



OHIO AUDITOR OF STATE
KEITH FABER



**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY
JUNE 30, 2020**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report	1
Prepared by Management:	
Management’s Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	19
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	23
Statement of Fiduciary Net Position Fiduciary Funds	24
Statement of Changes in Fiduciary Net Position Fiduciary Funds.....	25
Notes to the Basic Financial Statements	27
Required Supplementary Information:	
Schedule of the School District’s Proportionate Share of the Net Pension Liability – School Employees Retirement System (SERS) of Ohio – Last Seven Fiscal Years	70
Schedule of the School District’s Proportionate Share of the Net Pension Liability – State Teachers Retirement System (STRS) of Ohio – Last Seven Fiscal Years	72
Schedule of School District Pension Contributions – School Employees Retirement System (SERS) of Ohio – Last Seven Fiscal Years	74
Schedule of School District Pension Contributions – State Teachers Retirement System (STRS) of Ohio – Last Ten Fiscal Years	76

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY
JUNE 30, 2020**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Schedule of the School District's Proportionate Share of the Net OPEB Liability – School Employees Retirement System (SERS) of Ohio – Last Four Fiscal Years	78
Schedule of the School District's Proportionate Share of the Net OPEB Liability/(Asset) – State Teachers Retirement System (STRS) of Ohio – Last Four Fiscal Years	79
Schedule of School District OPEB Contributions – School Employees Retirement System (SERS) of Ohio – Last Seven Fiscal Years	80
Schedule of School District OPEB Contributions – State Teachers Retirement System (STRS) of Ohio – Last Ten Fiscal Years	82
Notes to the Required Supplementary Information	84
Schedule of Receipts and Expenditures of Federal Awards	87
Notes to the Schedule of Receipts and Expenditures of Federal Awards.....	88
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	89
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	91
Schedule of Findings.....	95
Prepared by Management:	
Summary Schedule of Prior Audit Findings	99
Corrective Action Plan	101

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Northridge Local School District
Montgomery County
2008 Timber Lane
Dayton, Ohio 45414

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northridge Local School District, Montgomery County, Ohio (the School District), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Northridge Local School District, as of June 30, 2020, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during fiscal year 2020, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Additionally, as discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2021, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 8, 2021

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**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

The management's discussion and analysis of the Northridge Local School District's (the "School District's") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. 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 fiscal year 2020 are as follows:

- In total, net position of governmental activities increased \$1,879,750 which represents an increase of 4.64% from June 30, 2019's restated net position.
- General revenues accounted for \$22,370,087 in revenue or 76.56% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$6,849,087 or 23.44% of total revenues of \$29,219,174. The District also had an extraordinary item of \$3,995,386 related to insurance proceeds from the prior year tornados.
- The School District had \$31,334,810 in expenses related to governmental activities; \$6,849,087 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$22,370,087 and the extraordinary item of \$3,995,386 were adequate to provide for these programs.
- The School District's major governmental funds are the general fund, the permanent improvement fund, and the classroom facilities fund. The general fund had \$24,041,136 in revenues and an extraordinary item and \$24,096,665 in expenditures. During fiscal year 2020, the general fund's fund balance decreased \$55,529 from a balance of \$13,411,264 to \$13,355,735.
- During fiscal year 2020, the classroom facilities fund had revenues of \$648,019 and expenditures of \$12,912,664. The fund balance of the classroom facilities fund decreased \$12,264,645 from \$14,814,076 to \$2,549,431.
- During fiscal year 2020, the permanent improvement fund had an extraordinary item of \$3,794,366 and expenditures of \$154,504. The fund balance of the permanent improvement fund increased \$3,639,862 from \$0 to \$3,639,862.

Using these Basic Financial Statements

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

The *statement of net position* and *statement of activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District, the general fund, the permanent improvement fund, and the classroom facilities fund are by far the most significant funds, and the only governmental funds reported as major funds.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, 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 2020?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take 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, the governmental activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the permanent improvement fund, and classroom facilities 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 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* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements.

Reporting the School District's Fiduciary Responsibilities

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in a custodial fund. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's net pension liability and net OPEB liability/asset.

The School District as a Whole

The table below provides a summary of the School District's net position at June 30, 2020 and June 30, 2019. The information for fiscal year 2019 has been restated as described in Note 3.

	Net Position	
	Governmental Activities 2020	Restated Governmental Activities 2019
<u>Assets</u>		
Current and other assets	\$ 36,785,628	\$ 45,653,423
Net OPEB asset	1,416,789	1,316,962
Capital assets, net	<u>58,545,918</u>	<u>45,131,273</u>
Total assets	<u>96,748,335</u>	<u>92,101,658</u>
<u>Deferred outflows of resources</u>		
Unamortized deferred charges on debt refunding	186,099	213,333
Pension	5,227,069	6,326,348
OPEB	<u>499,072</u>	<u>332,855</u>
Total deferred outflows of resources	<u>5,912,240</u>	<u>6,872,536</u>
<u>Liabilities</u>		
Current liabilities	3,356,720	2,090,093
Long-term liabilities:		
Due within one year	702,547	826,549
Due in more than one year:		
Net pension liability	24,753,486	23,649,105
Net OPEB liability	2,505,020	2,751,707
Other amounts	<u>17,892,194</u>	<u>18,206,472</u>
Total liabilities	<u>49,209,967</u>	<u>47,523,926</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for the next fiscal year	7,381,504	7,159,215
Pension	1,188,525	1,402,652
OPEB	<u>2,463,629</u>	<u>2,351,201</u>
Total deferred inflows of resources	<u>11,033,658</u>	<u>10,913,068</u>
<u>Net Position</u>		
Net investment in capital assets	42,758,593	33,209,316
Restricted	9,571,881	16,092,640
Unrestricted (deficit)	<u>(9,913,524)</u>	<u>(8,764,756)</u>
Total net position	<u>\$ 42,416,950</u>	<u>\$ 40,537,200</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." 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 and the net OPEB asset.

GASB 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/asset 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/asset. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities/assets 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
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the School District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$42,416,950. Of this total, a deficit balance of \$9,913,524 is unrestricted in use.

At year-end, capital assets represented 60.51% of total assets. Capital assets include land, construction in progress, land improvements, buildings and building improvements, furniture and equipment, and vehicles. Net investment in capital assets at June 30, 2020, was \$42,758,593. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the School District's net position, \$9,571,881 represents resources that are subject to external restriction on how they may be used. The largest balance relates to capital projects for \$7,310,440 which is restricted primarily to assist in building new School District buildings.

The table below shows the change in net position for fiscal years 2020 and 2019. The information for fiscal year 2019 has been restated as described in Note 3.

Change in Net Position

	<u>Governmental Activities 2020</u>	<u>Restated Governmental Activities 2019</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,820,213	\$ 1,595,269
Operating grants and contributions	5,028,874	5,312,784
General revenues:		
Property taxes	8,124,571	8,613,682
Grants and entitlements not restricted to specific programs	13,434,825	13,374,370
Investment earnings	766,132	851,410
Other	44,559	47,627
Total revenues	<u>29,219,174</u>	<u>29,795,142</u>

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**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Change in Net Position (Continued)

	Governmental Activities 2020	Restated Governmental Activities 2019
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	10,593,870	8,064,068
Special	4,868,837	4,418,190
Vocational	-	101,627
Other	1,837,532	1,812,450
Support services:		
Pupil	1,962,205	1,483,162
Instructional staff	1,465,868	1,351,299
Board of education	58,152	68,327
Administration	3,013,007	2,390,382
Fiscal	690,513	480,493
Business	180,814	18,841
Operations and maintenance	2,288,915	1,979,555
Pupil transportation	1,209,283	1,088,718
Central	371,015	161,717
Operations of non-instructional services:		
Other non-instructional services	89,946	11,632
Food service operations	1,156,608	960,310
Extracurricular activities	911,509	779,691
Interest and fiscal charges	<u>636,736</u>	<u>702,826</u>
Total expenses	<u>31,334,810</u>	<u>25,873,288</u>
Extraordinary items	<u>3,995,386</u>	<u>(97,515)</u>
Change in net position	1,879,750	3,824,339
Net position at beginning of year (restated)	<u>40,537,200</u>	<u>36,712,861</u>
Net position at end of year	<u>\$ 42,416,950</u>	<u>\$ 40,537,200</u>

Governmental Activities

Net position of the School District's governmental activities increased \$1,879,750. Total governmental expenses of \$31,334,810 were offset by program revenues of \$6,849,087, general revenues of \$22,370,087, and an extraordinary item of \$3,995,386. Program revenues supported 21.86% of the total governmental expenses.

Overall, expenses of the governmental activities increased \$5,461,522 or 21.11%. This increase is primarily the result of increases in pension expense between years.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 73.79% of total governmental revenue.

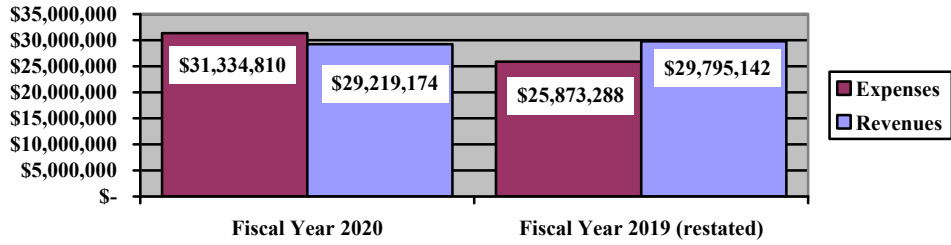
The largest expense of the School District is for instructional programs. Instruction expenses totaled \$17,300,239 or 55.21% of total governmental expenses for fiscal year 2020.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

The graph below presents the School District's governmental activities revenue and expenses for fiscal year 2020 and 2019. The information for fiscal year 2019 has been restated as described in Note 3.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and operating grants and contributions offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

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**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

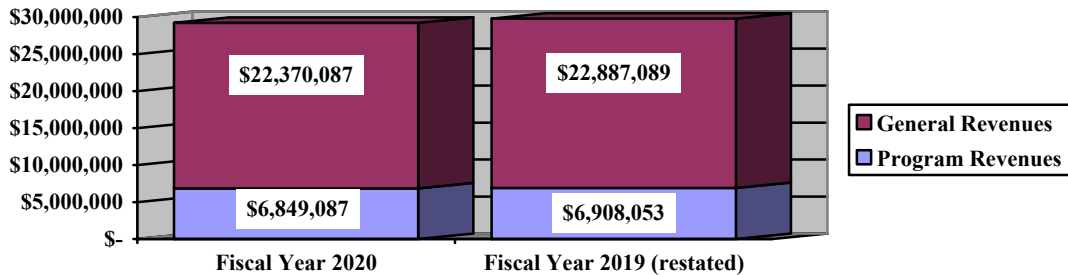
Governmental Activities

	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>	Restated Total Cost of Services <u>2019</u>	Restated Net Cost of Services <u>2019</u>
Program expenses				
Instruction:				
Regular	\$ 10,593,870	\$ 8,860,672	\$ 8,064,068	\$ 6,525,886
Special	4,868,837	2,187,597	4,418,190	1,668,752
Vocational	-	-	101,627	82,756
Other	1,837,532	1,660,654	1,812,450	1,493,579
Support services:				
Pupil	1,962,205	1,768,405	1,483,162	1,446,894
Instructional staff	1,465,868	996,563	1,351,299	1,086,894
Board of education	58,152	58,152	68,327	68,327
Administration	3,013,007	2,985,734	2,390,382	2,354,105
Fiscal	690,513	690,513	480,493	480,493
Business	180,814	180,814	18,841	18,841
Operations and maintenance	2,288,915	2,200,304	1,979,555	1,921,092
Pupil transportation	1,209,283	1,132,064	1,088,718	427,402
Central	371,015	371,015	161,717	161,717
Operations of non-instructional services:				
Other non-instructional services	89,946	(183,409)	11,632	2,328
Food service operations	1,156,608	157,965	960,310	(70,321)
Extracurricular activities	911,509	781,944	779,691	593,664
Interest and fiscal charges	636,736	636,736	702,826	702,826
Total expenses	<u>\$ 31,334,810</u>	<u>\$ 24,485,723</u>	<u>\$ 25,873,288</u>	<u>\$ 18,965,235</u>

The dependence upon tax and other general revenues for governmental activities is apparent; 73.46% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 78.14%. The School District's taxpayers and State funding are the primary support for School District's students.

The graph below presents the School District's governmental activities revenue for fiscal year 2020 and 2019. The information for fiscal year 2019 has been restated as described in Note 3.

Governmental Activities - General and Program Revenues



**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

The School District's Funds

The School District's governmental funds reported a combined fund balance of \$22,737,818, which is less than last year's restated total of \$32,430,746. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2020 and 2019. Information for fiscal year 2019 has been restated as described in Note 3.

	Fund Balance <u>June 30, 2020</u>	Restated Fund Balance <u>June 30, 2019</u>	<u>Change</u>	<u>Change</u>
General	\$ 13,355,735	\$ 13,411,264	\$ (55,529)	(0.41) %
Permanent Improvement	3,639,862	-	3,639,862	N/A
Classroom Facilities	2,549,431	14,814,076	(12,264,645)	(82.79) %
Nonmajor Governmental Funds	<u>3,192,790</u>	<u>4,205,406</u>	<u>(1,012,616)</u>	(24.08) %
Total	<u>\$ 22,737,818</u>	<u>\$ 32,430,746</u>	<u>\$ (9,692,928)</u>	(29.89) %

General Fund

The School District's general fund balance decreased \$55,529 or 0.41%.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2020 <u>Amount</u>	2019 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Property taxes	\$ 6,915,471	\$ 7,340,887	\$ (425,416)	(5.80) %
Tuition	1,523,324	1,298,938	224,386	17.27 %
Earnings on investments	683,222	570,154	113,068	19.83 %
Intergovernmental	14,552,796	15,059,453	(506,657)	(3.36) %
Other revenues	<u>166,323</u>	<u>160,997</u>	<u>5,326</u>	3.31 %
Total	<u>\$ 23,841,136</u>	<u>\$ 24,430,429</u>	<u>\$ (589,293)</u>	(2.41) %
<u>Expenditures</u>				
Instruction	\$ 14,286,364	\$ 13,447,217	\$ 839,147	6.24 %
Support services	9,289,140	9,211,315	77,825	0.84 %
Operation of non-instructional services	3,168	1,043	2,125	203.74 %
Extracurricular activities	517,993	487,340	30,653	6.29 %
Capital outlay	-	5,000	(5,000)	(100.00) %
Debt service	<u>-</u>	<u>4,530,600</u>	<u>(4,530,600)</u>	(100.00) %
Total	<u>\$ 24,096,665</u>	<u>\$ 27,682,515</u>	<u>\$ (3,585,850)</u>	(12.95) %

Revenues of the general fund decreased \$589,293 or 2.41%. The decreases were in the areas of property taxes and intergovernmental revenues. The decrease in property taxes can be attributed to the difference in amounts available for advance from the County Auditor at year-end. Intergovernmental revenue decreased due to a decrease in overall State foundation funding.

Expenditures of the general fund decreased \$3,585,850 or 12.95%. This large decrease was primarily the result of a decrease in debt service expenditures. This was the result of the School District paying off its lease agreement in the prior fiscal year. The increases in instruction and support services are due to increases in wage and benefit costs compared to the previous fiscal year.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Permanent Improvement Fund

During fiscal year 2020, the permanent improvement fund had an extraordinary item of \$3,794,366 and expenditures of \$154,504. The fund balance of the permanent improvement fund increased \$3,639,862 from \$0 to \$3,639,862.

Classroom Facilities Fund

During fiscal year 2020, the classroom facilities fund had revenues of \$648,019 and expenditures of \$12,912,664. The fund balance of the classroom facilities fund decreased \$12,264,645 from \$14,814,076 to \$2,549,431. This decrease is the result of the School District's Ohio Facilities Construction Commission (OFCC) project nearing completion.

General Fund Budgeting Highlights

The School District's budget is prepared per Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

During fiscal year 2020, the School District did not amend its general fund budgeted revenues. For the general fund, original and final budgeted revenues and other financing sources were \$30,443,805. Actual revenues, other financing sources and extraordinary item for fiscal year 2020 were \$24,061,841, which is \$6,381,964 less than final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures including other financing uses) were \$23,713,569 and the final appropriations were \$24,640,156. The actual budget basis expenditures and other financing uses for fiscal year 2020 totaled \$24,488,662, which was \$151,494 less than the final budget appropriations, due to controls on spending.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the School District had \$58,545,918 invested in land, construction in progress, land improvements, buildings and building improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2020 balances compared to June 30, 2019:

**Capital Assets at June 30, 2020
(Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Land	\$ 1,966,576	\$ 1,966,576
Construction in progress	49,914,024	35,803,173
Land improvements	594,671	658,848
Building and building improvements	5,262,757	5,813,266
Furniture and equipment	309,477	365,608
Vehicles	498,413	523,802
Total	\$ 58,545,918	\$ 45,131,273

The overall increase in capital assets of \$13,414,645 is due to capital outlays of \$14,194,159 exceeding depreciation expense of \$779,514 in the current fiscal year.

See Note 8 to the basic financial statements for additional information on the School District's capital assets.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Debt Administration

At June 30, 2020, the School District had \$16,955,077 in general obligation bonds outstanding. Of this total, \$535,000 is due within one year and \$16,420,077 is due in more than one year. The following table summarizes the outstanding debt at year end.

Outstanding Debt, at Fiscal Year End

	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>
School improvement bonds	<u>\$ 16,955,077</u>	<u>\$ 17,527,233</u>
Total	<u>\$ 16,955,077</u>	<u>\$ 17,527,233</u>

See Note 9 to the basic financial statements for additional information on the School District's long-term obligations.

Current Financial Issues and Concerns

The School District is proud of its community support of the public schools. The Board of Education and administration work together to provide a stable and safe environment for students to learn. The Board of Education recognizes the expectations of the community and has allocated the resources to meet these expectations.

The community overwhelmingly approved a bond issue in May of 2015 for the construction of a new PK-12 school building. The passage of the bond issue will help to solidify the financial stability of the School District going forward. It will alleviate the burden of costly repairs to older buildings and out of date designs. It will help to enhance the quality of teaching and learning and provide updated health and safety designs to aid in student achievement.

The Northridge Local School District has committed itself to financial excellence for many years. The School District's system of financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future and to provide the best educational opportunities to its children.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens taxpayers, and investors and creditors with a general overview of the School District's finances and to show that the School District is accountable for the money it receives. If you have questions about this report or need additional financial information contact Ms. Jennifer Ashbaugh, Treasurer, at Northridge Local School District, 2008 Timber Lane, Dayton, Ohio 45414, or email at jashbaugh@northridgeschools.org.

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**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 24,996,703
Receivables:	
Property taxes	8,999,662
Accounts.	283,812
Accrued interest	39,372
Intergovernmental	2,407,206
Prepayments	47,790
Materials and supplies inventory.	2,235
Inventory held for resale.	8,848
Net OPEB asset	1,416,789
Capital assets:	
Nondepreciable capital assets	51,880,600
Depreciable capital assets, net.	6,665,318
Capital assets, net.	58,545,918
Total assets.	96,748,335
 Deferred outflows of resources:	
Unamortized deferred charges on debt refunding.	186,099
Pension	5,227,069
OPEB	499,072
Total deferred outflows of resources	5,912,240
 Liabilities:	
Accounts payable.	467,561
Retainage payable	785,147
Accrued wages and benefits payable	1,604,328
Intergovernmental payable	139,883
Pension and postemployment benefits payable	308,503
Accrued interest payable	51,298
Long-term liabilities:	
Due within one year.	702,547
Due in more than one year:	
Net pension liability	24,753,486
Net OPEB liability	2,505,020
Other amounts due in more than one year	17,892,194
Total liabilities	49,209,967
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	7,381,504
Pension	1,188,525
OPEB	2,463,629
Total deferred inflows of resources	11,033,658
 Net position:	
Net investment in capital assets	42,758,593
Restricted for:	
Capital projects	7,310,440
Classroom facilities maintenance	408,355
Debt service.	608,581
State funded programs.	294,528
Federally funded programs	956
Student activities	40,215
Food service	908,806
Unrestricted (deficit)	(9,913,524)
Total net position.	\$ 42,416,950

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

		Program Revenues		Net (Expense) Revenue and Change in Net Position
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental activities:				
Instruction:				
Regular	\$ 10,593,870	\$ 1,333,877	\$ 399,321	\$ (8,860,672)
Special	4,868,837	202,752	2,478,488	(2,187,597)
Other	1,837,532	-	176,878	(1,660,654)
Support services:				
Pupil	1,962,205	-	193,800	(1,768,405)
Instructional staff	1,465,868	-	469,305	(996,563)
Board of education	58,152	-	-	(58,152)
Administration	3,013,007	-	27,273	(2,985,734)
Fiscal	690,513	-	-	(690,513)
Business	180,814	-	-	(180,814)
Operations and maintenance	2,288,915	88,611	-	(2,200,304)
Pupil transportation	1,209,283	508	76,711	(1,132,064)
Central	371,015	-	-	(371,015)
Operation of non-instructional services:				
Other non-instructional services	89,946	-	273,355	183,409
Food service operations	1,156,608	73,860	924,783	(157,965)
Extracurricular activities	911,509	120,605	8,960	(781,944)
Interest and fiscal charges	636,736	-	-	(636,736)
Total governmental activities	<u>\$ 31,334,810</u>	<u>\$ 1,820,213</u>	<u>\$ 5,028,874</u>	<u>(24,485,723)</u>
General revenues:				
Property taxes levied for:				
General purposes				6,987,339
Debt service				1,071,095
Classroom facilities maintenance				66,137
Grants and entitlements not restricted to specific programs				13,434,825
Investment earnings				766,132
Miscellaneous				44,559
Total general revenues				<u>22,370,087</u>
Extraordinary item:				
Insurance proceeds related to tornado damage				<u>3,995,386</u>
Change in net position				1,879,750
Net position at beginning of year (restated)				<u>40,537,200</u>
Net position at end of year				<u>\$ 42,416,950</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Permanent Improvement	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents.	\$ 14,948,448	\$ 3,511,574	\$ 3,292,083	\$ 3,191,961	\$ 24,944,066
Receivables:					
Property taxes.	7,676,299	-	-	1,323,363	8,999,662
Accounts.	-	282,792	-	1,020	283,812
Accrued interest.	39,344	-	19	9	39,372
Interfund loans.	133,188	-	-	-	133,188
Intergovernmental.	204,033	-	1,740,335	462,838	2,407,206
Prepayments.	47,306	-	-	484	47,790
Materials and supplies inventory.	-	-	-	2,235	2,235
Inventory held for resale.	-	-	-	8,848	8,848
Restricted assets:					
Equity in pooled cash and cash equivalents.	52,637	-	-	-	52,637
Total assets.	<u>\$ 23,101,255</u>	<u>\$ 3,794,366</u>	<u>\$ 5,032,437</u>	<u>\$ 4,990,758</u>	<u>\$ 36,918,816</u>
Liabilities:					
Accounts payable.	\$ 255,804	\$ 154,504	\$ -	\$ 57,253	\$ 467,561
Retainage payable.	-	-	742,671	42,476	785,147
Accrued wages and benefits payable.	1,394,355	-	-	209,973	1,604,328
Compensated absences payable.	86,285	-	-	-	86,285
Intergovernmental payable.	137,346	-	-	2,537	139,883
Pension and postemployment benefits payable.	273,707	-	-	34,796	308,503
Interfund loans payable.	-	-	-	133,188	133,188
Total liabilities.	<u>2,147,497</u>	<u>154,504</u>	<u>742,671</u>	<u>480,223</u>	<u>3,524,895</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year.	6,288,906	-	-	1,092,598	7,381,504
Delinquent property tax revenue not available.	1,233,576	-	-	205,742	1,439,318
Intergovernmental revenue not available.	57,667	-	1,740,335	19,405	1,817,407
Accrued interest not available.	17,874	-	-	-	17,874
Total deferred inflows of resources.	<u>7,598,023</u>	<u>-</u>	<u>1,740,335</u>	<u>1,317,745</u>	<u>10,656,103</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory.	-	-	-	2,235	2,235
Prepays.	47,306	-	-	484	47,790
Unclaimed funds.	784	-	-	-	784
Restricted:					
Debt service.	-	-	-	944,884	944,884
Capital improvements.	-	3,639,862	2,549,431	668,609	6,857,902
Classroom facilities maintenance.	-	-	-	396,611	396,611
Food service operations.	-	-	-	892,646	892,646
Special education.	-	-	-	956	956
Other purposes.	-	-	-	313,050	313,050
Extracurricular activities.	-	-	-	40,215	40,215
Set asides.	52,637	-	-	-	52,637
Assigned:					
Student instruction.	26,041	-	-	-	26,041
Student and staff support.	32,283	-	-	-	32,283
Facilities acquisition and construction.	6,000	-	-	-	6,000
Unassigned (deficit).	13,190,684	-	-	(66,900)	13,123,784
Total fund balances.	<u>13,355,735</u>	<u>3,639,862</u>	<u>2,549,431</u>	<u>3,192,790</u>	<u>22,737,818</u>
Total liabilities, deferred inflows and fund balances.	<u>\$ 23,101,255</u>	<u>\$ 3,794,366</u>	<u>\$ 5,032,437</u>	<u>\$ 4,990,758</u>	<u>\$ 36,918,816</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2020

Total governmental fund balances		\$	22,737,818
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			58,545,918
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,439,318	
Accrued interest receivable		17,874	
Intergovernmental receivable		1,817,407	
Total			3,274,599
Unamortized premiums on bonds issued are not recognized in the funds.			(560,077)
Unamortized amounts on refundings are not recognized in the funds.			186,099
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(51,298)
The net pension liability and net OPEB liability/asset are not due and payable in the current period; therefore, liability/asset and related deferred inflows and outflows are not reported in governmental funds.			
Deferred outflows - pension		5,227,069	
Deferred inflows - pension		(1,188,525)	
Net pension liability		(24,753,486)	
Deferred outflows - OPEB		499,072	
Deferred inflows - OPEB		(2,463,629)	
Net OPEB asset		1,416,789	
Net OPEB liability		(2,505,020)	
Total			(23,767,730)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(16,395,000)	
Compensated absences		(1,553,379)	
Total			(17,948,379)
Net position of governmental activities		\$	<u>42,416,950</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$ 6,915,471	\$ -	\$ -	\$ 1,126,084	\$ 8,041,555
Tuition	1,523,324	-	-	-	1,523,324
Transportation fees	508	-	-	-	508
Earnings on investments	683,222	-	56,634	22,423	762,279
Charges for services	-	-	-	73,860	73,860
Extracurricular	19,340	-	-	97,695	117,035
Classroom materials and fees	13,305	-	-	-	13,305
Rental income	88,611	-	-	-	88,611
Contributions and donations	44,559	-	-	9,116	53,675
Contract services	-	-	-	3,570	3,570
Other local revenues	-	-	-	1,061	1,061
Intergovernmental - state	14,268,942	-	591,385	344,946	15,205,273
Intergovernmental - federal	283,854	-	-	3,541,849	3,825,703
Total revenues	<u>23,841,136</u>	<u>-</u>	<u>648,019</u>	<u>5,220,604</u>	<u>29,709,759</u>
Expenditures:					
Current:					
Instruction:					
Regular	9,343,787	-	-	413,685	9,757,472
Special	3,298,287	-	-	1,324,332	4,622,619
Other	1,644,290	-	-	186,503	1,830,793
Support services:					
Pupil	1,689,120	-	-	70,662	1,759,782
Instructional staff	832,820	-	-	509,445	1,342,265
Board of education	32,602	-	-	-	32,602
Administration	2,775,685	-	-	27,273	2,802,958
Fiscal	635,493	-	-	21,627	657,120
Business	152,300	-	-	-	152,300
Operations and maintenance	1,741,780	154,504	-	-	1,896,284
Pupil transportation	1,068,959	-	-	-	1,068,959
Central	360,381	-	-	-	360,381
Operation of non-instructional services:					
Other non-instructional services	3,168	-	-	86,778	89,946
Food service operations	-	-	-	1,076,144	1,076,144
Extracurricular activities	517,993	-	-	137,755	655,748
Facilities acquisition and construction	-	-	12,912,664	1,198,187	14,110,851
Debt service:					
Principal retirement	-	-	-	245,000	245,000
Interest and fiscal charges	-	-	-	646,849	646,849
Accreted interest	-	-	-	290,000	290,000
Total expenditures	<u>24,096,665</u>	<u>154,504</u>	<u>12,912,664</u>	<u>6,234,240</u>	<u>43,398,073</u>
Excess of expenditures over revenues	<u>(255,529)</u>	<u>(154,504)</u>	<u>(12,264,645)</u>	<u>(1,013,636)</u>	<u>(13,688,314)</u>
Extraordinary item:					
Insurance proceeds	200,000	3,794,366	-	1,020	3,995,386
Net change in fund balances	(55,529)	3,639,862	(12,264,645)	(1,012,616)	(9,692,928)
Fund balances at beginning of year (restated).	13,411,264	-	14,814,076	4,205,406	32,430,746
Fund balances at end of year.	<u>\$ 13,355,735</u>	<u>\$ 3,639,862</u>	<u>\$ 2,549,431</u>	<u>\$ 3,192,790</u>	<u>\$ 22,737,818</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, 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, 2020

Net change in fund balances - total governmental funds	\$	(9,692,928)
<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.		
Capital asset additions	\$ 14,194,159	
Current year depreciation	(779,514)	
Total		13,414,645
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	83,016	
Earnings on investments	3,853	
Intergovernmental	(577,454)	
Total		(490,585)
Repayment of bonds and accreted interest is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
General obligation bonds	120,000	
Capital appreciation bonds	125,000	
Accretion on capital appreciation bonds	290,000	
Total		535,000
Accretion and amortization of bond premiums, the deferred loss on refunding debt, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities.		
Amortization of bond premiums	68,658	
Accretion on capital appreciation bonds	(31,502)	
Change in accrued interest payable	191	
Deferred charges on refundings	(27,234)	
Total		10,113
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		1,933,924
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(3,923,457)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		40,473
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability/asset are reported as OPEB expense in the statement of activities.		
		359,830
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(307,265)
Change in net position of governmental activities	\$	1,879,750

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 8,442,921	\$ 8,442,921	\$ 7,118,757	\$ (1,324,164)
Tuition	1,726,113	1,726,113	1,523,324	(202,789)
Transportation fees	7,016	7,016	508	(6,508)
Earnings on investments	536,884	536,884	382,071	(154,813)
Classroom materials and fees	22,883	22,883	13,305	(9,578)
Rental income	84,426	84,426	89,895	5,469
Contributions and donations	1,065	1,065	-	(1,065)
Other local revenues	333,757	333,757	7,007	(326,750)
Intergovernmental - state	18,844,237	18,844,237	14,271,615	(4,572,622)
Intergovernmental - federal	335,206	335,206	404,497	69,291
Total revenues	<u>30,334,508</u>	<u>30,334,508</u>	<u>23,810,979</u>	<u>(6,523,529)</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,373,665	9,739,933	9,241,866	498,067
Special	3,243,314	3,370,044	3,461,943	(91,899)
Other	1,482,211	1,540,127	1,708,084	(167,957)
Support services:				
Pupil	1,465,515	1,522,779	1,604,372	(81,593)
Instructional staff	884,783	919,355	818,618	100,737
Board of education	48,557	50,454	32,716	17,738
Administration	2,683,453	2,788,306	2,835,903	(47,597)
Fiscal	597,957	621,322	633,761	(12,439)
Business	10,535	10,947	166,589	(155,642)
Operations and maintenance	1,856,785	1,929,337	2,030,062	(100,725)
Pupil transportation	1,380,380	1,434,317	1,075,593	358,724
Central	171,320	178,014	347,234	(169,220)
Other operation of non-instructional services	1,004	1,043	3,168	(2,125)
Extracurricular activities	506,776	526,578	522,753	3,825
Facilities acquisition and construction	7,314	7,600	6,000	1,600
Total expenditures	<u>23,713,569</u>	<u>24,640,156</u>	<u>24,488,662</u>	<u>151,494</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,620,939</u>	<u>5,694,352</u>	<u>(677,683)</u>	<u>(6,372,035)</u>
Other financing sources (uses):				
Refund of prior year's expenditures	52,881	52,881	50,862	(2,019)
Sale of capital assets	56,416	56,416	-	(56,416)
Total other financing sources (uses)	<u>109,297</u>	<u>109,297</u>	<u>50,862</u>	<u>(58,435)</u>
Extraordinary item:				
Insurance proceeds	-	-	200,000	200,000
Net change in fund balance	<u>6,730,236</u>	<u>5,803,649</u>	<u>(426,821)</u>	<u>(6,230,470)</u>
Fund balance at beginning of year	14,296,239	14,296,239	14,296,239	-
Prior year encumbrances appropriated	466,946	466,946	466,946	-
Fund balance at end of year	<u>\$ 21,493,421</u>	<u>\$ 20,566,834</u>	<u>\$ 14,336,364</u>	<u>\$ (6,230,470)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Custodial
Assets:	
Equity in pooled cash and cash equivalents	\$ 10,411
Total assets.	10,411
 Net position:	
Restricted for individuals, organizations and other governments . .	10,411
Total net position.	\$ 10,411

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Custodial
Additions:	
Extracurricular	\$ 490
Contributions and donations	4,050
Total additions.	4,540
 Deductions:	
Operation of non-instructional	589
Change in net position	3,951
Net position at beginning of year (restated)	6,460
Net position at end of year	\$ 10,411

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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 1931 through the consolidation of existing land areas and school districts. The School District serves an area of approximately seven square miles. It is located in Montgomery County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 School District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District.

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; or (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the School District has no component units. The basic financial statements of the reporting entity include only those of the School District (the primary government).

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the School District:

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium. META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs. The governing board of META consists of a president, vice president and six board members who represent the members of META. The Board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School paid META \$40,722 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Southwestern Ohio Educational Purchasing Council

The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 153 school districts in 18 counties. The purpose of SOEPC is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. The Board exercises total control over the operations of SOEPC including budgeting, appropriating, contracting and designating management. Each school district's degree of control is limited to its representation on the Board. Payments to SOEPC are generally made from the general fund. During fiscal year 2020, the School District paid \$68,791 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Miami Valley Career Technology Center

The Miami Valley Career Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the nine participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following city and/or exempted village school districts: Miamisburg, Milton-Union, Vandalia, Tipp City, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center, and one is appointed from the Miami County Educational Service Center. The Board exercises total control over the operations of the Career Technology Center including budgeting, appropriating, contracting and designating management. Each school district's degree of control is limited to its representation on the Board. The School District did not contribute financially to this organization during fiscal year 2020. To obtain financial information, write to the Miami Valley Career Technology Center, Matt Huffman, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PUBLIC ENTITY RISK POOLS

Shared Risk Pool

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust

The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of 55 school districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center, and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program

The School District participates in the Southwestern Ohio Educational Purchasing Council Liability, Fleet and Property Program (LFP). The LFP's business and affairs are conducted by a six-member committee consisting of various LFP representatives that are elected by the general assembly. The purpose of the Property, Fleet, and Liability Program of the SOEPC is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections for participants.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary 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 plus deferred outflows of resources less liabilities and deferred inflows of resources is reported as fund balance.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following are the School District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Classroom facilities fund - The classroom facilities fund accounts for and reports restricted monies received and expended in connection with constructing improvements, renovations, and additions to the School District's buildings, including equipment, furniture, and fixtures.

Permanent improvement fund - The permanent improvement capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of major capital facilities.

Other governmental funds of the School District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

PROPRIETARY FUNDS

Proprietary funds are used to account for the School District's ongoing activities which are similar to those often found in the private sector. The School District has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's custodial fund primarily accounts for the School District's Hall of Fame fund.

C. Basis of Presentation and Measurement Focus

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 government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the School District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the School District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

The custodial fund is reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, see Notes 12 and 13 for deferred outflows of resources related to the School District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. 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.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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 as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the 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, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 12 and 13 for deferred inflows of resources related to the School District's net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgetary Process

All funds, other than the custodial fund, are legally required to be budgeted and appropriated. The major documents prepared are the appropriation resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been given the authority to allocate the Board's appropriations to the function and object level.

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during the fiscal year, including all supplemental appropriations.

F. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled, except cash held in a segregated bank account separate from the School District's central bank account as petty cash for the School District student managed activities. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2020, the School District invested in commercial paper, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, negotiable certificates of deposit, U.S. Treasury notes, U.S. government money market accounts and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments, except for STAR Ohio and commercial paper are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price. The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than a year.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but 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 the fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, 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.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. 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 2020 amounted to \$683,222, which includes \$145,197 assigned from other School District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the School District's investment account at fiscal year-end is provided in Note 4.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or are imposed by law through constitutional provisions. Restricted assets in the General Fund represent cash and cash equivalents legally required by statute to be set aside by the School District to create a reserve for budget stabilization.

H. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

I. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their fair value. Inventories are recorded on a first-in, first-out basis and are expensed/expended when used. Inventories are accounted for using the consumption method which means that the costs of inventory items are recorded as an expenditure in the governmental funds when consumed.

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

Inventory consists of expendable supplies held for consumption, donated food, purchased food and non-food supplies.

J. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The School District's capitalization threshold is \$1,500 for general capital assets. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	15 - 20 years
Buildings and improvements	20 - 40 years
Furniture and equipment	6 - 15 years
Vehicles	8 years

K. Bond Issuance Cost/Unamortized Bond Premium and Discount/Unamortized Deferred Charges on Debt Refunding

On fund financial statements and the government-wide financial statements, issuance costs are expensed/expended in the fiscal year they occur.

Bond premiums are deferred and 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.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources on the statement of net position.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period.

L. Interfund Balances

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

M. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, “Accounting for Compensated Absences.” Vacation benefits are accrued as a liability as the benefits are earned if the employee’s 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.” A liability for sick leave is based on the sick leave accumulated at the Balance Sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. The School District records a liability for accumulated unused sick leave for all employees after 10 years of current service with the School District.

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

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 year. Bonds and loans are recognized on the fund financial statements when due. 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 pension is not sufficient for payment of those benefits.

O. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes, but do not meet the criteria to be classified as restricted nor 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 policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

P. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Q. Estimates

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

R. Interfund Activity

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

Interfund activity between governmental funds is eliminated in the Statement of Activities.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, 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.

T. Fair Value

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2020, the School District reported an extraordinary item of \$3,995,386 due to insurance proceeds related to tornado damage caused in the prior fiscal year. See Note 18 for further details.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2020, the School District has implemented GASB Statement No. 84, "Fiduciary Activities" and GASB Statement No. 90, "Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61".

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental. These fund reclassifications resulted in the restatement of the School District's financial statements.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the School District.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Restatement of Net Position and Fund Balances

The implementation of GASB 84 had the following effect on fund balance as reported at June 30, 2019:

	<u>General</u>	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance as previously reported	\$ 13,411,264	\$ -	\$ 14,814,076	\$ 4,150,475	\$ 32,375,815
GASB Statement No. 84	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,931</u>	<u>54,931</u>
Restated Fund Balance, at June 30, 2019	<u>\$ 13,411,264</u>	<u>\$ -</u>	<u>\$ 14,814,076</u>	<u>\$ 4,205,406</u>	<u>\$ 32,430,746</u>

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2019:

	<u>Governmental Activities</u>
Net position as previously reported	\$ 40,482,269
GASB Statement No. 84	<u>54,931</u>
Restated net position at June 30, 2019	<u>\$ 40,537,200</u>

Due to the implementation of GASB Statement No.84, the new classification of custodial funds is reporting a beginning net position of \$6,460. Also, related to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. At June 30, 2019, agency funds reported assets and liabilities of \$54,931. Also, related to the implementation of GASB Statement No. 84, the entity will no longer be reporting private purpose trust funds. At June 30, 2019, private purpose trust funds reported a net position of \$6,460.

C. Deficit Fund Balances

Fund balances at June 30, 2020 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
District managed student activity	\$ 9,892
Title I	11,820
Improving Teacher Quality	444
Miscellaneous federal grants	44,744

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
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 items (1) and (2) above 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, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy 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.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of the 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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the School District had \$2,500 in undeposited cash on hand which is included on the financial statements of the School District as part of “equity in pooled cash and cash equivalents”.

B. Deposits with Financial Institutions

At June 30, 2020, the carrying amount of all School District deposits was \$4,957,110 and the bank balance of all School District deposits was \$5,529,925. Of the bank balance, \$500,000 was covered by the FDIC and \$5,029,925 was potentially exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized.

Custodial credit risk 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. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. For fiscal year 2020, some of the School District’s financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2020, the School District had the following investments and maturities:

Measurement/ Investment type	Measurement Value	6 months or less	Investment Maturities			
			7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair value:</i>						
Commercial paper	\$ 3,350,821	\$ 1,854,014	\$ 1,496,807	-	\$ -	\$ -
FFCB	1,012,975	572,410	-	-	-	440,565
FHLB	377,531	-	-	-	-	377,531
FHLMC	855,029	-	-	-	535,004	320,025
FNMA	578,094	578,094	-	-	-	-
Negotiable CDs	7,254,818	248,596	1,254,880	102,367	2,051,933	3,597,042
U.S. Treasury notes	814,947	814,947	-	-	-	-
U.S. Government money market	21,694	21,694	-	-	-	-
<i>Amortized cost:</i>						
STAR Ohio	<u>5,781,595</u>	<u>5,781,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 20,047,504</u>	<u>\$ 9,871,350</u>	<u>\$ 2,751,687</u>	<u>\$ 102,367</u>	<u>\$ 2,586,937</u>	<u>\$ 4,735,163</u>

The weighted average of maturity of investments is 1.12 years.

The School District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The School District's investments in commercial paper, federal agency securities (FFCB, FHLB, FHLMC, FNMA), negotiable CD's and U.S. Treasury notes are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that, to the extent possible, investments will match anticipated cash flow requirements. No investment shall be made unless the Treasurer, at the time of making the investment, reasonably expects it can be held to its maturity. Unless matched to a specific obligation or debt of the School District, the School District will not directly invest in securities maturing more than five years from the date of investment.

Credit Risk: The School District's investment policy limits investments to those authorized by State statute, which restricts investments to those that are highly rated or issued by United States Government sponsored enterprises. The School District's investments in commercial paper and U.S. Treasury Notes were rated P-1 by Moody's Investor Services. The School District investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard and Poor's has assigned STAR Ohio and the U.S. government money market accounts an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized rating agency. The School District's investments in negotiable CD's are not rated.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair value:</i>		
Commercial paper	\$ 3,350,821	16.71%
FFCB	1,012,975	5.05%
FHLB	377,531	1.88%
FHLMC	855,029	4.27%
FNMA	578,094	2.88%
Negotiable CDs	7,254,818	36.19%
U.S. Treasury notes	814,947	4.07%
U.S. Government money market	21,694	0.11%
<i>Amortized cost:</i>		
STAR Ohio	<u>5,781,595</u>	<u>28.84%</u>
Total	<u>\$ 20,047,504</u>	<u>100.00%</u>

D. Reconciliation of Cash and Investments to the Financial Statements

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the financial statements as of June 30, 2020:

<u>Cash and investments per note</u>	
Cash on hand	\$ 2,500
Carrying amount of deposits	4,957,110
Investments	<u>20,047,504</u>
Total	<u>\$ 25,007,114</u>
<u>Cash and investments per financial statements</u>	
Governmental activities	\$ 24,996,703
Custodial	<u>10,411</u>
Total	<u>\$ 25,007,114</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund loans receivable/payable consisted of the following at June 30, 2020, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 133,188</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund loans between governmental funds have been eliminated on the government-wide basic financial statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Montgomery County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 was \$153,817 in the general fund, \$23,594 in the bond retirement fund (a nonmajor governmental fund) and \$1,429 in the classroom facility maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2019 was \$357,103 in the general fund, \$54,219 in the bond retirement fund (a nonmajor governmental fund) and \$3,291 in the classroom facility maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2020 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 136,915,580	96.16	\$ 135,263,520	95.88
Public utility personal	<u>5,474,460</u>	<u>3.84</u>	<u>5,808,720</u>	<u>4.12</u>
Total	<u>\$ 142,390,040</u>	<u>100.00</u>	<u>\$ 141,072,240</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$76.42		\$76.42	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2020 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the Statement of Net Position follows:

Governmental activities:

Property taxes	\$ 8,999,662
Accounts	283,812
Accrued interest	39,372
Intergovernmental:	
Medicaid	5,195
SERS refund	14,442
State foundation	95,786
Montgomery Co. ESC	88,610
Ohio Facilities Construction Commission	1,740,335
Food service operations	134,426
ESSER	19,349
Title I	273,730
Improving teacher quality	23,548
IDEA Part B	7,176
Miscellaneous federal grants	<u>4,609</u>
Total	<u>\$ 11,730,052</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2020</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,966,576	\$ -	\$ -	\$ 1,966,576
Construction in progress	35,803,173	14,110,851	-	49,914,024
Total capital assets, not being depreciated	<u>37,769,749</u>	<u>14,110,851</u>	<u>-</u>	<u>51,880,600</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,342,499	-	-	2,342,499
Building and improvements	19,535,020	-	-	19,535,020
Furniture and equipment	4,856,138	3,625	-	4,859,763
Vehicles	1,710,926	79,683	(53,692)	1,736,917
Total capital assets, being depreciated	<u>28,444,583</u>	<u>83,308</u>	<u>(53,692)</u>	<u>28,474,199</u>
<i>Accumulated depreciation:</i>				
Land improvements	(1,683,651)	(64,177)	-	(1,747,828)
Building and improvements	(13,721,754)	(550,509)	-	(14,272,263)
Furniture and equipment	(4,490,530)	(59,756)	-	(4,550,286)
Vehicles	(1,187,124)	(105,072)	53,692	(1,238,504)
Total accumulated depreciation	<u>(21,083,059)</u>	<u>(779,514)</u>	<u>53,692</u>	<u>(21,808,881)</u>
Total governmental activities capital assets, net	<u>\$ 45,131,273</u>	<u>\$ 13,414,645</u>	<u>\$ -</u>	<u>\$ 58,545,918</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 78,270
<u>Support services:</u>	
Pupil	15,772
Board of Education	23,750
Administration	800
Fiscal	392
Operations and maintenance	262,435
Pupil transportation	152,966
Central	1,775
<u>Operation of noninstructional services:</u>	
Food service operations	21,524
Extracurricular activities	221,830
Total depreciation expense	<u>\$ 779,514</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2020, the following changes occurred in governmental activities long-term obligations.

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due in One Year
Governmental Activities:					
General obligation bonds:					
2012 school improvement refunding bonds:					
Serial bonds 2.00-3.00%	\$ 3,050,000	\$ -	\$ -	\$ 3,050,000	\$ 415,000
Capital appreciation bonds 15.49-16.43%	125,000	-	(125,000)	-	-
Accretion on capital appreciation bonds	258,498	31,502	(290,000)	-	-
Premium on serial bonds	48,963	-	(6,251)	42,712	-
Premium on capital appreciation bonds	84,393	-	(46,031)	38,362	-
2015 school improvement premium on bonds	13,465,000	-	(120,000)	13,345,000	120,000
	495,379	-	(16,376)	479,003	-
Total general obligation bonds	<u>17,527,233</u>	<u>31,502</u>	<u>(603,658)</u>	<u>16,955,077</u>	<u>535,000</u>
Other long-term obligations:					
Net pension liability	23,649,105	1,104,381	-	24,753,486	-
Net OPEB liability	2,751,707	-	(246,687)	2,505,020	-
Total liability	<u>26,400,812</u>	<u>1,104,381</u>	<u>(246,687)</u>	<u>27,258,506</u>	<u>-</u>
Compensated absences	1,505,788	456,927	(323,051)	1,639,664	167,547
Total governmental activities long-term liabilities	<u>\$ 45,433,833</u>	<u>\$ 1,592,810</u>	<u>\$ (1,173,396)</u>	<u>\$ 45,853,247</u>	<u>\$ 702,547</u>

Detail on the net pension liability and OPEB liability/asset can be found in Notes 12 and 13, respectively. The School District pays obligations related to employee compensation from the fund benefitting from their services.

Compensated absences will be paid from the fund from which the employee is paid, primarily the general fund and food service fund (a nonmajor governmental fund).

School Improvement Refunding Bonds

On April 25, 2012, Northridge Local School District issued \$5,145,000 in school improvement refunding bonds. Of these bonds, \$4,865,000 are serial bonds, and \$280,000 are capital appreciation bonds. The bonds were issued for a 15-year period with final maturity during fiscal year 2027. The bonds were issued for the purpose of advance refunding a portion of the School Improvement Bonds. The bonds will be retired from the Bond Retirement Fund with property tax revenues.

The refunding bonds maturing on December 1, 2022 and thereafter are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the Board of Education and by lot within maturity, at the option of the Board of Education on or after December 1, 2021 at the redemption price of 100 percent.

The capital appreciation bonds, issued at \$280,000, are not subject to prior redemption. The fiscal year 2020 accretion amount was \$31,502. The capital appreciation bonds matured December 1, 2019, in the amount of \$415,000.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

School Improvement Bonds

On October 7, 2015, Northridge Local School District issued \$13,680,000 in school improvement bonds. These bonds were issued for a 34-year period with final maturity on December 1, 2049. The bonds were issued for the construction, improvements and renovations to the school facilities. The bonds have a variable interest rate from 2 to 5 percent. The bonds maturing on December 1, 2035 and thereafter are subject to a mandatory sinking fund redemption price of 100 percent of the principal amount plus accrued interest to the date of redemption. The bonds will be paid from the debt service fund. At the end of the fiscal year 2020, the School District has \$1,287,797 in unspent proceeds.

- B.** Principal and interest requirements to retire general obligation debt outstanding at June 30, 2020, are as follows:

Fiscal Year Ending June 30,	Serial Bonds		
	Principal	Interest	Total
2021	\$ 535,000	\$ 638,224	\$ 1,173,224
2022	575,000	622,899	1,197,899
2023	590,000	607,469	1,197,469
2024	605,000	591,214	1,196,214
2025	645,000	572,579	1,217,579
2026 - 2030	2,030,000	2,599,253	4,629,253
2031 - 2035	1,665,000	2,338,982	4,003,982
2036 - 2040	2,285,000	1,919,375	4,204,375
2041 - 2045	3,195,000	1,241,200	4,436,200
2046 - 2050	4,270,000	444,600	4,714,600
Total	<u>\$ 16,395,000</u>	<u>\$ 11,575,795</u>	<u>\$ 27,970,795</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation used in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

Due to the magnitude of the school facilities construction project, the debt issued by the School District exceeded the overall debt margin as permitted by Ohio statute by approximately \$2.8 million. However, the School District was declared a "special needs" school district, as defined by Section 133.06 of the Ohio Revised Code, by the Superintendent of Public Instruction, therefore the School District's debt in excess of the overall debt margin was allowable.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 10 - OTHER EMPLOYEE BENEFITS

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 360 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 90 days for all employees.

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District contracted with the Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program for general liability, property, and fleet insurance.

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

B. Medical Benefits

The School District participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust), a public entity shared risk pool consisting of fifty-five school districts. The School District pays monthly premiums to the Trust for employee medical, dental, life, and vision insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance or the Directors have the right to hold monies for an exiting school district subsequent to the settlement of all expenses and claims.

C. Workers' Compensation

The School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. 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 Hunter Corporation provides administrative, cost control, and actuarial services to the GRP.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or 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% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The School District's contractually required contribution to SERS was \$506,235 for fiscal year 2020. Of this amount, \$24,539 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% 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 28 years of service, or 30 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.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of 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 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 fiscal year 2020, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,427,689 for fiscal year 2020. Of this amount, \$243,492 is reported as pension and postemployment benefits 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, 2019, 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 projected contributions of all participating entities.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.09827930%	0.08195683%	
Proportion of the net pension liability current measurement date	<u>0.09754470%</u>	<u>0.08554253%</u>	
Change in proportionate share	<u>-0.00073460%</u>	<u>0.00358570%</u>	
Proportionate share of the net pension liability	\$ 5,836,270	\$ 18,917,216	\$ 24,753,486
Pension expense	\$ 869,527	\$ 3,053,930	\$ 3,923,457

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 147,994	\$ 154,017	\$ 302,011
Changes of assumptions	-	2,222,193	2,222,193
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	21,110	747,831	768,941
Contributions subsequent to the measurement date	<u>506,235</u>	<u>1,427,689</u>	<u>1,933,924</u>
Total deferred outflows of resources	<u>\$ 675,339</u>	<u>\$ 4,551,730</u>	<u>\$ 5,227,069</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 81,890	\$ 81,890
Net difference between projected and actual earnings on pension plan investments	74,914	924,569	999,483
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>107,152</u>	<u>-</u>	<u>107,152</u>
Total deferred inflows of resources	<u>\$ 182,066</u>	<u>\$ 1,006,459</u>	<u>\$ 1,188,525</u>

\$1,933,924 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, 2021.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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
Fiscal Year Ending June 30:			
2021	\$ 109,895	\$ 1,425,300	\$ 1,535,195
2022	(160,358)	403,113	242,755
2023	(4,985)	46,542	41,557
2024	42,486	242,627	285,113
Total	\$ (12,962)	\$ 2,117,582	\$ 2,104,620

Actuarial Assumptions - SERS

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will 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, 2019, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2019, 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% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	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%. 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%). 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%, 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%), or one percentage point higher (8.50%) than the current rate.

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability	\$ 8,178,701	\$ 5,836,270	\$ 3,871,849

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below:

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

Asset Class	Target Allocation*	Long-Term Expected Real 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 %	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 27,645,404	\$ 18,917,216	\$ 11,528,358

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

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

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the School District's surcharge obligation was \$40,473.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$40,473 for fiscal year 2020. Of this amount, \$40,473 is reported as pension and postemployment benefits payable.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2019, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability/asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense/(income):

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.09918670%	0.08195683%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.09961150%</u>	<u>0.08554253%</u>	
Change in proportionate share	<u>0.00042480%</u>	<u>0.00358570%</u>	
Proportionate share of the net OPEB liability	\$ 2,505,020	\$ -	\$ 2,505,020
Proportionate share of the net OPEB asset	\$ -	\$ (1,416,789)	\$ (1,416,789)
OPEB expense/(income)	\$ 61,507	\$ (421,337)	\$ (359,830)

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 36,772	\$ 128,442	\$ 165,214
Net difference between projected and actual earnings on OPEB plan investments	6,014	-	6,014
Changes of assumptions	182,964	29,781	212,745
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	2,202	72,424	74,626
Contributions subsequent to the measurement date	<u>40,473</u>	<u>-</u>	<u>40,473</u>
Total deferred outflows of resources	<u>\$ 268,425</u>	<u>\$ 230,647</u>	<u>\$ 499,072</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 550,336	\$ 72,082	\$ 622,418
Net difference between projected and actual earnings on OPEB plan investments	-	88,983	88,983
Changes of assumptions	140,374	1,553,345	1,693,719
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>58,509</u>	<u>-</u>	<u>58,509</u>
Total deferred inflows of resources	<u>\$ 749,219</u>	<u>\$ 1,714,410</u>	<u>\$ 2,463,629</u>

\$40,473 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$ (161,283)	\$ (325,771)	\$ (487,054)
2022	(85,527)	(325,770)	(411,297)
2023	(83,763)	(290,106)	(373,869)
2024	(84,049)	(277,594)	(361,643)
2025	(74,659)	(272,037)	(346,696)
Thereafter	<u>(31,986)</u>	<u>7,515</u>	<u>(24,471)</u>
Total	<u>\$ (521,267)</u>	<u>\$ (1,483,763)</u>	<u>\$ (2,005,030)</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019 are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.22%
Prior measurement date	3.70%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	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 discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. 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% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% 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 3.13%, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.62% was used as of June 30, 2018. 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 (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 3,040,619	\$ 2,505,020	\$ 2,079,156

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 2,007,028	\$ 2,505,020	\$ 3,165,734

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

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

Actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2018.

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

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

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset 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.

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ 1,208,948	\$ 1,416,789	\$ 1,591,536

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 1,606,574	\$ 1,416,789	\$ 1,184,349

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (non-GAAP budgetary 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures, other financing uses, and extraordinary items are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis); and,
- (f) Investments are recorded at fair value (GAAP basis) rather than cost (budgetary basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

	General Fund
Budget basis	\$ (426,821)
Net adjustment for revenue accruals	(33,742)
Net adjustment for expenditure accruals	19,712
Net adjustment for other sources/uses and extraordinary item	(50,862)
Funds budgeted elsewhere	47,868
Adjustment for encumbrances	388,316
GAAP basis	\$ (55,529)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund and unclaimed monies fund.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - CONTINGENCIES

A. Grants

The School District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the School District.

B. Litigation

The School District was not party to material legal proceedings.

NOTE 16 - SET-ASIDES

The School District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years.

The School District is no longer required to set-aside funds in the budget stabilization set-aside, with the exception of refunds received from the Bureau of Workers' Compensation, which must be spent for specified purposes.

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

	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside balance June 30, 2019	\$ -	\$ 52,637
Current year set-aside requirement	279,991	-
Current year offsets	(148,513)	-
Prior year offset from bond proceeds	<u>(131,478)</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ 52,637</u>
Balance carried forward to fiscal year 2021	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2020	<u>\$ -</u>	<u>\$ 52,637</u>

Although the School District had offsets during the year that reduced the set-aside amount below zero for the capital improvements reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 17 - OTHER COMMITMENTS

Encumbrances

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the School District’s commitments for encumbrances in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General Fund	\$ 33,460
Permanent Improvement Fund	279,757
Classroom Facilities Fund	2,587,996
Nonmajor Governmental Funds	<u>100,703</u>
Total	<u>\$ 3,001,916</u>

NOTE 18 – EXTRAORDINARY ITEM

In May 2019, multiple tornados touched down in the School District causing significant damage to Grafton Elementary. Under GASB Statement, No. 42, “*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*”, Grafton Elementary was considered to be permanently impaired and will no longer be used by the School District. During fiscal year 2020, the District received \$3,995,386 from insurance proceeds related to these tornados.

NOTE 19 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. The School District’s investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 20 – SUBSEQUENT EVENT

During January 2021, the School District authorized the issuance of not-to-exceed \$12,775,000 of school improvement funding bonds, authorized the issuance of not-to-exceed \$2,205,000 of school improvement refunding bonds, and authorized the issuance of not-to-exceed \$14,980,000 of school improvement refunding bonds.

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REQUIRED SUPPLEMENTARY INFORMATION

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net pension liability	0.09754470%	0.09827930%	0.09969250%	0.10007060%
School District's proportionate share of the net pension liability	\$ 5,836,270	\$ 5,628,638	\$ 5,956,406	\$ 7,324,245
School District's covered payroll	\$ 2,482,859	\$ 3,292,422	\$ 4,107,686	\$ 2,975,971
School District's proportionate share of the net pension liability as a percentage of its covered payroll	235.06%	170.96%	145.01%	246.11%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.09807130%	0.09657400%	0.09657400%
\$ 5,596,044	\$ 4,887,555	\$ 5,742,946
\$ 2,950,171	\$ 2,215,458	\$ 2,207,336
189.69%	220.61%	260.18%
69.16%	71.70%	65.52%

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net pension liability	0.08554253%	0.08195683%	0.08050611%	0.08022192%
School District's proportionate share net pension liability	\$ 18,917,216	\$ 18,020,467	\$ 19,124,399	\$ 26,852,693
School District's covered payroll	\$ 10,179,379	\$ 9,348,129	\$ 8,380,929	\$ 8,205,693
School District's proportionate share of net pension liability as a percentage of its covered payroll	185.84%	192.77%	228.19%	327.24%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.30%	75.30%	66.80%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.07863429%	0.07688117%	0.07688117%
\$ 21,732,218	\$ 18,700,161	\$ 22,275,510
\$ 8,178,807	\$ 7,878,071	\$ 7,070,508
265.71%	237.37%	315.05%
72.10%	74.70%	69.30%

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 506,235	\$ 335,186	\$ 444,477	\$ 575,076
Contributions in relation to the contractually required contribution	<u>(506,235)</u>	<u>(335,186)</u>	<u>(444,477)</u>	<u>(575,076)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 3,615,964	\$ 2,482,859	\$ 3,292,422	\$ 4,107,686
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 416,636	\$ 388,833	\$ 307,062
<u>(416,636)</u>	<u>(388,833)</u>	<u>(307,062)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,975,971	\$ 2,950,171	\$ 2,215,458
14.00%	13.18%	13.86%

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,427,689	\$ 1,425,113	\$ 1,308,738	\$ 1,173,330
Contributions in relation to the contractually required contribution	<u>(1,427,689)</u>	<u>(1,425,113)</u>	<u>(1,308,738)</u>	<u>(1,173,330)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 10,197,779	\$ 10,179,379	\$ 9,348,129	\$ 8,380,929
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 1,148,797	\$ 1,145,033	\$ 1,024,149	\$ 919,166	\$ 991,146	\$ 1,188,148
<u>(1,148,797)</u>	<u>(1,145,033)</u>	<u>(1,024,149)</u>	<u>(919,166)</u>	<u>(991,146)</u>	<u>(1,188,148)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,205,693	\$ 8,178,807	\$ 7,878,071	\$ 7,070,508	\$ 7,624,200	\$ 9,139,600
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.09961150%	0.09918670%	0.10071360%	0.10129280%
School District's proportionate share net OPEB liability	\$ 2,505,020	\$ 2,751,707	\$ 2,702,888	\$ 2,887,220
School District's covered payroll	\$ 2,482,859	\$ 3,292,422	\$ 4,107,686	\$ 2,975,971
School District's proportionate share of net OPEB liability as a percentage of its covered payroll	100.89%	83.58%	65.80%	97.02%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET)
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability/(asset)	0.08554253%	0.08195683%	0.08050611%	0.08022192%
School District's proportionate share net OPEB liability/(asset)	\$ (1,416,789)	\$ (1,316,962)	\$ 3,141,052	\$ 4,290,289
School District's covered payroll	\$ 10,179,379	\$ 9,348,129	\$ 8,380,929	\$ 8,205,693
School District's proportionate share of net OPEB liability/(asset) as a percentage of its covered payroll	(13.92)%	(14.09)%	37.48%	52.28%
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	174.70%	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 40,473	\$ 71,561	\$ 67,748	\$ 52,804
Contributions in relation to the contractually required contribution	<u>(40,473)</u>	<u>(71,561)</u>	<u>(67,748)</u>	<u>(52,804)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 3,615,964	\$ 2,482,859	\$ 3,292,422	\$ 4,107,686
Contributions as a percentage of covered payroll	1.12%	2.88%	2.06%	1.29%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 50,749	\$ 76,227	\$ 52,038
<u>(50,749)</u>	<u>(76,227)</u>	<u>(52,038)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,975,971	\$ 2,950,171	\$ 2,215,458
1.71%	2.58%	2.35%

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 10,197,779	\$ 10,179,379	\$ 9,348,129	\$ 8,380,929
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ 78,781	\$ 70,705	\$ 76,242	\$ 91,396
-	-	(78,781)	(70,705)	(76,242)	(91,396)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,205,693	\$ 8,178,807	\$ 7,878,071	\$ 7,070,508	\$ 7,624,200	\$ 9,139,600
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2020.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2020.

(Continued)

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increase the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

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NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Receipts	Total Federal Non-Cash Receipts	Total Federal Expenditures	Total Federal Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Child Nutrition Cluster:						
School Breakfast Program	10.553	N/A	\$ 159,917		\$ 159,917	
COVID-19 School Breakfast Program	10.553	N/A	19,066		19,066	
National School Lunch Program	10.555	N/A	408,492	\$ 65,175	408,492	\$ 65,175
COVID-19 National School Lunch Program	10.555	N/A	48,209		48,209	
Summer Food Service Program for Children	10.559	N/A	19,053		30,979	
COVID-19 Summer Food Service Program for Children	10.559	N/A	23,940		140,162	
Total Child Nutrition Cluster			<u>678,677</u>	<u>65,175</u>	<u>806,825</u>	<u>65,175</u>
Fresh Fruit and Vegetable Program	10.582	N/A	<u>27,531</u>		<u>27,531</u>	
Total U.S. Department of Agriculture			<u>706,208</u>	<u>65,175</u>	<u>834,356</u>	<u>65,175</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies	84.010	S010A190035	1,553,735	-	1,561,338	-
Student Support and Academic Enrichment Program	84.424	S424A190036	117,857	-	77,771	-
<i>Passed Through Milton Union Exempted Village School District</i>						
Striving Readers / Comprehensive Literacy Development	84.371	N/A	99,112		118,701	
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster (IDEA):						
Special Education Grants to States	84.027	H027A190111	<u>400,099</u>	<u>-</u>	<u>411,279</u>	<u>-</u>
Total Special Education Cluster (IDEA)			400,099	-	411,279	-
Supporting Effective Instruction State Grants	84.367	S367A190034	94,963	-	104,522	-
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	<u>-</u>	<u>-</u>	<u>863</u>	<u>-</u>
Total U.S. Department of Education			<u>2,265,766</u>	<u>-</u>	<u>2,274,474</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 2,971,974</u>	<u>\$ 65,175</u>	<u>\$ 3,108,830</u>	<u>\$ 65,175</u>

The accompanying notes are an integral part of this schedule.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Northridge Local School District (the School District's) under programs of the federal government for the fiscal year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F – MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

OHIO AUDITOR OF STATE KEITH FABER



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

Northridge Local School District
Montgomery County
2008 Timber Lane
Dayton, Ohio 45414

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northridge Local School District, Montgomery County, (the School District) as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 8, 2021, wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-002 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001.

School District's Response to Findings

The School District's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not subject the School District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

April 8, 2021

OHIO AUDITOR OF STATE KEITH FABER



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

Northridge Local School District
Montgomery County
2008 Timber Lane
Dayton, Ohio 45414

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Northridge Local School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Northridge Local School District's major federal programs for the fiscal year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies each of the School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in finding 2020-003 in the accompanying schedule of findings, the School District did not comply with requirements regarding equipment and real property management applicable to its Special Education Cluster (IDEA) major federal program. Compliance with this requirement is necessary, in our opinion, for the School District to comply with requirements applicable to this program.

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, Northridge Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its Special Education Cluster (IDEA) for the fiscal year ended June 30, 2020.

Unmodified Opinion on the Other Major Federal Program

In our opinion, Northridge Local School District complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the fiscal year ended June 30, 2020.

The School District's response to our noncompliance finding is described in the accompanying corrective action plan. We did not subject the School District's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2020-003.

The School District's response to our internal control over compliance finding is described in the accompanying corrective action plan. We did not subject the School District's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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



Keith Faber
Auditor of State
Columbus, Ohio

April 8, 2021

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**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Special Education Cluster (IDEA) – Qualified Title I Grants to Local Educational Agencies (CFDA # 84.010) - Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies (CFDA #84.010)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2020-001

Noncompliance – Appropriations in Excess of Estimated Resources

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund, "shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission."

**FINDING NUMBER 2020-001
 (Continued)**

At June 30, 2020, the School District's appropriations exceeded the amount certified as available by the budget commission in the following funds:

Fund Name	Estimated Resources	Final Appropriations	Variance
Classroom Facilities	\$ (2,089,172)	\$ 12,142,134	\$ (14,231,306)
Public School Support	142,305	264,000	(121,695)
Part B IDEA	261,814	411,279	(149,465)
Title II-A	-	191,657	(191,657)

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the School District's compliance monitoring policies and procedures could result in overspending and deficit cash fund balances.

The School District should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the School District should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board of Education to reduce the appropriations.

Officials' Response:

See Corrective Action Plan on page 101.

FINDING NUMBER 2020-002

Material Weakness – Financial Statement Errors

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Due to lack of controls over the review of the financial statements, the School District's annual financial report contained the following errors which were material and have been adjusted in the accompanying financial statements and the School District's accounting system:

- The School District improperly posted a portion of tangible personal property loss reimbursement receipts collected for the Bond Retirement Fund to the General Fund. As a result, cash and intergovernmental revenues were overstated by \$33,130 in the General Fund, and understated by the same amount in the Nonmajor Governmental Funds (Bond Retirement Fund).

**FINDING NUMBER 2020-002
 (Continued)**

- The School District improperly allocated homestead and rollback receipts between the General, Bond Retirement, and Classroom Facilities Maintenance Funds. As a result, cash and intergovernmental revenues were overstated by \$38,373 in the General Fund, understated by \$36,844 in the Nonmajor Governmental Funds (Bond Retirement Fund), and understated by \$1,529 in the Nonmajor Governmental Funds (Classroom Facilities Maintenance Fund).
- As a result of the errors noted above, the School District overstated net position: unrestricted by \$71,503, understated net position: restricted for debt service by \$69,974, and understated net position: restricted for classroom facilities maintenance by \$1,529 in Governmental Activities.
- The School District improperly classified proceeds from insurance as a special item on the government-wide statements and as other financing sources on the governmental fund statements. As a result, special item: insurance proceeds related to tornado damage was overstated and extraordinary item: insurance proceeds related to tornado damage was understated by \$3,995,386 in Governmental Activities. Additionally, other financing sources: insurance proceeds was overstated and extraordinary item: insurance proceeds was understated by \$200,000, \$3,794,366, and \$1,020 in the General, Permanent Improvement, and Nonmajor Governmental Funds (Student Managed Student Activity Fund), respectively.
- The School District did not include a portion of contracted work performed during fiscal year 2020 but paid in fiscal year 2021 in reported accounts payable. As a result, accounts payable and operations and maintenance expenditures were understated by \$21,161 in the Permanent Improvement Fund. Additionally, accounts payable and operations and maintenance expenses were understated by \$21,161 in Governmental Activities.
- The School District improperly classified the Student Wellness and Success Fund on the Balance Sheet as fund balance: restricted: set asides. As a result, fund balance: restricted: set asides was overstated and fund balance: restricted: other purposes was understated by \$294,528 in Nonmajor Governmental Funds.

The School District should implement procedures to verify the accuracy of amounts reported in the financial statements in accordance with applicable accounting standards. Failure to do so could result in the users of the financial statements basing their conclusions on materially misstated financial data.

Officials' Response:

See Corrective Action Plan on page 101.

3. FINDINGS FOR FEDERAL AWARDS

Maintenance of Assets

Finding Number:	2020-003
CFDA Number and Title:	Special Education Cluster (IDEA): CFDA # 84.027 Special Education Grants to States
Federal Award Identification Number / Year:	H027A190111 2020 and 2019
Federal Agency:	United States Department of Education
Compliance Requirement:	Equipment and Real Property Management
Pass-Through Entity:	Ohio Department of Education
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-004

**FINDING NUMBER 2020-003
(Continued)**

Noncompliance and Material Weakness

2 C.F.R. § 3474.1 gives regulatory effect to the Department of Education for **2 C.F.R. § 200.313(d)(1)**, which requires that property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal Award Identification Number (FAIN)), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property.

2 C.F.R. § 3474.1 gives regulatory effect to the Department of Education for **2 C.F.R. §200.313(d)(2)**, which states, a physical inventory of the property must be taken and the results reconciled with the property records at least once every 2 years.

Due to a failure of internal controls, the School District's capital asset records for assets acquired under the Special Education Cluster did not contain the FAIN, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, or the use or condition of the property. Additionally, due to a failure of internal controls, there was no indication that a physical inventory of the property acquired under the Special Education Cluster had been performed within the preceding two years and two of the two (100%) assets purchased under the Special Education Cluster selected for physical inspection were included in the capital asset records; however, the assets were no longer owned by the School District.

The School District should establish and implement policies and procedures to properly track and dispose of equipment purchased with Federal funds in accordance with **2 C.F.R. §200.313(d)**. Failure to do so could result in the School District tracking an incorrect number and/or amount of assets and misuse going undetected in a timely manner. Additionally, physical inventories should be performed, at a minimum, once every two years to verify that assets held per the capital asset listing actually exist. This will help detect errors, fraud, theft, or omissions.

Officials' Response:

See Corrective Action Plan on page 101.

Northridge Local Schools

Educating Today for Tomorrow's Success

Office of the Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
June 30, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Noncompliance- Appropriations in Excess of Estimated Resources	Not Corrected	See Corrective Action Plan Finding 2020-001
2019-002	Material Weakness- Financial Statement Errors	Not Corrected	See Corrective Action Plan Finding 2020-002
2019-003	Noncompliance Budgetary Measures in Accounting System	Partially Corrected	See comment in management letter
2019-004	Maintenance of Assets	Not Corrected	See Corrective Action Plan Finding 2020-003

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Northridge Local Schools

Educating Today for Tomorrow's Success

Office of the Treasurer

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

June 30, 2020

Finding Number:	2020-001
Planned Corrective Action:	The district has a plan to implement procedures so the Board doesn't approve appropriations in excess of County Auditor approved estimated resources.
Anticipated Completion Date:	6/30/2021
Responsible Contact Person:	Jennifer Ashbaugh, Treasurer
Finding Number:	2020-002
Planned Corrective Action:	The district has a plan to implement procedures to verify the accuracy of amounts reported in the financial statements.
Anticipated Completion Date:	6/30/2021
Responsible Contact Person:	Jennifer Ashbaugh, Treasurer
Finding Number:	2020-003
Planned Corrective Action:	The district has a plan to implement procedures to properly track and dispose of equipment purchased with Federal funds.
Anticipated Completion Date:	6/30/2021
Responsible Contact Person:	Jennifer Ashbaugh, Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



NORTHRIDGE LOCAL SCHOOL DISTRICT

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/6/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov