



Dave Yost • Auditor of State

**Northridge Local School District
Licking County, Ohio
General Purpose External Financial Statements
For the Fiscal Year Ended June 30, 2018**

Local Government Services Section

Northridge Local School District, Ohio
General Purpose External Financial Statements
For the Fiscal Year Ended June 30, 2018

Table of Contents

	<u>Page</u>
Table of Contents	1
Accountant’s Compilation Report	3
Management’s Discussion and Analysis.....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – General Fund	21
Statement of Fiduciary Assets and Liabilities – Agency Funds	22
Notes to the Basic Financial Statements	23
Required Supplementary Information:	
Schedule of the School District’s Proportionate Share of Net Pension/OPEB Liability:	
School Employees Retirement System of Ohio – Pension – Last Five Fiscal Years.....	66
School Employees Retirement System of Ohio –OPEB – Last Two Fiscal Years..	67
State Teachers Retirement System of Ohio – Pension – Last Five Fiscal Years	68
State Teachers Retirement System of Ohio – OPEB – Last Two Fiscal Years	69
Schedule of the School District Contributions:	
School Employees Retirement System of Ohio – Last Ten Fiscal Years	70
State Teachers Retirement System of Ohio – Last Ten Fiscal Years.....	74
Notes to the Required Supplementary Information	76

This page intentionally left blank.



Dave Yost • Auditor of State

Northridge Local School District Board of Education
Northridge Local School District
6097 Johnstown-Utica Road
Johnstown, Ohio 43031

Accountant's Compilation Report

Management is responsible for the accompanying basic financial statements of the Northridge Local School District as of and for the fiscal year ended June 30, 2018, in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management's Discussion and Analysis is supplementary information required by the Governmental Accounting Standards Board and was prepared by management. We did not compile, review or audit the information nor do we express an opinion, a conclusion, nor provide any assurance on the information.

The Schedules of the School District's Proportionate Share of Net Pension Liability, the Schedules of the School District's Proportionate Share of Net OPEB Liability and the Schedules of the School District's Contributions are not part of the basic financial statements but the Governmental Accounting Standards Board requires their presentation to supplement the basic financial statement. We have compiled these schedules without audit or review and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this information.

DAVE YOST
Auditor of State

A handwritten signature in cursive script that reads "Unice S. Smith".

Unice S. Smith
Chief of Local Government Services

November 5, 2018

Northridge Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
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, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the 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 2018 are as follows:

- Net position of governmental activities increased \$7,082,335.
- General revenues accounted for \$14,421,715 in revenue or 86 percent of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$2,269,894, 14 percent of total revenues of \$16,691,609.
- Total assets of governmental activities decreased \$140,756.
- The School District had \$9,609,274, in expenses related to governmental activities; only \$2,269,894 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues in the amount of \$14,421,715 were adequate to provide for these programs.
- The School District's major fund was the General Fund. The General Fund had \$14,726,145 in revenues, \$13,280,122 in expenditures, and (\$387,778) in other financing sources (uses). The General Fund's balance increased \$1,058,245.

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, 2018
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 2018?" 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 12. 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.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. They are not reflected on the government-wide financial statements because the resources from those funds are not available to support the School District's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

Northridge Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
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 2018 compared to 2017.

Table 1 - Net Position

	<u>Governmental Activities</u>		Change
	2018	2017	
Assets			
Current and Other Assets	\$16,767,644	\$16,424,869	\$342,775
Capital Assets	13,368,926	13,852,457	(483,531)
Total Assets	<u>30,136,570</u>	<u>30,277,326</u>	<u>(140,756)</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	8,762	26,285	(17,523)
Pension	4,827,601	4,385,452	442,149
OPEB	191,466	35,567	155,899
Total Deferred Outflows of Resources	<u>5,027,829</u>	<u>4,447,304</u>	<u>580,525</u>
Liabilities			
Current and Other Liabilities	1,387,984	1,366,476	21,508
Long-Term Liabilities:			
Due Within One Year	980,232	938,088	42,144
Due in More Than One Year:			
Net Pension Liability	14,537,609	19,521,841	(4,984,232)
Net OPEB Liability	3,533,840	4,222,773	(688,933)
Other Amounts	477,897	1,348,114	(870,217)
Total Liabilities	<u>20,917,562</u>	<u>27,397,292</u>	<u>(6,479,730)</u>
Deferred Inflows of Resources			
Property Taxes	6,524,561	7,530,416	(1,005,855)
Pension	453,542	0	453,542
OPEB	389,477	0	389,477
Total Deferred Inflows of Resources	<u>7,367,580</u>	<u>7,530,416</u>	<u>(162,836)</u>
Net Position (Deficit)			
Net Investment in Capital Assets	12,356,762	12,033,451	323,311
Restricted	1,298,375	1,009,282	289,093
Unrestricted	<u>(6,775,880)</u>	<u>(13,245,811)</u>	<u>6,469,931</u>
Total Net Position (Deficit)	<u><u>\$6,879,257</u></u>	<u><u>(\$203,078)</u></u>	<u><u>\$7,082,335</u></u>

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

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

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

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

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

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

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

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

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

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

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from \$3,984,128 to (\$203,078).

Total assets decreased \$140,756. The majority of this decrease was due to a decrease in capital assets in the amount of \$483,531, a decrease in property taxes receivable in the amount of \$220,497, and a decrease in intergovernmental receivable in the amount of \$144,930. Capital assets decreased due to the current year depreciation exceeding additions. Property taxes receivable decreased during fiscal year 2018 due to the amounts certified to be collected by the respective county auditors. The decrease in intergovernmental receivable is due to a decrease in State foundation adjustments from the prior year as the state continues to reconcile amounts owed to the School District at year end. These decreases were offset by an increase in cash and cash equivalents in the amount of \$683,709 and an increase in prepaid items in the amount of \$37,892. 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. The increase in prepaid items is a direct result of the School District paying for the fiscal year 2019 property insurance during fiscal year 2018.

Total liabilities decreased \$6,479,730. Long-term liabilities decreased \$6,501,238 primarily due to a significant decrease in the net pension/OPEB liability. Current and other liabilities increased in the amount of \$21,508 primarily due to an increase in accrued wages and benefits payable as a result of an annual salary increase. Long-term liabilities, excluding the pension liability, decreased \$828,073 primarily due to principal payments of \$655,000 for Classroom Facilities Refunding General Improvement Serial Bonds, for the principal payments of \$85,000 for School Energy Conservation Improvement General Obligation Bonds, for the principal payments of \$15,774 for the equipment loan, and principal payments in the amount of \$41,560 for the copiers capital leases. The net pension/OPEB liability decrease represents the School District's proportionate share of the STRS and SERS unfunded benefits. As indicated previously, changes in pension benefits, contributions rates, and return on investments affect the balance of the net pension liability.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2018 and comparisons to fiscal year 2017.

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

Table 2 - Changes in Net Position

	Governmental Activities		
	2018	2017	Change
Program Revenues:			
Charges for Services	\$1,156,705	\$1,451,337	(\$294,632)
Operating Grants and Contributions	1,113,189	1,113,373	(184)
Total Program Revenues	<u>2,269,894</u>	<u>2,564,710</u>	<u>(294,816)</u>
General Revenues:			
Property Taxes	8,906,721	7,738,529	1,168,192
Income Taxes	21,655	29,303	(7,648)
Grants and Entitlements	5,417,133	5,401,760	15,373
Investment Earnings	8,406	6,232	2,174
Miscellaneous	67,800	29,342	38,458
Total General Revenues	<u>14,421,715</u>	<u>13,205,166</u>	<u>1,216,549</u>
Total Revenues	<u>16,691,609</u>	<u>15,769,876</u>	<u>921,733</u>
Program Expenses			
Instruction			
Regular	2,648,666	6,561,183	(3,912,517)
Special	954,846	1,405,364	(450,518)
Vocational	50,713	123,102	(72,389)
Student Intervention Services	135,748	102,720	33,028
Support Services			
Pupil	271,278	579,851	(308,573)
Instructional Staff	628,582	884,957	(256,375)
Board of Education	131,329	246,503	(115,174)
Administration	536,254	1,458,061	(921,807)
Fiscal	430,684	526,269	(95,585)
Operation and Maintenance of Plant	1,184,061	1,253,161	(69,100)
Pupil Transportation	1,511,835	1,644,969	(133,134)
Central	166,594	151,216	15,378
Operation of Non-Instructional Services:			
Food Service Operations	361,403	411,672	(50,269)
Community Services	2,831	753	2,078
Extracurricular Activities	538,262	572,648	(34,386)
Interest and Fiscal Charges	56,188	94,326	(38,138)
Total Program Expenses	<u>9,609,274</u>	<u>16,016,755</u>	<u>(6,407,481)</u>
<i>Change in Net Position</i>	7,082,335	(246,879)	7,329,214
Net Position (Deficit) Beginning of Year	(203,078)	N/A	
Net Position (Deficit) End of Year	<u>\$6,879,257</u>	<u>(\$203,078)</u>	<u>\$7,082,335</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$35,567 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$409,992. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

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

Total 2018 program expenses under GASB 75	\$9,609,274
Negative OPEB expense under GASB 75	409,992
2018 contractually required contribution	<u>45,363</u>
Adjusted 2018 program expenses	10,064,629
Total 2017 program expenses under GASB 45	<u>16,016,755</u>
Decrease in program expenses not related to OPEB	<u><u>(\$5,952,126)</u></u>

The largest component of the decrease in program expenses results from changes in assumptions and benefit terms related to pensions. STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). SERS decreased their COLA assumption. (See Note 13) As a result of these changes, pension expense decreased from \$1,824,404 in fiscal year 2017 to a negative pension expense of \$3,956,359 for fiscal year 2018. The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows:

Program Expenses	2018 Program Expenses Related to Negative Pension Expense
Instruction:	
Regular	(\$2,469,280)
Special	(587,048)
Vocational	(50,123)
Intervention	(3,996)
Support Services:	
Pupils	(205,766)
Instructional Staff	(136,457)
Administration	(410,980)
Fiscal	(10,765)
Operation and Maintenance of Plant	(14,456)
Pupil Transportation	(28,707)
Central	(1,066)
Operation of Non-Instructional Services:	
Food Service Operations	(6,454)
Extracurricular Activities	<u>(31,261)</u>
Total Expenses	<u><u>(\$3,956,359)</u></u>

Net position increased by \$7,082,335 in fiscal year 2018. As indicated in Table 2, the largest revenue fluctuation is evident in property taxes, an increase of \$1,168,192. This increase is based upon estimates that were provided by the respective county auditors.

Instruction comprises approximately 39 percent of governmental program expenses and support services make up approximately 51 percent of the program expenses of the School District. Overall program expense decreased significantly over the prior year in the amount of \$6,407,481, which resulted from changes in assumptions and benefit terms related to pensions.

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

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 53 percent of revenues for governmental activities for the School District in fiscal year 2018.

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.

Table 3 - Governmental Activities

	2018 Total Cost of Services	2018 Net Cost of Services	2017 Total Cost of Services	2017 Net Cost of Services
Instruction:				
Regular	\$2,648,666	\$1,843,022	\$6,561,183	\$5,645,266
Special	954,846	296,944	1,405,364	689,711
Vocational	50,713	17,291	123,102	90,761
Student Intervention Services	135,748	135,748	102,720	102,720
Support Services:				
Pupil	271,278	223,917	579,851	544,867
Instructional Staff	628,582	582,806	884,957	844,083
Board of Education	131,329	131,329	246,503	246,503
Administration	536,254	443,225	1,458,061	1,253,747
Fiscal	430,684	340,079	526,269	438,513
Operation and Maintenance of Plant	1,184,061	1,152,890	1,253,161	1,225,347
Pupil Transportation	1,511,835	1,511,835	1,644,969	1,644,969
Central	166,594	159,394	151,216	144,016
Operation of Non-Instructional Services:				
Food Service Operations	361,403	9,898	411,672	56,336
Community Services	2,831	2,831	753	325
Extracurricular Activities	538,262	431,983	572,648	430,555
Interest and Fiscal Charges	56,188	56,188	94,326	94,326
Totals	\$9,609,274	\$7,339,380	\$16,016,755	\$13,452,045

Table 3 clearly shows the dependence upon tax revenues and State subsidies for governmental activities. For 2018, only 24 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 76 percent is provided through taxes and entitlements.

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

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 \$14,726,145, expenditures of \$13,280,122, and other financing sources (uses) in the amount of (\$387,778) which resulted in an increase in fund balance of \$1,058,245. Total revenues increased by \$740,398 and total expenditures decreased by \$35,616. The increase in revenues was primarily due to an increase in amounts received in property taxes for fiscal year 2018.

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 2018, 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 \$13,828,193. The original budget estimates for revenues were increased to a final budget amount of \$14,004,589 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 \$14,005,497 at June 30, 2018.

Original appropriations, including other financing uses, were \$13,865,020. The final appropriations, including other financing uses, were increased to \$14,011,433. 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 \$13,621,429 and transfers out were \$387,778 at June 30, 2018.

The School District's ending unobligated fund balance was \$6,863,242.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had \$13,368,926 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2018 balances compared to 2017.

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

Table 4 - Capital Assets at June 30, 2018
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Land	\$338,545	\$338,545
Land Improvements	337,319	363,094
Buildings and Improvements	11,654,579	11,974,966
Furniture and Equipment	1,038,483	1,170,670
Vehicles	<u>0</u>	<u>5,182</u>
Totals	<u><u>\$13,368,926</u></u>	<u><u>\$13,852,457</u></u>

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

Debt

At June 30, 2018, the School District had \$1,022,952 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	Governmental Activities
	<u>2018</u>	<u>2017</u>
Classroom Facilities Refunding Improvement Bonds	\$695,000	\$1,350,000
Bond Premium	13,518	40,549
School Energy Conservation Improvement Bonds	185,000	270,000
Bond Premium	2,026	3,379
Equipment Loan	33,143	48,917
Capital Leases	<u>94,265</u>	<u>135,825</u>
Totals	<u><u>\$1,022,952</u></u>	<u><u>\$1,848,670</u></u>

See Note 17 for more detailed information of the School District's debt. The net pension liability under GASB 68 and the net OPEB liability under GASB 75 are also reported as a long-term obligation that have been previously disclosed within the management's discussion and analysis.

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

Economic Factors

The School District continues to closely monitor 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 five year forecast approved by the Board of Education, the School District is projecting deficit spending beginning in fiscal year 2019 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 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.

Northridge Local School District, Ohio

Statement of Net Position

June 30, 2018

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$8,493,117
Cash and Cash Equivalents in Segregated Accounts	1,368
Materials and Supplies Inventory	11,631
Inventory Held for Resale	8,878
Intergovernmental Receivable	168,109
Accrued Interest Receivable	111
Income Taxes Receivable	23,195
Prepaid Items	53,751
Accounts Receivable	13,683
Property Taxes Receivable	7,993,801
Nondepreciable Capital Assets	338,545
Depreciable Capital Assets, Net	<u>13,030,381</u>
<i>Total Assets</i>	<u>30,136,570</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	8,762
Pension	4,827,601
OPEB	<u>191,466</u>
<i>Total Deferred Outflows of Resources</i>	<u>5,027,829</u>
Liabilities	
Accounts Payable	100,169
Accrued Wages and Benefits Payable	996,865
Matured Compensated Absences Payable	8,840
Accrued Interest Payable	3,547
Intergovernmental Payable	278,563
Long-Term Liabilities:	
Due Within One Year	980,232
Due In More Than One Year:	
Net Pension Liability (See Note 13)	14,537,609
Net OPEB Liability (See Note 14)	3,533,840
Other Amounts Due in More Than One Year	<u>477,897</u>
<i>Total Liabilities</i>	<u>20,917,562</u>
Deferred Inflows of Resources	
Property Taxes	6,524,561
Pension	453,542
OPEB	<u>389,477</u>
<i>Total Deferred Inflows of Resources</i>	<u>7,367,580</u>
Net Position	
Net Investment in Capital Assets	12,356,762
Restricted for:	
Debt Service	809,710
Facilities Maintenance	332,325
Food Service Operations	76,843
Technology Improvements	28,800
Federal Grant Programs	48,788
Local Grant Programs	1,909
Unrestricted (Deficit)	<u>(6,775,880)</u>
<i>Total Net Position</i>	<u>\$6,879,257</u>

See accompanying notes to the basic financial statements

See accountant's compilation report

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$2,648,666	\$776,314	\$29,330	(\$1,843,022)
Special	954,846	0	657,902	(296,944)
Vocational	50,713	0	33,422	(17,291)
Student Intervention Services	135,748	0	0	(135,748)
Support Services:				
Pupil	271,278	0	47,361	(223,917)
Instructional Staff	628,582	0	45,776	(582,806)
Board of Education	131,329	0	0	(131,329)
Administration	536,254	79,665	13,364	(443,225)
Fiscal	430,684	0	90,605	(340,079)
Operation and Maintenance of Plant	1,184,061	20,709	10,462	(1,152,890)
Pupil Transportation	1,511,835	0	0	(1,511,835)
Central	166,594	0	7,200	(159,394)
Operation of Non-Instructional Services:				
Food Service Operations	361,403	179,688	171,817	(9,898)
Community Services	2,831	0	0	(2,831)
Extracurricular Activities	538,262	100,329	5,950	(431,983)
Interest and Fiscal Charges	56,188	0	0	(56,188)
Totals	\$9,609,274	\$1,156,705	\$1,113,189	(\$7,339,380)

General Revenues

Property Taxes Levied for:	
General Purposes	7,986,976
Debt Service	825,588
Classroom Facilities Maintenance	94,157
Income Taxes Levied for General Purposes	21,655
Grants and Entitlements not Restricted to Specific Programs	5,417,133
Investment Earnings	8,406
Miscellaneous	67,800
Total General Revenues	14,421,715
Change in Net Position	7,082,335
Net Position Beginning of Year (Restated - See Note 3)	(203,078)
Net Position End of Year	\$6,879,257

See accompanying notes to the basic financial statements
See accountant's compilation report

Northridge Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$7,346,216	\$1,146,901	\$8,493,117
Cash and Cash Equivalents in Segregated Accounts	0	1,368	1,368
Materials and Supplies Inventory	10,491	1,140	11,631
Inventory Held for Resale	3,448	5,430	8,878
Intergovernmental Receivable	68,637	99,472	168,109
Accrued Interest Receivable	111	0	111
Income Taxes Receivable	23,195	0	23,195
Prepaid Items	52,988	763	53,751
Accounts Receivable	12,143	1,540	13,683
Interfund Receivable	26,437	0	26,437
Property Taxes Receivable	7,499,476	494,325	7,993,801
<i>Total Assets</i>	<u>\$15,043,142</u>	<u>\$1,750,939</u>	<u>\$16,794,081</u>
Liabilities			
Accounts Payable	\$96,898	\$3,271	\$100,169
Accrued Wages and Benefits Payable	942,532	54,333	996,865
Matured Compensated Absences Payable	8,840	0	8,840
Interfund Payable	0	26,437	26,437
Intergovernmental Payable	258,289	20,274	278,563
<i>Total Liabilities</i>	<u>1,306,559</u>	<u>104,315</u>	<u>1,410,874</u>
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	6,167,547	357,014	6,524,561
Unavailable Revenue	215,233	119,816	335,049
<i>Total Deferred Inflows of Resources</i>	<u>6,382,780</u>	<u>476,830</u>	<u>6,859,610</u>
Fund Balances			
Nonspendable	63,479	1,903	65,382
Restricted	0	1,234,890	1,234,890
Committed	10,830	0	10,830
Assigned	1,183,275	0	1,183,275
Unassigned (Deficit)	6,096,219	(66,999)	6,029,220
<i>Total Fund Balances</i>	<u>7,353,803</u>	<u>1,169,794</u>	<u>8,523,597</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$15,043,142</u>	<u>\$1,750,939</u>	<u>\$16,794,081</u>

See accompanying notes to the basic financial statements

See accountant's compilation report

Northridge Local School District, Ohio
*Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Position
June 30, 2018*

Total Governmental Fund Balances	\$8,523,597
---	--------------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,368,926
---	------------

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:

Delinquent Property Taxes	218,747	
Grants	99,472	
Tuition and Fees - State Foundation	5,660	
Miscellaneous	648	
Student Fees	10,522	335,049

Deferred outflows of resources represent deferred charges on refundings which are not reported in the funds.	8,762
--	-------

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.	(3,547)
--	---------

Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:

Bonds Payable	(880,000)	
Bond Premium	(15,544)	
Loan Payable	(33,143)	
Capital Leases Payable	(94,265)	
Compensated Absences	(435,177)	(1,458,129)

The net pension liability and net OPEB liability are 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	4,827,601	
Deferred Inflows - Pension	(453,542)	
Net Pension Liability	(14,537,609)	
Deferred Outflows - OPEB	191,466	
Deferred Inflows - OPEB	(389,477)	
Net OPEB Liability	(3,533,840)	(13,895,401)

<i>Net Position of Governmental Activities</i>	<u><u>\$6,879,257</u></u>
--	---------------------------

See accompanying notes to the basic financial statements
See accountant's compilation report

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$8,002,318	\$922,031	\$8,924,349
Income Taxes	21,655	0	21,655
Intergovernmental	5,732,330	813,747	6,546,077
Investment Earnings	8,406	12	8,418
Tuition and Fees	769,357	0	769,357
Extracurricular Activities	79,765	100,229	179,994
Rentals	20,709	0	20,709
Charges for Services	0	179,688	179,688
Contributions and Donations	22,793	5,950	28,743
Miscellaneous	68,812	0	68,812
<i>Total Revenues</i>	<u>14,726,145</u>	<u>2,021,657</u>	<u>16,747,802</u>
Expenditures			
Current:			
Instruction:			
Regular	5,697,844	3,373	5,701,217
Special	1,312,903	396,499	1,709,402
Vocational	109,883	4,343	114,226
Student Intervention Services	141,039	0	141,039
Support Services:			
Pupil	481,432	47,685	529,117
Instructional Staff	781,514	28,042	809,556
Board of Education	131,329	0	131,329
Administration	1,062,796	13,456	1,076,252
Fiscal	460,682	11,362	472,044
Operation and Maintenance of Plant	1,171,299	17,168	1,188,467
Pupil Transportation	1,563,154	0	1,563,154
Central	170,512	0	170,512
Operation of Non-Instructional Services:			
Food Service Operations	0	349,381	349,381
Community Services	2,831	0	2,831
Extracurricular Activities	127,490	414,087	541,577
Debt Service:			
Principal Retirement	57,334	740,000	797,334
Interest and Fiscal Charges	8,080	61,931	70,011
<i>Total Expenditures</i>	<u>13,280,122</u>	<u>2,087,327</u>	<u>15,367,449</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,446,023</u>	<u>(65,670)</u>	<u>1,380,353</u>
Other Financing Sources (Uses)			
Transfers In	0	387,778	387,778
Transfers Out	(387,778)	0	(387,778)
<i>Total Other Financing Sources (Uses)</i>	<u>(387,778)</u>	<u>387,778</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,058,245	322,108	1,380,353
<i>Fund Balances Beginning of Year</i>	<u>6,295,558</u>	<u>847,686</u>	<u>7,143,244</u>
<i>Fund Balances End of Year</i>	<u><u>\$7,353,803</u></u>	<u><u>\$1,169,794</u></u>	<u><u>\$8,523,597</u></u>

See accompanying notes to the basic financial statements
See accountant's compilation report

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, 2018*

Net Change in Fund Balances - Total Governmental Funds		\$1,380,353
<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	29,009	
Depreciation Expense	<u>(511,943)</u>	(482,934)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the amount of the loss on disposal of capital assets:		
		(597)
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	(17,628)	
Grants	(44,510)	
Tuition & Fees	6,957	
Miscellaneous	<u>(1,012)</u>	(56,193)
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	655,000	
General Obligation Bonds Payable	85,000	
Loan Payable	15,774	
Capital Leases Payable	<u>41,560</u>	797,334
In the Statement of Activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
		2,962
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		2,355
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.		
Pension	1,016,480	
OPEB	<u>45,363</u>	1,061,843
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	3,956,359	
OPEB	<u>409,992</u>	<u>4,366,351</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$7,082,335</u></u>

See accompanying notes to the basic financial statements
See accountant's compilation report

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$7,129,394	\$7,273,979	\$7,273,979	\$0
Income Tax	34,771	30,692	30,692	0
Intergovernmental	5,734,282	5,730,787	5,730,787	0
Investment Earnings	6,055	8,181	8,989	808
Tuition and Fees	815,513	877,937	878,037	100
Extracurricular Activities	100	100	100	0
Rentals	20,475	20,709	20,709	0
Contributions and Donations	2,410	22,793	22,793	0
Miscellaneous	85,193	39,411	39,411	0
<i>Total Revenues</i>	13,828,193	14,004,589	14,005,497	908
Expenditures				
Current:				
Instruction:				
Regular	5,882,724	5,693,020	5,693,019	1
Special	859,445	1,288,487	1,288,487	0
Vocational	108,991	109,900	109,900	0
Student Intervention Services	173,531	184,115	184,115	0
Support Services:				
Pupil	494,619	504,868	504,868	0
Instructional Staff	1,046,071	870,636	870,636	0
Board of Education	267,079	201,043	201,043	0
Administration	1,216,323	1,045,318	1,045,318	0
Fiscal	481,037	470,197	470,197	0
Operation and Maintenance of Plant	1,273,474	1,290,572	1,290,572	0
Pupil Transportation	1,500,709	1,647,864	1,645,639	2,225
Central	146,502	172,305	172,305	0
Extracurricular Activities	127,698	127,906	127,906	0
Debt Service:				
Principal	15,774	15,774	15,774	0
Interest	1,650	1,650	1,650	0
<i>Total Expenditures</i>	13,595,627	13,623,655	13,621,429	2,226
<i>Excess of Revenues Over Expenditures</i>	232,566	380,934	384,068	3,134
Other Financing Sources (Uses)				
Operating Transfers In	3,383	0	0	0
Operating Transfers Out	(269,393)	(387,778)	(387,778)	0
<i>Total Other Financing Sources (Uses)</i>	(266,010)	(387,778)	(387,778)	0
<i>Net Change in Fund Balance</i>	(33,444)	(6,844)	(3,710)	3,134
<i>Fund Balance Beginning of Year</i>	6,722,620	6,722,620	6,722,620	0
Prior Year Encumbrances Appropriated	144,332	144,332	144,332	0
<i>Fund Balance End of Year</i>	\$6,833,508	\$6,860,108	\$6,863,242	\$3,134

See accompanying notes to the basic financial statements
See accountant's compilation report

Northridge Local School District, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018

Assets	
Cash and Cash Equivalents	\$18,412
	<hr/>
<i>Total Assets</i>	<u><u>\$18,412</u></u>
 Liabilities	
Due to Students	\$18,412
	<hr/>
<i>Total Liabilities</i>	<u><u>\$18,412</u></u>

See accompanying notes to the basic financial statements
See accountant's compilation report

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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 48 classified employees, 89 certificated full-time teaching personnel, and 7 administrative employees who provide services to 1,207 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, 2018

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, 2018

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, 2018

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, pension, and OPEB plans. 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 and OPEB plans are explained in Notes 13 and 14.

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, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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 and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14)

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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund 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 2018, the School District invested in STAR Ohio. 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 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 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 2018 amounted to \$8,406, which includes \$580 assigned from other School District funds.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, 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, 2018

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, 2018

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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. 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, 2018

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/Other Postemployment Benefits (OPEB)

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

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, 2018

The School District's Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in fiscal year 2019'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 Principles and Restatement of Net Position

For fiscal year 2018, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For fiscal year 2018, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

Net Position June 30, 2017	\$3,984,128
Adjustments:	
Net OPEB Liability	(4,222,773)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>35,567</u>
Restated Net Position June 30, 2017	<u><u>(\$203,078)</u></u>

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

Note 4 – Accountability

The following funds had deficit fund balances as of June 30, 2018:

	<u>Deficit Fund Balances</u>
<u>Special Revenue Funds:</u>	
Title I	(\$52,837)
District Managed Student Activities	(9,092)
Title VI-B	(5,016)
Class Size Reduction	(54)

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.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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	\$52,988	\$763	\$53,751
Materials and Supplies Inventory	10,491	1,140	11,631
<i>Total Nonspendable</i>	63,479	1,903	65,382
<u>Restricted for:</u>			
Debt Service Payments	0	797,204	797,204
Facilities Maintenance	0	330,060	330,060
Food Service Operations	0	75,367	75,367
Technology Improvements	0	28,800	28,800
Federal Grant Programs	0	1,550	1,550
Local Grant Programs	0	1,909	1,909
<i>Total Restricted</i>	0	1,234,890	1,234,890
<u>Committed to:</u>			
Purchases on Order	10,830	0	10,830
<i>Total Committed</i>	10,830	0	10,830
<u>Assigned to:</u>			
Public School Support	54,390	0	54,390
Purchases on Order	359,978	0	359,978
Assigned to Subsequent Year's Appropriations	768,907	0	768,907
<i>Total Assigned</i>	1,183,275	0	1,183,275
Unassigned	6,096,219	(66,999)	6,029,220
<i>Total Fund Balances</i>	\$7,353,803	\$1,169,794	\$8,523,597

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).

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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.
6. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

Net Change in Fund Balance	
GAAP Basis	\$1,058,245
Net Adjustment for Revenue Accruals	(609,035)
Net Adjustment for Expenditure Accruals	45,894
Beginning:	
Unreported cash	578
Prepaid Items	15,223
Negative cash advances to other funds	(40,203)
Ending:	
Unreported cash	(18,760)
Prepaid Items	(52,988)
Negative cash advances to other funds	26,437
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	653
Adjustment for Encumbrances	<u>(429,754)</u>
Budget Basis	<u><u>(\$3,710)</u></u>

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.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits Custodial credit risk 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 June 30, 2018, \$4,145,237 of the School District's total bank balance of \$8,540,475 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

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

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

Investments As of June 30, 2018, the School District's only investment was in STAR Ohio. STAR Ohio is measured at net asset value per share. The value of the investments in STAR Ohio was \$286,754 and the investment has an average maturity of 48.9 days.

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, and allows for the withdrawal of funds from the approved public depositories or sale of negotiable instruments 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.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2018 represents collections of calendar year 2017 taxes. Public utility real property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 and are collected with real property taxes. Public utility real property is assessed at 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, 2018, are available to finance fiscal year 2018 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, 2018, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 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, 2018, was \$1,250,493, \$1,133,526 was available to the General Fund, \$12,910 was available to the Classroom Facilities Maintenance Special Revenue Fund, and \$104,057 was available to the Bond Retirement Debt Service Fund. 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.

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, 2018

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

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$260,999,847	92.99%	\$281,759,677	93.23%
Public Utility Personal	19,681,670	7.01%	20,470,020	6.77%
	<u>\$280,681,517</u>	<u>100.00%</u>	<u>\$302,229,697</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$43.30		\$42.70	

The decrease 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, 2018 for delinquent income tax revenue amounts that were provided by the Ohio Department of Taxation.

Note 10 - Receivables

Receivables at June 30, 2018 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 \$218,747 as of June 30, 2018.

A summary of the principal items of intergovernmental receivables follows:

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

	Amounts
Governmental Activities	
Ohio Department of Taxation Fuel Tax Refunds	\$241
State Foundation Adjustments	34,607
Medicaid Reimbursements	4,309
Title I	47,164
Title VI-B	27,797
Title II-A	14,511
Title IV-A	10,000
Bureau of Workers's Compensation Rebate	29,480
Total	\$168,109

Note 11 – Capital Assets

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

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
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	3,155,396	29,009	(2,454)	3,181,951
Vehicles	33,235	0	0	33,235
Total at Historical Cost	20,877,219	29,009	(2,454)	20,903,774
Less Accumulated Depreciation				
Land Improvements	(654,185)	(25,775)	0	(679,960)
Buildings and Improvements	(4,696,343)	(320,387)	0	(5,016,730)
Furniture and Equipment	(1,984,726)	(160,599)	1,857	(2,143,468)
Vehicles	(28,053)	(5,182)	0	(33,235)
Total Accumulated Depreciation	(7,363,307)	(511,943)	1,857	(7,873,393)
Depreciable Capital Assets, Net of Accumulated Depreciation	13,513,912	(482,934)	(597)	13,030,381
Governmental Activities Capital Assets, Net	\$13,852,457	(\$482,934)	(\$597)	\$13,368,926

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$230,883
Special	42,756
Vocational	2,850
Support Services:	
Pupil	22,803
Instructional Staff	11,402
Administration	31,524
Fiscal	8,551
Operation and Maintenance of Plant	33,255
Pupil Transportation	45,969
Extracurricular	40,476
Food Service Operations	41,474
Total Depreciation Expense	<u>\$511,943</u>

Note 12 - Risk Management

During fiscal year 2018, 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)	\$40,801,977
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, 2018

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 2018, 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

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

A. Net Pension Liability/Net OPEB Liability

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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 contributions 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 years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$291,722 for fiscal year 2018. Of this amount, \$21,171 is reported as an intergovernmental payable. The Special Fund Situation contractually required contributions to SERS was \$93,351 (which is included as a part of the \$291,722) for fiscal year 2018.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent 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 service. 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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

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

The School District's contractually required contribution to STRS was \$724,758 for fiscal year 2018. Of this amount \$95,511 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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS		STRS	Total
	Contributions made by School District	Special Funding Situation		
Proportion of the Net Pension Liability Prior Measurement Date	0.06435510%	0.06435510%	0.04424950%	
Proportion of the Net Pension Liability Current Measurement Date	0.06608490%	0.06608490%	0.04457624%	
Change in Proportionate Share	0.00172980%	0.00172980%	0.00032674%	
				Total
Proportionate Share of the Net Pension Liability	\$2,681,929	\$1,266,499	\$10,589,181	\$14,537,609
Pension Expense	(\$60,575)	(\$28,707)	(\$3,867,077)	(\$3,956,359)

At June 30, 2018, 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, 2018

	SERS		STRS	Total
	Contributions made by School District	Special Funding Situation		
Deferred Outflows of Resources				
Differences between expected and actual experience	\$115,601	\$54,325	\$408,905	\$578,831
Changes of assumptions	141,984	62,192	2,315,970	2,520,146
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	79,074	36,861	596,209	712,144
School District contributions subsequent to the measurement date	198,371	93,351	724,758	1,016,480
Total Deferred Outflows of Resources	\$535,030	\$246,729	\$4,045,842	\$4,827,601
Deferred Inflows of Resources				
Differences between expected and actual experience	\$0	\$0	\$85,345	\$85,345
Net difference between projected and actual earnings on pension plan investments	12,745	5,997	349,455	368,197
Total Deferred Inflows of Resources	\$12,745	\$5,997	\$434,800	\$453,542

\$1,016,480 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS		STRS	Total
	Contributions made by School District	Special Funding Situation		
Fiscal Year Ending June 30:				
2019	\$147,042	\$64,147	\$698,200	\$909,389
2020	185,754	87,413	1,173,578	1,446,745
2021	53,710	25,275	813,648	892,633
2022	(62,592)	(29,454)	200,858	108,812
Total	\$323,914	\$147,381	\$2,886,284	\$3,357,579

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.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

The most recent experience study was 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 average 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.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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

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

Sensitivity of the 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	\$3,721,819	\$2,681,929	\$1,810,807
Special Funding Situations proportionate share of the net pension liability	\$1,757,571	\$1,266,499	\$855,126

Actuarial Assumptions - STRS

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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

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

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

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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$15,179,231	\$10,589,181	\$6,722,752

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, 2018, one member of the Board of Education elected Social Security. The contribution rate is 6.2 percent of wages.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 14 - Postemployment Benefits

See Note 13 for a description of the net OPEB liability.

Plan Description - School Employees Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$34,558.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$45,363 for fiscal year 2018. Of this amount \$35,342 is reported as an intergovernmental payable. The Special Fund Situation contractually required contributions to SERS was \$13,061 (which is included as a part of the \$45,363) for fiscal year 2018.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

	SERS		STRS	
	Contributions made by School District	Special Funding Situation		
Proportion of the Net OPEB Liability Prior Measurement Date	0.06512480%	0.06512480%	0.04424950%	
Proportion of the Net OPEB Liability Current Measurement Date	<u>0.06687090%</u>	<u>0.06687090%</u>	<u>0.04457624%</u>	
Change in Proportionate Share	<u>0.00174610%</u>	<u>0.00174610%</u>	<u>0.00032674%</u>	
				<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,220,355	\$574,285	\$1,739,200	\$3,533,840
OPEB Expense	\$80,391	\$37,831	(\$528,214)	(\$409,992)

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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

	SERS		STRS	Total
	Contributions made by School District	Special Funding Situation		
Deferred Outflows of Resources				
Differences between expected and actual experience	\$0	\$0	\$100,397	\$100,397
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	20,895	9,833	14,978	45,706
School District contributions subsequent to the measurement date	32,302	13,061	0	45,363
Total Deferred Outflows of Resources	\$53,197	\$22,894	\$115,375	\$191,466
Deferred Inflows of Resources				
Changes of assumptions	\$115,805	\$54,497	\$140,098	\$310,400
Net difference between projected and actual earnings on OPEB plan investments	3,223	1,516	74,338	79,077
Total Deferred Inflows of Resources	\$119,028	\$56,013	\$214,436	\$389,477

\$45,363 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS		STRS	Total
	Contributions made by School District	Special Funding Situation		
Fiscal Year Ending June 30:				
2019	(\$35,193)	(\$16,561)	(\$22,705)	(\$74,459)
2020	(35,193)	(16,561)	(22,705)	(74,459)
2021	(26,942)	(12,678)	(22,705)	(62,325)
2022	(805)	(380)	(22,706)	(23,891)
2023	0	0	(4,121)	(4,121)
Thereafter	0	0	(4,119)	(4,119)
Total	(\$98,133)	(\$46,180)	(\$99,061)	(\$243,374)

Actuarial Assumptions - SERS

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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

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

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

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

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

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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

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

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	\$1,473,733	\$1,220,355	\$1,019,614
Special Funding Situation proportionate share of the net OPEB liability	\$693,522	\$574,285	\$479,818
	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
School District's proportionate share of the net OPEB liability	\$990,226	\$1,220,355	\$1,524,933
Special Funding Situation proportionate share of the net OPEB liability	\$465,989	\$574,285	\$717,616

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Actuarial Assumptions – STRS

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

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

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

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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

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

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	\$2,334,849	\$1,739,200	\$1,268,444

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$1,208,322	\$1,739,200	\$2,437,899

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.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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 2018, 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 \$1,308.82 for family coverage and \$536.38 for single coverage. For the health plan that uses the HSA, the School District pays medical and drug monthly premiums for staff of \$1,022.26 for family coverage and \$418.94 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.

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>
2019	\$43,904	\$4,087
2020	46,379	1,612
2021	3,982	18
Total	<u>\$94,265</u>	<u>\$5,717</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 2018 totaled \$41,560 in the governmental funds. There was accumulated depreciation of \$101,783 as of June 30, 2018, therefore, leaving a remaining book value of \$107,600.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 17 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2018 were as follows:

	Principal Outstanding 6/30/2017	Additions	Deductions	Principal Outstanding 6/30/2018	Due Within One Year
Classroom Facilities Refunding General					
Improvement Serial Bonds - 4.50% - 5.00%	\$1,350,000	\$0	\$655,000	\$695,000	\$695,000
Bond Premium	40,549	0	27,031	13,518	0
School Energy Conservation Improvement					
General Obligation Bonds - 4.25% - 4.75%	270,000	0	85,000	185,000	90,000
Bond Premium	3,379	0	1,353	2,026	0
Total Long-Term Bonds	<u>1,663,928</u>	<u>0</u>	<u>768,384</u>	<u>895,544</u>	<u>785,000</u>
Equipment Loan - 3.34%	<u>48,917</u>	<u>0</u>	<u>15,774</u>	<u>33,143</u>	<u>16,301</u>
Net Pension Liability*					
SERS	4,710,199	0	761,771	3,948,428	0
STRS	14,811,642	0	4,222,461	10,589,181	0
Total Net Pension Liability	<u>19,521,841</u>	<u>0</u>	<u>4,984,232</u>	<u>14,537,609</u>	<u>0</u>
Net OPEB Liability**					
SERS	1,856,298	0	61,658	1,794,640	0
STRS	2,366,475	0	627,275	1,739,200	0
Total Net OPEB Liability	<u>4,222,773</u>	<u>0</u>	<u>688,933</u>	<u>3,533,840</u>	<u>0</u>
Capital Leases	135,825	0	41,560	94,265	43,904
Compensated Absences	<u>437,532</u>	<u>91,229</u>	<u>93,584</u>	<u>435,177</u>	<u>135,027</u>
Total General Long-Term Obligations	<u>\$26,030,816</u>	<u>\$91,229</u>	<u>\$6,592,467</u>	<u>\$19,529,578</u>	<u>\$980,232</u>

* For additional information related to net pension liability, see Note 13.

** For additional information related to net OPEB liability, see Note 14.

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/OPEB 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/OPEB liability, see Notes 13 and 14.

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

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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 2018 was \$17,523.

Principal and interest requirements to retire the Classroom Facilities Improvement Refunding Bonds outstanding at June 30, 2018, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$695,000	\$17,375	\$712,375

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, 2018, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$90,000	\$6,650	\$96,650
2020	95,000	2,256	97,256
Total	<u>\$185,000</u>	<u>\$8,906</u>	<u>\$193,906</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, 2018, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$16,301	\$1,123	\$17,424
2020	16,842	572	17,414
Total	<u>\$33,143</u>	<u>\$1,695</u>	<u>\$34,838</u>

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The School District's overall legal debt margin was \$27,302,877, with an unvoted debt margin of \$302,230 at June 30, 2018.

Note 18 - Interfund Transactions

Interfund balances at June 30, 2018, consist of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
Governmental Funds:		
General Fund	\$26,437	\$0
Other Nonmajor Governmental Funds:		
Title I	0	21,867
Titile VI-B	0	4,516
Class Size Reduction	0	54
Total Other Nonmajor Governmental Funds	0	26,437
Total All Funds	\$26,437	\$26,437

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 2018, the General Fund transferred \$88,989 to the Food Service and \$298,789 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.

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 2018 were \$88,633. 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.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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 2018, the School District's membership for the purchasing cooperative was waived by META. Financial information can be obtained from the 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. The School District's enrollment fee of \$2,330 for policy year 2018 was paid to CompManagement, Inc.

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 fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Hylant Administrative Services and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Hylant Administrative Service is the sales and marketing representative, which establishes agreements between OSP member schools.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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, 2017	\$0
Current Year Set-aside Requirement	219,299
Current Year Offsets	(184,692)
Qualifying Disbursements	(160,799)
Total	<u><u>(\$126,192)</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, 2018.

Northridge Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

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 of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

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	\$ 429,754
Nonmajor Governmental Funds	40,729
Total Governmental Funds	<u>\$ 470,483</u>

This Page Intentionally Left Blank

**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 Five Fiscal Years (1) **

	2018	2017	2016	2015	2014
School District Contributions:					
School District's Proportion of the Net Pension Liability	0.0660849%	0.0643551%	0.0634584%	0.0621450%	0.0621450%
School District's Proportionate Share of the Net Pension Liability	\$2,681,929	\$3,250,038	\$2,360,245	\$2,036,651	\$2,393,094
School District's Covered Payroll	\$1,479,243	\$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	181.30%	239.14%	180.82%	181.11%	268.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%
Special Funding Situation:					
School District's Proportion of the Net Pension Liability	0.0660849%	0.0643551%	0.0634584%	0.0621450%	0.0621450%
School District's Proportionate Share of the Net Pension Liability	\$1,266,499	\$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 year.

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

See accompanying notes to the required supplementary information
See accountant's compilation report

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

	2018	2017
School District Contributions:		
School District's Proportion of the Net OPEB Liability	0.06687090%	0.06512480%
School District's Proportionate Share of the Net OPEB Liability	\$1,220,355	\$1,262,283
School District's Covered Payroll	\$1,479,243	\$1,359,050
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	82.50%	92.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%
Special Funding Situation:		
School District's Proportion of the Net OPEB Liability	0.06687090%	0.06512480%
School District's Proportionate Share of the Net OPEB Liability	\$574,285	\$594,015

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information
 See accountant's compilation report

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 Five Fiscal Years (1) **

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.04457624%	0.04424950%	0.04214519%	0.04063942%	0.04063942%
School District's Proportionate Share of the Net Pension Liability	\$10,589,181	\$14,811,642	\$11,647,698	\$9,884,914	\$11,774,844
School District's Covered Payroll	\$4,821,171	\$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	219.64%	307.85%	264.62%	234.23%	283.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	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 year.

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

See accompanying note to the required supplementary information
See accountant's compilation report

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.04457624%	0.04424950%
School District's Proportionate Share of the Net OPEB Liability	\$1,739,200	\$2,366,475
School District's Covered Payroll	\$4,821,171	\$4,811,336
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	36.07%	49.19%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information
See accountant's compliance report

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

	2018	2017	2016	2015
Net Pension Liability				
School District Contributions:				
Contractually Required Contribution	\$198,371	\$207,094	\$190,267	\$172,040
Contributions in Relation to the Contractually Required Contribution	<u>(198,371)</u>	<u>(207,094)</u>	<u>(190,267)</u>	<u>(172,040)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$1,469,415	\$1,479,243	\$1,359,050	\$1,305,311
Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%
Special Funding Situation:				
Contractually Required Contribution	\$93,351	\$93,042	\$89,538	\$80,960
Contributions in Relation to the Contractually Required Contribution	<u>(93,351)</u>	<u>(93,042)</u>	<u>(89,538)</u>	<u>(80,960)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accompanying notes to the required supplementary information
See accountant's compilation report

2014	2013	2012	2011	2010	2009
\$155,864	\$123,189	\$126,062	\$120,786	\$138,695	\$106,745
<u>(155,864)</u>	<u>(123,189)</u>	<u>(126,062)</u>	<u>(120,786)</u>	<u>(138,695)</u>	<u>(106,745)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,124,560	\$890,094	\$937,264	\$960,904	\$1,024,334	\$1,084,806
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
\$98,415	\$103,110	\$93,162	\$87,465	\$100,434	\$77,298
<u>(98,415)</u>	<u>(103,110)</u>	<u>(93,162)</u>	<u>(87,465)</u>	<u>(100,434)</u>	<u>(77,298)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accountant's compilation report

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

	2018	2017	2016	2015
Net OPEB Liability				
School District Contributions:				
Contractually Required Contribution (1)	\$32,302	\$24,186	\$22,141	\$32,803
Contributions in Relation to the Contractually Required Contribution	<u>(32,302)</u>	<u>(24,186)</u>	<u>(22,141)</u>	<u>(32,803)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$1,469,415	\$1,479,243	\$1,359,050	\$1,305,311
Contributions as a Percentage of Covered Payroll (1)	2.20%	1.64%	1.63%	2.51%
Special Funding Situation:				
Contractually Required Contribution	\$13,061	\$11,381	\$10,419	\$15,437
Contributions in Relation to the Contractually Required Contribution	<u>(13,061)</u>	<u>(11,381)</u>	<u>(10,419)</u>	<u>(15,437)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(1) Includes Surcharge

See accompanying notes to the required supplementary information
See accountant's compilation report

2014	2013	2012	2011	2010	2009
\$23,475	\$19,139	\$21,120	\$29,953	\$23,759	\$64,319
<u>(23,475)</u>	<u>(19,139)</u>	<u>(21,120)</u>	<u>(29,953)</u>	<u>(23,759)</u>	<u>(64,319)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,124,560	\$890,094	\$937,264	\$960,904	\$1,024,334	\$1,084,806
2.09%	2.15%	2.25%	3.12%	2.32%	5.93%
\$10,301	\$10,709	\$11,323	\$17,579	\$12,375	\$41,710
<u>(10,301)</u>	<u>(10,709)</u>	<u>(11,323)</u>	<u>(17,579)</u>	<u>(12,375)</u>	<u>(41,710)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accountant's compilation report

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net Pension Liability				
Contractually Required Contribution	\$724,758	\$674,964	\$673,587	\$616,230
Contributions in Relation to the Contractually Required Contribution	<u>(724,758)</u>	<u>(674,964)</u>	<u>(673,587)</u>	<u>(616,230)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$5,176,843	\$4,821,171	\$4,811,336	\$4,401,643
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information
See accountant's compilation report

2014	2013	2012	2011	2010	2009
\$548,624	\$539,759	\$613,506	\$685,757	\$662,669	\$647,322
<u>(548,624)</u>	<u>(539,759)</u>	<u>(613,506)</u>	<u>(685,757)</u>	<u>(662,669)</u>	<u>(647,322)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,220,186	\$4,151,992	\$4,719,277	\$5,275,054	\$5,097,454	\$4,979,400
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$42,202	\$41,520	\$47,193	\$52,751	\$50,975	\$49,794
<u>(42,202)</u>	<u>(41,520)</u>	<u>(47,193)</u>	<u>(52,751)</u>	<u>(50,975)</u>	<u>(49,794)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accountant's compilation report

Northridge Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

Net Pension Liability

Changes in Assumptions – SERS

For fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported 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:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016 and Prior</u>
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

Beginning with fiscal year 2017, mortality assumptions use 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.

Changes in Assumptions - STRS

Amounts reported for fiscal year 2018 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Northridge Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

For fiscal year 2018 post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70% of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

This Page Intentionally Left Blank