143	39,451	516,594
Instructional Staff	828,795	40,831	869,626
Board of Education	246,503	0	246,503
Administration	1,330,233	12,222	1,342,455
Fiscal	475,442	11,250	486,692
Operation and Maintenance of Plant	1,199,722	15,723	1,215,445
Pupil Transportation	1,529,942	0	1,529,942
Central	148,313	0	148,313
Operation of Non-Instructional Services:			
Food Service Operations	0	359,911	359,911
Community Services	753	0	753
Extracurricular Activities	128,177	407,190	535,367
Debt Service:			
Principal Retirement	54,596	705,000	759,596
Interest and Fiscal Charges	10,818	97,069	107,887
<i>Total Expenditures</i>	<u>13,315,738</u>	<u>2,148,252</u>	<u>15,463,990</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>670,009</u>	<u>(265,751)</u>	<u>404,258</u>
Other Financing Sources (Uses)			
Transfers In	0	265,744	265,744
Transfers Out	(265,744)	0	(265,744)
<i>Total Other Financing Sources (Uses)</i>	<u>(265,744)</u>	<u>265,744</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	404,265	(7)	404,258
<i>Fund Balances Beginning of Year</i>	<u>5,891,293</u>	<u>847,693</u>	<u>6,738,986</u>
<i>Fund Balances End of Year</i>	<u>\$6,295,558</u>	<u>\$847,686</u>	<u>\$7,143,244</u>

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Total Governmental Funds		\$404,258
<i>Amounts reported for governmental activities in the Statement of Activities are different because</i>		
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 depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	58,549	
Depreciation Expense	(517,599)	(459,050)
Revenues and expenses in the Statement of Activities that do not provide current financial resources are not reported as revenues and expenditures in the funds:		
Delinquent Taxes	(13,762)	
Income Taxes	(2,488)	
Grants	(48,064)	
Student Fees	(34,605)	
Miscellaneous	547	(98,372)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Classroom Facilities Refunding Bonds Payable	625,000	
General Obligation Bonds Payable	80,000	
Loan Payable	15,254	
Capital Leases Payable	39,342	759,596
In the Statement of Activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
		2,700
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences Payable	(23,568)	
Termination Benefits Payable	6,000	(17,568)
The amortization of premiums are reported on the Statement of Activities:		
		28,384
Deferred outflows of resources represent the amortization of deferred charges on refunding which are not reported in the funds.		
		(17,523)
Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
		975,100
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities.		
		(1,824,404)
<i>Change in Net Position of Governmental Activities</i>		
		(\$246,879)

See accompanying notes to the basic financial statements

Northridge Local School District, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$6,929,184	\$7,129,394	\$7,129,394	\$0
Income Tax	45,093	34,771	34,771	0
Intergovernmental	5,623,895	5,805,439	5,805,439	0
Investment Earnings	4,764	6,055	6,055	0
Tuition and Fees	634,971	815,513	815,513	0
Extracurricular Activities	145	145	145	0
Rentals	17,675	18,170	18,170	0
Contributions and Donations	20,552	2,410	2,410	0
Miscellaneous	6,684	19,679	16,296	(3,383)
<i>Total Revenues</i>	<u>13,282,963</u>	<u>13,831,576</u>	<u>13,828,193</u>	<u>(3,383)</u>
Expenditures				
Current:				
Instruction:				
Regular	5,973,221	5,871,705	5,868,322	3,383
Special	816,873	810,501	810,501	0
Vocational	114,147	108,991	108,991	0
Student Intervention Services	120,582	102,535	102,535	0
Other	26,870	70,996	70,996	0
Support Services:				
Pupil	506,887	494,499	494,499	0
Instructional Staff	1,013,234	948,249	948,249	0
Board of Education	179,405	267,079	267,079	0
Administration	1,150,343	1,216,323	1,216,323	0
Fiscal	476,527	481,037	481,037	0
Operation and Maintenance of Plant	1,200,229	1,267,531	1,267,531	0
Pupil Transportation	1,545,172	1,500,709	1,500,709	0
Central	242,126	146,502	146,502	0
Extracurricular Activities	119,529	127,965	127,965	0
Capital Outlay	75,396	0	0	0
Debt Service:				
Principal	15,254	15,254	15,254	0
Interest	2,170	2,170	2,170	0
<i>Total Expenditures</i>	<u>13,577,965</u>	<u>13,432,046</u>	<u>13,428,663</u>	<u>3,383</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(295,002)	399,530	399,530	0
Other Financing Uses				
Operating Transfers Out	(549,697)	(265,744)	(265,744)	0
<i>Net Change in Fund Balance</i>	(844,699)	133,786	133,786	0
<i>Fund Balance Beginning of Year</i>	6,344,014	6,344,014	6,344,014	0
Prior Year Encumbrances Appropriated	244,820	244,820	244,820	0
<i>Fund Balance End of Year</i>	<u>\$5,744,135</u>	<u>\$6,722,620</u>	<u>\$6,722,620</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Northridge Local School District, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017

Assets	
Cash and Cash Equivalents	\$20,860
	<hr/>
<i>Total Assets</i>	<u><u>\$20,860</u></u>
Liabilities	
Due to Students	\$20,860
	<hr/>
<i>Total Liabilities</i>	<u><u>\$20,860</u></u>

See accompanying notes to the basic financial statements

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1962 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 120 square miles. It is located in Licking, Knox, and Delaware Counties, and includes Burlington Township and the Villages of Alexandria and Croton. The School District is staffed by 53 classified employees, 87 certificated full-time teaching personnel, and 7 administrative employees who provide services to 1,059 students and other community members. The School District currently operates four instructional buildings and one garage.

Reporting Entity

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

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

The School District is associated with two jointly governed organizations and two insurance purchasing pools. These organizations are the Licking Area Computer Association, the Metropolitan Educational Technology Association, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ohio School Plan, which are presented in Notes 19 and 20 to the basic financial statements. The School District is associated with a related organization, the Alexandria Public Library which is discussed in Note 21.

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 more significant of the School District's accounting policies are described below.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District 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 therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

General Fund The General Fund accounts for and reports 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.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (revenues) and decreases (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 liabilities and deferred inflows 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). 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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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 fiscal year-end: property taxes available as an advance, income taxes, interest, tuition, grants, fees, and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, student fees, accrued interest, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 18. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 13)

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

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

E. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget is required under the Ohio Revised Code; however, this requirement is waived by the Licking County Budget Commission (Budget Commission). The Budget Commission accepts the School District's five year forecast in place of the tax budget. 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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund 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 statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect at the time final appropriations were passed.

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

F. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Cash and Cash Equivalents" on the financial statements.

During fiscal year 2017, investments were limited to repurchase agreements and State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, the School District reports investments at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements are reported at cost.

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

For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2017 amounted to \$6,232, which includes \$1,739 assigned from other School District funds.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which the services are consumed.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventory consists of expendable supplies held for consumption, school clothing, and purchased and donated food held for resale.

I. Receivables and Payables

Receivables and payables are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

J. Capital Assets

The School District's only capital assets are general capital assets. 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of two thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	25-50 Years
Buildings and Improvements	25-100 Years
Furniture and Equipment	10-25 Years
Vehicles	5-15 Years

K. Internal Activity

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund 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. 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.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

L. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either eternally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions. See Note 22 for additional information regarding set asides.

M. 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 employees with twelve years of experience 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 liabilities 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 funds from which these payments will be made.

N. 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 funds. However, claims and judgments, compensated absences, and net pension liability that are 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, loans, and capital leases are recognized as a liability on the governmental fund financial statements when due.

O. Bond Premiums

On government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

On the government fund financial statements, bond premiums are recognized in the period in which bonds are issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources..

P. Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as Deferred Outflows of Resources on the Statement of Net Position.

Q. Pensions

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

R. Fund Balance

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

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

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

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined 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 the use in satisfying those contractual requirements.

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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The School District’s Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in fiscal year 2018’s appropriated budget.

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

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 the amounts in any of the unrestricted fund balance classifications could be used.

S. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes local, federal, and state grants restricted to expenditure for specified purposes.

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

T. Estimates

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

Note 3 - Changes in Accounting Principle

For fiscal year 2017, the School District implemented GASB’s *Implementation Guide No. 2016-1*. These changes were incorporated in the School District’s fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – Accountability

The following funds had deficit fund balances as of June 30, 2017:

	<u>Deficit Fund Balances</u>
<u>Special Revenue Funds:</u>	
Title VI-B	(\$56,373)
Title I	(38,934)
Food Service Operations	(17,659)
Class Size Reduction	(3,375)

Northridge Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

The deficits in the special revenue funds were a result of the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The School District is currently monitoring its financial condition and is taking steps to increase revenues and reduce spending.

Note 5 – 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 governmental funds. The constraints placed on fund balance for the major governmental fund and all other governmental funds are presented as follows:

Fund Balances	General	Other Governmental Funds	Total
<u>Nonspendable:</u>			
Prepays	\$15,223	\$636	\$15,859
Materials and Supplies Inventory	7,262	3,087	10,349
<i>Total Nonspendable</i>	22,485	3,723	26,208
<u>Restricted for:</u>			
Athletics and Music	0	120	120
Local Grant Expenditures	0	2,407	2,407
Technology Improvements	0	21,600	21,600
Facility Maintenance	0	242,824	242,824
Student Improvement Program	0	256	256
Teacher Development	0	1,294	1,294
Debt Service Payments	0	691,803	691,803
<i>Total Restricted</i>	0	960,304	960,304
<u>Committed to:</u>			
Purchases on Order	5,841	0	5,841
<i>Total Committed</i>	5,841	0	5,841
<u>Assigned to:</u>			
Public School Support	52,212	0	52,212
Purchases on Order	75,132	0	75,132
Assigned to Subsequent Year's Appropriations	294,979	0	294,979
<i>Total Assigned</i>	422,323	0	422,323
Unassigned	5,844,909	(116,341)	5,728,568
<i>Total Fund Balances</i>	\$6,295,558	\$847,686	\$7,143,244

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 6 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are 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 for all funds (budget basis) rather than as committed or assigned fund balance for governmental fund types (GAAP basis).
4. Unrecorded cash, prepaid items, and negative cash advances to other funds are reported on the "Statement of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis), but not on budgetary basis."
5. Budgetary revenues and expenditures of the Public School Support Fund and School Store Fund are reclassified to the General Fund for GAAP Reporting.

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	\$404,265
Net Adjustment for Revenue Accruals	10,481
Net Adjustment for Expenditure Accruals	(150,180)
Beginning:	
Unreported cash	430
Prepaid Items	8,545
Negative cash advances to other funds	(23,584)
Ending:	
Unreported cash	(578)
Prepaid Items	(15,223)
Negative cash advances to other funds	40,203
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	3,759
Adjustment for Encumbrances	(144,332)
Budget Basis	<u>\$133,786</u>

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 7 - Deposits and Investments

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

Active monies are public monies 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 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 may 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 obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. 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;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days 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; and
8. Written repurchase agreements in the securities described in (1) or (2) 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.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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. At fiscal year-end, the School District's bank balance of \$128,008 was fully insured and collateralized.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledge to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at 102 percent or a rate set by the Treasurer of State. Financial institution opting not to participate in OPCS will collateralize utilizing the specific pledge method at 105 percent.

Investments As of June 30, 2017, the School District had the following investments, which are part of the internal investment pool:

Measurement/Investment	Measurement Amount	Maturity	Ratings	Percent of Total Investments
Cost:				
Repurchase Agreement	\$7,577,734	Less than 30 days	Aaa	96.40%
Net Asset Value Per Share:				
STAROhio	<u>282,620</u>	Average 46 Days	AAAm	3.60%
Total	<u><u>\$7,860,354</u></u>			

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 chart identifies the School District's recurring fair value measurements as of June 30, 2017.

Interest Rate Risk The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy dealing with investment custodial risk beyond the requirements of State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee. The repurchase agreement rating was by Moody's.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Concentration of Credit Risk Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The School District places no limit on the amount it may invest in any one issuer.

Note 8 - Property Taxes

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

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

Public utility property tax revenue received in calendar 2017 represents collections of calendar year 2016 taxes. Public utility real property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 and are collected with real property taxes. Public utility real property is assessed at thirty-five 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 Licking, Knox, and Delaware Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2017, was \$447,507, \$405,187 was available to the General Fund, \$4,857 was available to the Classroom Facilities Maintenance Special Revenue Fund, and \$37,463 was available to the Bond Retirement Debt Service Fund. The amount available as an advance at June 30, 2016, was \$631,915, \$577,197 was available to the General Fund, \$6,961 was available to the Classroom Facilities Maintenance Special Revenue Fund, and \$47,757 was available to the Bond Retirement Debt Service Fund.

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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

	2016 Second Half Collections		2017 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$258,780,210	92.70%	\$260,999,847	92.99%
Public Utility Personal	20,378,920	7.30%	19,681,670	7.01%
	<u>\$279,159,130</u>	<u>100.00%</u>	<u>\$280,681,517</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$43.00		\$43.30	

The increase in the tax rates was due to an adjustment in the emergency levy and bond levy rates. Tax rates are adjusted according to the amount to be generated for the emergency levy. Bond levy rates are adjusted based upon amounts necessary for the retirement of debt service in order to collect the fixed amount approved.

Note 9 - Income Tax

The School District levied a voted tax of one percent for general operations on the income of residents and of estates. The tax was renewed and was effective on January 1, 2006 through December 31, 2010. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund. Since the income tax levy ended on December 31, 2010, a receivable has been recorded at June 30, 2017 for delinquent income tax revenue amounts that were provided by the Ohio Department of Taxation.

Note 10 - Receivables

Receivables at June 30, 2017 consist of property taxes, income taxes, accrued interest, accounts (billings for user charged services, vendors commissions, and tuition and fees), and intergovernmental grants. 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 property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$236,375 as of June 30, 2017.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Ohio Department of Taxation Fuel Tax Refunds	\$382
State Foundation Adjustments	137,038
E-Rate	9,398
Medicaid Reimbursements	8,071
Vocational Agricultural Grant	3,238
Title I	47,332
Title VI-B	80,833
Title II-A	6,419
Bureau of Workers's Compensation Rebate	18,449
Miscellaneous Refunds and Reimbursements	1,879
Total	\$313,039

Note 11 – Capital Assets

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

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Nondepreciable Capital Assets				
Land	\$338,545	\$0	\$0	\$338,545
Total Capital Assets not being depreciated	338,545	0	0	338,545
Depreciable Capital Assets				
Land Improvements	1,017,279	0	0	1,017,279
Buildings and Improvements	16,671,309	0	0	16,671,309
Furniture and Equipment	3,109,085	58,549	(12,238)	3,155,396
Vehicles	33,235	0	0	33,235
Total at Historical Cost	20,830,908	58,549	(12,238)	20,877,219
Less Accumulated Depreciation				
Land Improvements	(624,667)	(29,518)	0	(654,185)
Buildings and Improvements	(4,375,434)	(320,909)	0	(4,696,343)
Furniture and Equipment	(1,836,439)	(160,525)	12,238	(1,984,726)
Vehicles	(21,406)	(6,647)	0	(28,053)
Total Accumulated Depreciation	(6,857,946)	(517,599)	12,238	(7,363,307)
Depreciable Capital Assets, Net of Accumulated Depreciation	13,972,962	(459,050)	0	13,513,912
Governmental Activities Capital Assets, Net	\$14,311,507	(\$459,050)	\$0	\$13,852,457

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$247,617
Special	37,000
Vocational	2,846
Support Services:	
Pupil	22,769
Instructional Staff	8,539
Administration	28,632
Fiscal	8,539
Operation and Maintenance of Plant	35,315
Pupil Transportation	45,969
Extracurricular	42,179
Food Service Operations	38,194
Total Depreciation Expense	<u>\$517,599</u>

Note 12 - Risk Management

During fiscal year 2017, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool, for insurance coverage (See Note 20). Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP. Coverage provided by Ohio School Plan is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$40,198,990
Educational General Liability:	
Bodily Injury and Property Damage – Each Occurrence and Each Wrongful Act and Sexual Abuse Injury Limit – Each Sexual Abuse Offense	3,000,000
Personal and Advertising Injury – Each Offense Limit	3,000,000
Fire Damage – Any One Event Limit	500,000
Medical Expense - Any One Person Limit	10,000
Each Accident Limit	10,000
General Aggregate Limit	5,000,000
Products-Completed Operations Aggregate Limit	3,000,000
Employers Liability – Stop Gap – Occurrence:	
Bodily Injury by Accident - Each Accident Limit	3,000,000
Bodily Injury by Disease - Endorsement Limit	3,000,000
Bodily Injury by Disease - Each Employee Limit	3,000,000
Fiduciary Liability – Claims Made:	
Each Offense Limit	3,000,000
Aggregate Limit	5,000,000
Educational Legal Liability:	
Errors and Omissions Injury Limit (\$2,500 Deductible)	3,000,000
Errors and Omissions Injury Aggregate Limit	5,000,000
Employment Practices Injury Limit (\$2,500 Deductible)	3,000,000
Employment Practices Injury Aggregate Limit	5,000,000

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Automobile Liability (\$1,000 Comprehensive/\$1,000 collision):	
Auto Liability-Combined Single Limit	3,000,000
Uninsured Motorists	1,000,000
Medical Payments	5,000

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

For fiscal year 2017, the School District participated in the Ohio School Boards Associations Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the GRP.

Note 13 - Defined Benefit Pension Plans

A. Net Pension Liability

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

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

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the 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.

Northridge Local School District, Ohio

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For the Fiscal Year Ended June 30, 2017

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. The School District contracts with a private company for transportation services. Since these services are common to the normal daily operation of a school district, these workers are members of SERS and the School District is legally responsible for making the employer contribution to SERS. This relationship is presented as a special funding situation within the accompanying financial statements. 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 year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The School District's contractually required contribution to SERS was \$300,136 for fiscal year 2017. Of this amount \$18,287 is reported as an intergovernmental payable. The Special Funding Situation contractually required contributions to SERS was \$93,042 (which is included as a part of the \$300,136) for fiscal year 2017.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 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 2 percent goes 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.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The statutory member contribution rate was increased one percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$674,964 for fiscal year 2017. Of this amount \$114,543 is reported as an intergovernmental payable.

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

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

	SERS		STRS	Total
	Contributions made by School District	Special Funding Situation		
Proportion of the Net Pension Liability Prior Measurement Date	0.06345840%	0.06345840%	0.04214519%	
Proportion of the Net Pension Liability Current Measurement Date	0.06435510%	0.06435510%	0.04424950%	
Change in Proportionate Share	0.00089670%	0.00089670%	0.00210431%	
Proportionate Share of the Net Pension Liability	\$3,250,038	\$1,460,161	\$14,811,642	\$19,521,841
Pension Expense	\$360,197	\$162,100	\$1,302,107	\$1,824,404

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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

	SERS		STRS	Total
	Contributions made by School District	Special Funding Situation		
Deferred Outflows of Resources				
Differences between expected and actual experience	\$43,252	\$20,278	\$598,461	\$661,991
Changes of assumptions	216,958	97,474	0	314,432
Net difference between projected and actual earnings on pension plan investments	268,081	120,442	1,229,764	1,618,287
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	52,845	24,318	738,479	815,642
School District contributions subsequent to the measurement date	207,094	93,042	674,964	975,100
Total Deferred Outflows of Resources	\$788,230	\$355,554	\$3,241,668	\$4,385,452

\$975,100 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS		STRS	Total
	Contributions made by School District	Special Funding Situation		
Fiscal Year Ending June 30:				
2018	\$154,719	\$69,512	\$495,208	\$719,439
2019	154,526	69,425	495,207	719,158
2020	195,809	87,972	967,100	1,250,881
2021	77,063	34,622	609,189	720,874
Total	\$582,117	\$261,531	\$2,566,704	\$3,410,352

Actuarial Assumptions - SERS

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

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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, compared with June 30, 2015, are presented below:

	June 30, 2016	June 30, 2015
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3 percent	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

For 2016, the mortality assumptions are that mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. For 2015, the mortality assumptions were based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

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

The long-term return expectation for the Pension Plan Investments has been determined by 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 averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes..

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 total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current

Northridge Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$4,302,848	\$3,250,038	\$2,368,792
Special Funding Situations proportionate share of the net pension liability	\$1,933,163	\$1,460,161	\$1,064,240

Actuarial Assumptions - STRS

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

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

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

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

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:

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent, and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$19,683,468	\$14,811,642	\$10,701,969

Changes between Measurement Date and Report Date

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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2017, one member of the Board of Education elected Social Security. The contribution rate is 6.2 percent of wages.

Note 14 - Postemployment Benefits

A. School Employees Retirement System

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, no allocation of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, prorated according to service credit earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School District's surcharge obligation was \$35,567.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$35,567, \$32,560, and \$51,062, respectively. The full amount has been contributed for fiscal years 2016 and 2015. For fiscal year 2017, the entire amount was recorded as an intergovernmental payable.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
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B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. 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. For the fiscal years ended June 30, 2017, 2016 and 2015, STRS Ohio did not allocate any employer contributions to post-employment health care.

Note 15 - Employee Benefits

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated by employees with no maximum carrying amount. Upon retirement, payment is made for one-fourth of accrued unused sick leave up to a maximum of two hundred and seventy days.

B. Health Care Benefits

The School District provides health and drug insurance for all eligible employees through United Healthcare. For fiscal year 2017, employees had two health insurance options to choose from. The two options include a health plan with a \$250 deductible and the option of establishing a Health Savings Account (HSA). For the health plan with a \$250 deductible, the School District pays medical and drug monthly premiums for staff of \$1,246.47 for family coverage and \$510.81 for single coverage. For the health plan that uses the HSA, the School District pays medical and drug monthly premiums for staff of \$938.58 for family coverage and \$384.64 for single coverage. The School District also provides dental insurance for all eligible employees through Delta Dental. The School District's share of the monthly premium for dental insurance coverage is \$71.37 for family and \$25.63 for single employees. The School District provides vision insurance through Vision Insurance Plan. The School District pays \$18.82 per month for family and \$8.32 for single employees. The School District provides life insurance and accidental death and dismemberment insurance to most employees through Sun Life. Premiums are paid from the same funds that pay the employees' salaries.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 16 - Capitalized Leases

The School District has entered into a capitalized lease for copiers from Comdoc, Inc. The leases meet the criteria of a capital lease which is defined as a lease which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds.

The agreement provides for minimum annual lease payments as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$41,560	\$6,430
2019	43,904	4,087
2020	46,379	1,612
2021	<u>3,982</u>	<u>18</u>
Total	<u>\$135,825</u>	<u>\$12,147</u>

The copier equipment was originally capitalized in the amount of \$209,383, the present value of the minimum lease payments at the inception of the lease. These amounts represent the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2017 totaled \$39,342 in the governmental funds. There was accumulated depreciation of \$66,886 as of June 30, 2017, therefore, leaving a remaining book value of \$142,497.

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Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 17 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2017 were as follows:

	Principal Outstanding 6/30/2016	Additions	Deductions	Principal Outstanding 6/30/2017	Due Within One Year
Classroom Facilities Refunding General					
Improvement Serial Bonds - 4.50% - 5.00%	\$1,975,000	\$0	\$625,000	\$1,350,000	\$655,000
Bond Premium	67,580	0	27,031	40,549	0
School Energy Conservation Improvement					
General Obligation Bonds - 4.25% - 4.75%	350,000	0	80,000	270,000	85,000
Bond Premium	4,732	0	1,353	3,379	0
Total Long-Term Bonds	2,397,312	0	733,384	1,663,928	740,000
Equipment Loan - 3.34%	64,171	0	15,254	48,917	15,767
Net Pension Liability:					
SERS	3,620,997	1,089,202	0	4,710,199	0
STRS	11,647,698	3,163,944	0	14,811,642	0
Total Net Pension Liability	15,268,695	4,253,146	0	19,521,841	0
Capital Leases	175,167	0	39,342	135,825	41,560
Compensated Absences	413,964	30,812	7,244	437,532	140,761
Termination Benefits Payable	6,000	0	6,000	0	0
Total General Long-Term Obligations	\$18,325,309	\$4,283,958	\$801,224	\$21,808,043	\$938,088

Capital leases are paid from the General Fund. Sick leave benefits are paid from the fund from which the employees' salaries are paid, which includes the General Fund and Lunchroom Special Revenue Funds.

There is no repayment schedule for the net pension liability. However, employee pension contributions are made from the following funds: the General Fund and the Athletic and Music and Food Service Special Revenue Funds. For additional information related to the net pension liability, see Note 13.

2006 Classroom Facilities Improvement Refunding General Obligation Serial Bonds - In April 2006, the School District issued \$6,780,000 of Classroom Facilities Improvement Refunding General Obligation Serial Bonds. These refunding bonds were issued to refund the 1995 Classroom Facilities Construction General Obligation Bonds outstanding in the amount of \$6,790,000. The 1995 Classroom Facilities Construction General Obligation Bonds were called on May 3, 2006. At June 30, 2006, the outstanding value of the 1995 bonds was removed from the financial statements. The refunding bonds were issued with a premium of \$351,406. The premium is reported as an increase to bonds payable. The premium is being amortized to interest expense over the life of the Classroom Facilities Improvement Refunding General Obligation Bonds using the straight-line method. Issuance costs associated with the bond were \$113,607. The current refunding resulted in an accounting gain, the difference between the net carrying amount of the debt and the acquisition price, in the amount of \$227,799. This difference is being reported in the accompanying financial statements as deferred outflows of resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method. The amount amortized for fiscal year 2017 was \$17,523.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Principal and interest requirements to retire the Classroom Facilities Improvement Refunding Bonds outstanding at June 30, 2017, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$655,000	\$51,125	\$706,125
2019	695,000	17,375	712,375
Total	<u>\$1,350,000</u>	<u>\$68,500</u>	<u>\$1,418,500</u>

The Bonds maturing on December 1, 2016 and thereafter are subject to optional redemption, in whole or part on any date in any order of maturity as determined by the Board of Education and by lot within a maturity at the option of the Board of Education on or after December 1, 2016 at the redemption price of 100 percent.

School Energy Conservation Improvement General Obligation Bonds -In August 2005, the School District issued School Energy Conservation Improvement General Obligation Bonds in the amount of \$995,000 at variable interest rates of 4.25 percent to 4.75 percent. Principal and interest payments are due June and December 1 of each year through 2019. These bonds were issued for the purpose of energy conservation measures which included the purchase of a new chiller for the High School. The bonds were issued with a premium in the amount of \$19,615. The premium is reported as an increase to bonds payable. The premium is being amortized to interest expense over the life of the bonds using the straight-line method. Issuance costs associated with the bond were \$19,615.

Principal and interest requirements to retire the school energy conservation improvement bonds outstanding at June 30, 2017, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$85,000	\$10,806	\$95,806
2019	90,000	6,650	96,650
2020	95,000	2,256	97,256
Total	<u>\$270,000</u>	<u>\$19,712</u>	<u>\$289,712</u>

All long-term bond debt obligations are paid from the Debt Service Fund.

Equipment Loan – In May 2015, the School District entered into a loan agreement for \$78,915. The loan is for the purchase of weight room equipment to be repaid in 5 equal annual installments beginning May, 2016. The loan has an interest rate of 3.34 percent and will be repaid from the General Fund.

Principal and interest requirements to retire the equipment loan outstanding at June 30, 2017, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$15,767	\$1,657	\$17,424
2019	16,301	1,123	17,424
2020	16,849	572	17,421
Total	<u>\$48,917</u>	<u>\$3,352</u>	<u>\$52,269</u>

The School District's overall legal debt margin was \$24,603,140, with an unvoted debt margin of \$280,682 at June 30, 2017.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Termination Benefits Payable

Per the School District's negotiated agreement, the Northridge Board of Education offered to pay any teacher who agreed to retire an amount of \$30,000 to be paid over a five year period for the teacher who is deemed a viable candidate by the School District. One fifth of this amount will be paid annually on January 2nd of each year for a five year period. To qualify for the termination benefits payable, the teacher should have completed twenty-five years of consecutive service with the School District or be sixty years of age. Fiscal year 2013 was the final year for staff to agree to participate in this program. Termination benefits will be repaid from the General Fund.

Note 18 - Interfund Transactions

Interfund balances at June 30, 2017, consist of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
Governmental Funds:		
General Fund	\$40,203	\$0
Other Nonmajor Governmental Funds:		
Vocational Education	0	3,238
Title I	0	8,175
Title VI-B	0	25,665
Class Size Reduction	0	3,125
Total Other Nonmajor Governmental Funds	0	40,203
Total All Funds	\$40,203	\$40,203

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

During fiscal year 2017, the General Fund transferred \$6,337 to the Food Service and \$259,407 to the District Managed Student Activities Special Revenue Funds for the purpose of covering operational expenses.

Note 19 - Jointly Governed Organizations

A. Licking Area Computer Association

The School District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services over twenty-nine school districts, public community schools, and non-public schools within the boundaries of Licking, Muskingum, Fairfield, Perry, Knox, and Medina Counties. These entities consist of public school districts, private schools, and educational service centers. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of the superintendents from all participating school districts. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's capital assets. The School District's total payments to LACA for fiscal year 2017 were \$90,012. Financial statements for LACA can be obtained from their fiscal agent the Career and Technology Education Center of Licking County, 150 Price Road, Newark, OH 43055.

B. Metropolitan Educational Technology Association

The School District participates in the Metropolitan Educational Technology Association (META), formerly the Metropolitan Educational Council (MEC), which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During fiscal year 2017, the School District paid \$516 for membership to META. Financial information can be obtained from David Varda, CFO, Metropolitan Educational Technology Association at 2100 Citygate Drive, Columbus, Ohio 43219.

Note 20 - Insurance Purchasing Pools

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Ohio School Plan (OSP)

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a twelve member Board of directors consisting of school district superintendents and treasurers. Hylant Administrative Services, LLC is the Administrator of the OSP and is responsible for providing underwriting, claims management, risk management, accounting, system support services, sales, and marketing.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 21 - Related Organization

Alexandria Public Library

The Alexandria Public Library is statutorily created as a separate and distinct political subdivision. Seven trustees of the District Library are appointed by the School District. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Due process is required to remove board members. No subsidies are provided by the School District.

Note 22 - Set-Aside Calculations

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 year must be held in cash at year end and carried forward to be used for the same purposes in future years.

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

	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2016	\$0
Current Year Set-aside Requirement	212,131
Current Year Offsets	(184,138)
Qualifying Disbursements	(247,227)
Total	<u><u>(\$219,234)</u></u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future years.

Note 23 - Contingencies

A. Grants

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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

B. 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 a result of the fiscal year 2017 reviews, the School District owes \$21,871 to ODE. This amount has not been included in the financial statements.

C. Litigation

The School District is currently not a party to any material legal proceedings.

Note 24 – Significant Commitments

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 year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Funds:	
General Fund	\$ 144,332
Nonmajor Governmental Funds	14,060
Total Governmental Funds	<u>\$ 158,392</u>

**Required
Supplementary
Information**

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

	2017	2016	2015	2014
School District Contributions:				
School District's Proportion of the Net Pension Liability	0.0643551%	0.0634584%	0.0621450%	0.0621450%
School District's Proportionate Share of the Net Pension Liability	\$3,250,038	\$2,360,245	\$2,036,651	\$2,393,094
School District's Covered Payroll	\$1,359,050	\$1,305,311	\$1,124,560	\$890,094
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	239.14%	180.82%	181.11%	268.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%
Special Funding Situation:				
School District's Proportion of the Net Pension Liability	0.0643551%	0.0634584%	0.0621450%	0.0621450%
School District's Proportionate Share of the Net Pension Liability	\$1,460,161	\$1,260,752	\$1,108,472	\$1,302,470

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.
An additional column will be added each fiscal year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

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

	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.04424950%	0.04214519%	0.04063942%	0.04063942%
School District's Proportionate Share of the Net Pension Liability	\$14,811,642	\$11,647,698	\$9,884,914	\$11,774,844
School District's Covered Payroll	\$4,811,336	\$4,401,643	\$4,220,186	\$4,151,992
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	307.85%	264.62%	234.23%	283.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	69.16%	74.70%	69.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each fiscal year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

Northridge Local School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District Contributions:				
Contractually Required Contribution	\$207,094	\$190,267	\$172,040	\$155,864
Contributions in Relation to the Contractually Required Contribution	<u>(207,094)</u>	<u>(190,267)</u>	<u>(172,040)</u>	<u>(155,864)</u>
Contribution Deficiency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$1,479,243	\$1,359,050	\$1,305,311	\$1,124,560
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.18%	13.86%
Special Funding Situation:				
Contractually Required Contribution	\$93,042	\$89,538	\$80,960	\$98,415
Contributions in Relation to the Contractually Required Contribution	<u>(93,042)</u>	<u>(89,538)</u>	<u>(80,960)</u>	<u>(98,415)</u>
Contribution Deficiency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$123,189	\$126,062	\$120,786	\$138,695	\$106,745	\$103,334
<u>(123,189)</u>	<u>(126,062)</u>	<u>(120,786)</u>	<u>(138,695)</u>	<u>(106,745)</u>	<u>(103,334)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$890,094	\$937,264	\$960,904	\$1,024,334	\$1,084,806	\$1,052,281
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%
\$103,110	\$93,162	\$87,465	\$100,434	\$77,298	\$74,828
<u>(103,110)</u>	<u>(93,162)</u>	<u>(87,465)</u>	<u>(100,434)</u>	<u>(77,298)</u>	<u>(74,828)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Northridge Local School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$674,964	\$673,587	\$616,230	\$548,624
Contributions in Relation to the Contractually Required Contribution	<u>(674,964)</u>	<u>(673,587)</u>	<u>(616,230)</u>	<u>(548,624)</u>
Contribution Deficiency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$4,821,171	\$4,811,336	\$4,401,643	\$4,220,186
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$539,759	\$613,506	\$685,757	\$662,669	\$647,322	\$670,173
<u>(539,759)</u>	<u>(613,506)</u>	<u>(685,757)</u>	<u>(662,669)</u>	<u>(647,322)</u>	<u>(670,173)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,151,992	\$4,719,277	\$5,275,054	\$5,097,454	\$4,979,400	\$5,155,177
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Northridge Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2017

Changes in Assumptions - SERS

Amounts reported for fiscal year 2017 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for fiscal year 2017 use mortality assumptions with mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.



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

Northridge Local School District
Licking County
6097 Johnstown-Utica Rd
Johnstown, Ohio 43031

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, the major fund, and the aggregate remaining fund information of Northridge Local School District, Licking County, Ohio (the School District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 3, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

April 3, 2018



Dave Yost • Auditor of State

NORTHRIDGE LOCAL SCHOOL DISTRICT

LICKING 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
MAY 10, 2018**