

***NORTHWOOD LOCAL SCHOOL DISTRICT***

***WOOD COUNTY***

**Single Audit**

**For the Year Ended June 30, 2020**







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Board of Education  
Northwood Local School District  
700 Lemoyne Road  
Northwood, Ohio 43619

We have reviewed the *Independent Auditor's Report* of the Northwood Local School District, Wood County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

February 19, 2021

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**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
SINGLE AUDIT  
For the Year Ending June 30, 2020**

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**INDEPENDENT AUDITOR'S REPORT**

Northwood Local School District  
Wood County  
700 Lemoyne Road  
Northwood, Ohio 43619

To the Board of Education:

***Report on the Financial Statements***

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

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwood Local School District, Wood County, Ohio, as of June 30, 2020, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Basis of Accounting**

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matter**

As discussed in Note 14.D to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. As discussed in Note 3.A to the financial statements, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding these matters.

**Other Matters**

*Supplementary Information*

Our audit was conducted to opine on the financial statements taken as a whole.

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

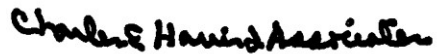
*Other Information*

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
December 31, 2020

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**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

The Management's Discussion and Analysis of the Northwood Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2020 are as follows:

- The total net cash position of the District increased \$1,012,851 or 12.07% from fiscal year 2019, as restated at July 1, 2019 for the implementation of GASB Statement No. 84 (see Note 3.A to the notes to the basic financial statements for detail).
- General cash receipts accounted for \$11,217,665, or 76.48% of all governmental activities cash receipts. Program specific cash receipts in the form of charges for services and grants, contributions, and interest accounted for \$3,449,627 or 23.52% of total governmental activities cash receipts of \$14,667,292.
- The District had \$13,654,441 in cash disbursements related to governmental activities; \$3,449,627 of these cash disbursements were offset by program specific charges for services, grants, contributions, and interest. General cash receipts supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,217,665 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, permanent improvement fund, and building fund. The general fund had \$12,399,022 in cash receipts and other financing sources and \$11,916,039 in cash disbursements. During fiscal year 2020 the general fund cash balance increased \$482,983 from \$4,491,636 to \$4,974,619.
- The permanent improvement fund had \$503,162 in cash receipts and \$322,079 in cash disbursements. During fiscal year 2020, the permanent improvement fund cash balance increased \$181,083 from \$1,943,922 to \$2,125,005.
- The building fund had \$85,500 in cash receipts. During fiscal year 2020, the building fund cash balance decreased \$85,500 from \$955,070 to \$1,040,570.

**Using the Cash Basis Basic Financial Statements (BFS)**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

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

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

The statement of net position - cash basis and the statement of activities - cash basis answer the question, "How did we do financially during fiscal year 2020?" These statements include only net position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the District's net cash position and changes in that position on a cash basis. This change in net cash position is important because it tells the reader that, for the District as a whole, the cash basis financial position of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net position - cash basis and the statement of activities - cash basis, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and food service operations.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, permanent improvement fund, and building fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs.

Since the District is reporting on the cash basis of accounting, there are no differences in the net cash position and fund cash balances or changes in net cash position and changes in fund cash balances.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

***Reporting the District's Fiduciary Responsibilities***

The District's only fiduciary fund type is custodial, which is used to account for scholarships in which recipients are selected by individuals or other organizations. The District acts as an agent for the individuals or other organizations.

All of the District's fiduciary activities are reported in separate statements of fiduciary net position - cash basis and changes in fiduciary net position - cash basis. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the 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.

**The District as a Whole**

Recall that the statement of net position - cash basis provides the perspective of the District as a whole.

The table below provides a summary of the District's net cash position at June 30, 2020 and 2019 (restated). See Note 3.A to the notes to the basic financial statements for detail on the restatement.

	<b>Net Cash Position</b>	
	Governmental Activities	(Restated) Governmental Activities
	<u>2020</u>	<u>2019</u>
<b><u>Assets</u></b>		
Equity in pooled cash and cash equivalents	\$ 9,403,324	\$ 8,390,473
Total assets	<u>\$ 9,403,324</u>	<u>\$ 8,390,473</u>
<b><u>Net cash position</u></b>		
Restricted	\$ 4,550,196	\$ 4,106,690
Unrestricted	<u>4,853,128</u>	<u>4,283,783</u>
Total net cash position	<u>\$ 9,403,324</u>	<u>\$ 8,390,473</u>

At June 30, 2020, the District's net cash position was \$9,403,324. A portion of this amount, \$4,550,196 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net cash position of \$4,853,128 may be used to meet the District's ongoing obligations to the students and creditors. The increase in net cash position is due to a decrease in disbursements related to debt service and the school facilities improvement project.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

The following table shows the change in net cash position for fiscal years 2020 and 2019 (restated).

	<b>Change in Net Cash Position</b>	
	Governmental	(Restated)
	Activities	Governmental
	<u>2020</u>	<u>2019</u>
<b><u>Cash receipts</u></b>		
Program cash receipts:		
Charges for services and sales	\$ 1,938,243	\$ 2,035,193
Operating grants, contributions and interest	1,411,398	1,294,982
Capital grants, contributions and interest	99,986	-
General cash receipts:		
Property taxes	6,326,423	6,423,665
Payment in lieu of taxes	399,956	416,269
Income taxes	353,422	328,611
Grants and entitlements	3,838,029	3,981,096
Investment earnings	147,904	169,388
Sale of assets	27,757	-
Miscellaneous	124,174	119,525
Total cash receipts	<u>14,667,292</u>	<u>14,768,729</u>

- Continued

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

**Change in Net Cash Position (Continued)**

	Governmental Activities 2020	(Restated) Governmental Activities 2019
	<u>2020</u>	<u>2019</u>
<b><u>Cash disbursements:</u></b>		
Current:		
Instruction:		
Regular	\$ 4,993,981	\$ 5,181,523
Special	1,911,532	1,935,068
Vocational	71,805	116,598
Other	5,179	6,644
Support services:		
Pupil	589,628	541,275
Instructional staff	586,508	732,755
Board of education	13,560	16,321
Administration	997,813	1,015,281
Fiscal	520,675	512,533
Business	-	3,575
Operations and maintenance	1,006,442	1,108,111
Pupil transportation	503,267	577,131
Central	217,942	231,677
Operation of non-instructional services:		
Other non-instructional services	2,750	2,900
Food service operations	453,629	445,217
Extracurricular activities	622,091	609,195
Facilities acquisition and construction	117,430	1,031,562
Debt service:		
Principal retirement	180,000	810,000
Interest and fiscal charges	735,209	1,203,828
Accretion on capital appreciation bonds	125,000	-
Total cash disbursements	<u>13,654,441</u>	<u>16,081,194</u>
Change in net cash position	1,012,851	(1,312,465)
Net cash position at beginning of year (restated)	<u>8,390,473</u>	<u>9,702,938</u>
Net cash position at end of year	<u>\$ 9,403,324</u>	<u>\$ 8,390,473</u>

**Governmental Activities**

Net cash position of the District's governmental activities increased \$1,012,851 during fiscal year 2020. Total governmental cash disbursements of \$13,654,441 were offset by program cash receipts of \$3,449,627 and general cash receipts of \$11,217,665. Program cash receipts supported 25.26% of the total governmental disbursements in fiscal year 2020, compared to 25.26% in the previous year.

The primary sources of receipts for governmental activities are derived from property taxes and unrestricted grants and entitlements. These sources represent 69.30% of total governmental cash receipts.

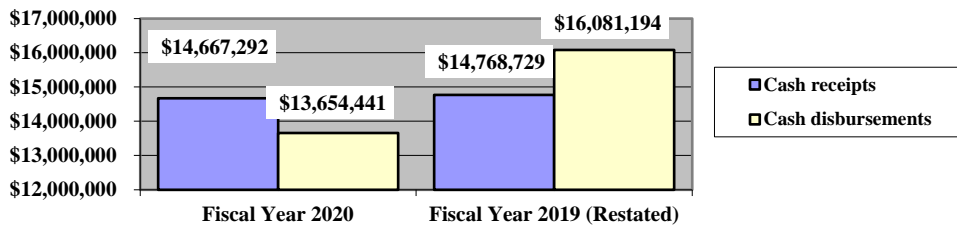
**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

The largest cash disbursement of the District is for instructional activities. Instructional disbursements totaled \$6,982,497 or 51.14% of total governmental disbursements for fiscal year 2020.

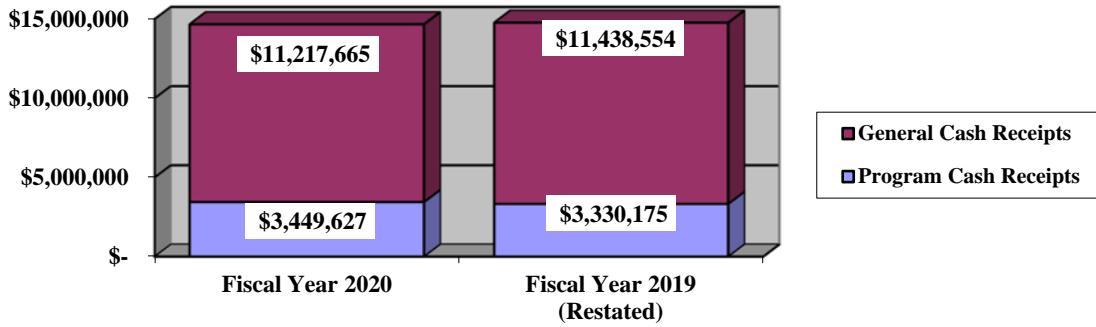
The graph below presents the District's cash receipts and cash disbursements for fiscal years 2020 and 2019 (restated).

**Governmental Activities - Cash Receipts and Cash Disbursements**



The graph below presents the District's governmental activities cash receipts for the fiscal years 2020 and 2019 (restated).

**Governmental Activities - General and Program Cash Receipts**



The statement of activities shows the cost of program services and the charges for services and grants 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 receipts and unrestricted State grants and entitlements.



**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

**Governmental Activities**

	Total Cost of Services	Net Cost of Services	(Restated) Total Cost of Services	(Restated) Net Cost of Services
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
<b>Program cash disbursements</b>				
Instruction:				
Regular	\$ 4,993,981	\$ 3,302,667	\$ 5,181,523	\$ 3,639,450
Special	1,911,532	1,202,618	1,935,068	1,063,866
Vocational	71,805	68,289	116,598	113,082
Other	5,179	5,179	6,644	6,644
Support services:				
Pupil	589,628	461,614	541,275	412,997
Instructional staff	586,508	556,616	732,755	716,405
Board of education	13,560	13,560	16,321	16,321
Administration	997,813	992,486	1,015,281	1,013,584
Fiscal	520,675	520,675	512,533	512,533
Business	-	-	3,575	3,575
Operations and maintenance	1,006,442	983,021	1,108,111	1,100,026
Pupil transportation	503,267	497,002	577,131	571,220
Central	217,942	213,768	231,677	227,577
Operation of non-instructional services:				
Other non-instructional services	2,750	(2,244)	2,900	(2,490)
Food service operations	453,629	(115,481)	445,217	(100,815)
Extracurricular activities	622,091	447,391	609,195	411,654
Facilities acquisition and construction	117,430	17,444	1,031,562	1,031,562
Debt service:				
Principal retirement	180,000	180,000	810,000	810,000
Interest and fiscal charges	735,209	735,209	1,203,828	1,203,828
Accretion on capital appreciation bonds	125,000	125,000	-	-
Total cash disbursements	<u>\$ 13,654,441</u>	<u>\$ 10,204,814</u>	<u>\$ 16,081,194</u>	<u>\$ 12,751,019</u>

The dependence upon general cash receipts for governmental activities is apparent; with 82.16% and 71.13% of cash disbursements supported through taxes and other general cash receipts during fiscal years 2020 and 2019, respectively.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

**The District's Funds**

The District's governmental funds reported a combined fund cash balance of \$9,403,324 which is \$1,012,851 more than last year's total (restated) of \$8,390,473. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2020 and June 30, 2019, for all major and nonmajor governmental funds.

	Fund Cash Balance	(Restated) Fund Cash Balance	Increase
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>(Decrease)</u>
General	\$ 4,974,619	\$ 4,491,636	\$ 482,983
Permanent Improvement	2,125,005	1,943,922	181,083
Building	1,040,570	955,070	85,500
Nonmajor governmental	<u>1,263,130</u>	<u>999,845</u>	<u>263,285</u>
Total	<u>\$ 9,403,324</u>	<u>\$ 8,390,473</u>	<u>\$ 1,012,851</u>

The nonmajor governmental funds were restated at beginning of year due to the implementation of GASB Statement No. 84. Certain funds reported as private purpose trust and agency are now reported as nonmajor special revenue funds. See Note 3.A to the notes to the financial statements for details.

**General Fund**

The table that follows assists in illustrating the cash receipts and disbursements of the general fund.

	2020	2019	Increase
	<u>Amount</u>	<u>Amount</u>	<u>(Decrease)</u>
<b><u>Cash receipts</u></b>			
Taxes	\$ 6,136,531	\$ 6,044,419	\$ 92,112
Tuition	1,655,228	1,621,865	33,363
Intergovernmental	4,244,441	4,316,979	(72,538)
Other receipts	<u>335,065</u>	<u>355,141</u>	<u>(20,076)</u>
Total	<u>\$ 12,371,265</u>	<u>\$ 12,338,404</u>	<u>\$ 32,861</u>
<b><u>Cash disbursements</u></b>			
Instruction	\$ 6,714,912	\$ 6,934,928	\$ (220,016)
Support services	4,250,291	4,623,266	(372,975)
Extracurricular activities	443,811	422,180	21,631
Facilities acquisition and construction	-	98,181	(98,181)
Debt service	<u>-</u>	<u>229,116</u>	<u>(229,116)</u>
Total	<u>\$ 11,409,014</u>	<u>\$ 12,307,671</u>	<u>\$ (898,657)</u>

The increase in taxes were primarily due to an increase in property tax receipts that resulted from an increase of assessed valuation. Tuition receipts increased due to an increase in the amount of open enrollment. Intergovernmental receipts decreased from a reduction in state foundation in fiscal year 2020.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

The increase in disbursements was primarily due to decreases in wages and benefits, facilities acquisition and construction and debt service for fiscal year 2020.

***Permanent Improvement Fund***

The District's permanent improvement fund is reported as a major fund. This fund accounts for the accumulation of resources to be used for the permanent improvement of school facilities. The permanent improvement fund had \$503,162 in cash receipts and \$322,079 in cash disbursements. During fiscal year 2020, the permanent improvement fund cash balance decreased from \$1,943,922 to \$2,125,005.

***Building Fund***

The District's building fund is reported as a major fund. This fund accounts for the accumulation of resources to be used for construction and improvement of school facilities. The building fund had \$85,500 in cash receipts and no cash disbursements during fiscal year 2020.

***General Fund Budgeting Highlights***

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

For the general fund, final budgetary basis receipts and other financing sources were \$12,356,657, which was above original budget estimates of \$11,996,842. The actual budgetary basis receipts and other financing sources of \$12,369,446 were more than the final budget estimate by \$12,789. The original budgetary basis disbursements and other financing uses of \$11,923,255 were increased to \$13,683,389 in the final budget. The actual budgetary basis disbursements were \$12,269,634, or \$1,413,755 less than the final budgeted amount.

**Capital Assets and Debt Administration**

***Capital Assets***

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had facilities acquisition and construction disbursements of \$117,430 during fiscal year 2020.

***Debt Administration***

The following table summarizes the debt obligations outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>
General obligation bonds	\$ 13,631,300	\$ 13,662,066
Certification of participation	<u>11,490,000</u>	<u>11,490,000</u>
<b>Total</b>	<b><u>\$ 25,121,300</u></b>	<b><u>\$ 25,152,066</u></b>

Refer to Note 8 to the basic financial statements for detail on the District's long-term debt.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

**Current Issues**

Fiscal year 2020 had income tax collections on target from the original projections. The District is once again showing positive cash balances at the end of each fiscal year for the life of the forecast. However, deficit spending appears to grow each year.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Angel Adamski, Treasurer, Northwood Local School District, 600 Lemoyne Road, Northwood, Ohio 43619.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2020

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash, cash equivalents, and investments . . . . .	\$ 9,403,324
Restricted for:	
Capital projects . . . . .	\$ 3,731,068
Locally funded programs . . . . .	94,634
Extracurricular activities . . . . .	81,540
Classroom facilities maintenance. . . . .	344,917
Food service operations . . . . .	271,009
Student wellness and success. . . . .	17,492
State funded programs . . . . .	226
Targeted academic assistance . . . . .	9,310
Unrestricted . . . . .	<u>4,853,128</u>
Total net cash position. . . . .	<u>\$ 9,403,324</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

	<b>Program Cash Receipts</b>				<b>Net (Disbursements) Receipts and Changes in Net Cash Position</b>
	<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants, Contributions and Interest</b>	<b>Capital Grants, Contributions and Interest</b>	<b>Governmental Activities</b>
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 4,993,981	\$ 1,659,648	\$ 31,666	\$ -	\$ (3,302,667)
Special . . . . .	1,911,532	51,472	657,442	-	(1,202,618)
Vocational . . . . .	71,805	-	3,516	-	(68,289)
Other . . . . .	5,179	-	-	-	(5,179)
Support services:					
Pupil. . . . .	589,628	-	128,014	-	(461,614)
Instructional staff . . . . .	586,508	7,095	22,797	-	(556,616)
Board of education . . . . .	13,560	-	-	-	(13,560)
Administration. . . . .	997,813	-	5,327	-	(992,486)
Fiscal. . . . .	520,675	-	-	-	(520,675)
Operations and maintenance. . . . .	1,006,442	-	23,421	-	(983,021)
Pupil transportation . . . . .	503,267	-	6,265	-	(497,002)
Central . . . . .	217,942	-	4,174	-	(213,768)
Operation of non-instructional services:					
Other non-instructional services. . . . .	2,750	150	4,844	-	2,244
Food service operations . . . . .	453,629	114,118	454,992	-	115,481
Extracurricular activities . . . . .	622,091	105,760	68,940	-	(447,391)
Facilities acquisition and construction. . . . .	117,430	-	-	99,986	(17,444)
Debt service:					
Principal retirement . . . . .	180,000	-	-	-	(180,000)
Interest and fiscal charges . . . . .	735,209	-	-	-	(735,209)
Accretion on capital appreciation bonds . . . . .	125,000	-	-	-	(125,000)
<b>Total governmental activities . . . . .</b>	<b>\$ 13,654,441</b>	<b>\$ 1,938,243</b>	<b>\$ 1,411,398</b>	<b>\$ 99,986</b>	<b>(10,204,814)</b>

**General cash receipts:**

Property taxes levied for:	
General purposes . . . . .	5,783,109
Classroom facilities maintenance . . . . .	58,418
Debt service. . . . .	402,472
Permanent improvements . . . . .	82,424
Payment in lieu of taxes . . . . .	399,956
Income taxes levied for:	
General purposes . . . . .	353,422
Grants and entitlements not restricted to specific programs . . . . .	3,838,029
Investment earnings. . . . .	147,904
Sale of assets . . . . .	27,757
Miscellaneous. . . . .	124,174
<b>Total general cash receipts . . . . .</b>	<b>11,217,665</b>
Change in net cash position . . . . .	1,012,851
<b>Net cash position at beginning of year (restated) . . . . .</b>	<b>8,390,473</b>
<b>Net cash position at end of year . . . . .</b>	<b>\$ 9,403,324</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	<u>General</u>	<u>Permanent Improvement</u>	<u>Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash, cash equivalents, and investments . . . . .	\$ 4,974,619	\$ 2,125,005	\$ 1,040,570	\$ 1,263,130	\$ 9,403,324
<b>Fund cash balances:</b>					
Restricted:					
Capital improvements . . . . .	\$ -	\$ 2,125,005	\$ 1,040,570	\$ 565,493	\$ 3,731,068
Locally funded programs . . . . .	-	-	-	94,634	94,634
Extracurricular activities . . . . .	-	-	-	81,540	81,540
Classroom facilities maintenance . . . . .	-	-	-	344,917	344,917
Food service operations . . . . .	-	-	-	271,009	271,009
Student wellness and success . . . . .	-	-	-	17,492	17,492
State funded programs . . . . .	-	-	-	226	226
Targeted academic assistance . . . . .	-	-	-	9,310	9,310
Committed:					
Capital improvements . . . . .	-	-	-	2,683	2,683
Future severance payments . . . . .	14,225	-	-	-	14,225
Assigned:					
Student instruction . . . . .	46,744	-	-	-	46,744
Student and staff support . . . . .	270,819	-	-	-	270,819
Extracurricular activities . . . . .	268	-	-	-	268
Educational activities . . . . .	422	-	-	-	422
School supplies . . . . .	218	-	-	-	218
Unassigned (deficit) . . . . .	4,641,923	-	-	(124,174)	4,517,749
Total fund cash balances . . . . .	<u>\$ 4,974,619</u>	<u>\$ 2,125,005</u>	<u>\$ 1,040,570</u>	<u>\$ 1,263,130</u>	<u>\$ 9,403,324</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Permanent Improvement</u>	<u>Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash receipts:</b>					
From local sources:					
Property taxes . . . . .	\$ 5,783,109	\$ 82,424	\$ -	\$ 460,890	\$ 6,326,423
Income taxes . . . . .	353,422	-	-	-	353,422
Payment in lieu of taxes . . . . .	-	399,956	-	-	399,956
Tuition . . . . .	1,655,228	-	-	-	1,655,228
Earnings on investments . . . . .	147,904	-	1,599	9,996	159,499
Charges for services . . . . .	-	-	-	114,118	114,118
Extracurricular . . . . .	13,972	-	-	105,910	119,882
Classroom materials and fees . . . . .	23,551	-	-	-	23,551
Rental income . . . . .	18,369	-	-	-	18,369
Contributions and donations . . . . .	2,345	-	-	57,650	59,995
Other local receipts . . . . .	128,924	710	83,901	56,610	270,145
Intergovernmental - state . . . . .	4,196,547	20,072	-	53,989	4,270,608
Intergovernmental - federal . . . . .	47,894	-	-	820,445	868,339
Total receipts . . . . .	<u>12,371,265</u>	<u>503,162</u>	<u>85,500</u>	<u>1,679,608</u>	<u>14,639,535</u>
<b>Cash disbursements:</b>					
Current:					
Instruction:					
Regular . . . . .	4,954,096	-	-	39,885	4,993,981
Special . . . . .	1,683,832	-	-	227,700	1,911,532
Vocational . . . . .	71,805	-	-	-	71,805
Other . . . . .	5,179	-	-	-	5,179
Support services:					
Pupil . . . . .	479,447	-	-	110,181	589,628
Instructional staff . . . . .	560,741	-	-	25,767	586,508
Board of education . . . . .	13,560	-	-	-	13,560
Administration . . . . .	992,840	-	-	4,973	997,813
Fiscal . . . . .	514,064	1,789	-	4,822	520,675
Operations and maintenance . . . . .	974,383	-	-	32,059	1,006,442
Pupil transportation . . . . .	503,267	-	-	-	503,267
Central . . . . .	211,989	-	-	5,953	217,942
Operation of non-instructional services:					
Other operation of non-instructional . . . . .	-	-	-	2,750	2,750
Food service operations . . . . .	-	-	-	453,629	453,629
Extracurricular activities . . . . .	443,811	-	-	178,280	622,091
Facilities acquisition and construction . . . . .	-	94,075	-	23,355	117,430
Debt service:					
Principal retirement . . . . .	-	-	-	180,000	180,000
Interest and fiscal charges . . . . .	-	226,215	-	508,994	735,209
Accretion on capital appreciation bonds . . . . .	-	-	-	125,000	125,000
Total cash disbursements . . . . .	<u>11,409,014</u>	<u>322,079</u>	<u>-</u>	<u>1,923,348</u>	<u>13,654,441</u>
Excess (deficiency) of receipts over (under) disbursements . . . . .	<u>962,251</u>	<u>181,083</u>	<u>85,500</u>	<u>(243,740)</u>	<u>985,094</u>
<b>Other financing sources (uses):</b>					
Sale of assets . . . . .	27,757	-	-	-	27,757
Transfers in . . . . .	-	-	-	507,025	507,025
Transfers (out) . . . . .	(507,025)	-	-	-	(507,025)
Total other financing sources (uses) . . . . .	<u>(479,268)</u>	<u>-</u>	<u>-</u>	<u>507,025</u>	<u>27,757</u>
Net change in fund cash balances . . . . .	482,983	181,083	85,500	263,285	1,012,851
<b>Fund cash balances at beginning of year (restated) . . . . .</b>					
	4,491,636	1,943,922	955,070	999,845	8,390,473
<b>Fund cash balances at end of year . . . . .</b>	<u>\$ 4,974,619</u>	<u>\$ 2,125,005</u>	<u>\$ 1,040,570</u>	<u>\$ 1,263,130</u>	<u>\$ 9,403,324</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Budgetary basis receipts:</b>				
From local sources:				
Property taxes . . . . .	\$ 5,630,000	\$ 5,783,109	\$ 5,783,109	\$ -
Income taxes. . . . .	250,000	353,422	353,422	-
Tuition. . . . .	1,565,000	1,655,232	1,655,228	(4)
Earnings on investments . . . . .	100,000	135,457	147,904	12,447
Classroom materials and fees . . . . .	20,000	14,258	14,401	143
Rental income . . . . .	1,000	18,369	18,369	-
Other local receipts. . . . .	71,000	113,291	113,600	309
Intergovernmental - state . . . . .	4,310,538	4,196,547	4,196,547	-
Intergovernmental - federal . . . . .	49,304	48,000	47,894	(106)
Total budgetary basis receipts . . . . .	<u>11,996,842</u>	<u>12,317,685</u>	<u>12,330,474</u>	<u>12,789</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Instruction:				
Regular . . . . .	5,298,186	5,236,646	5,034,082	202,564
Special. . . . .	1,096,896	1,753,891	1,692,684	61,207
Vocational. . . . .	88,731	87,254	71,805	15,449
Other. . . . .	18,748	18,330	5,179	13,151
Support services:				
Pupil. . . . .	518,900	518,227	484,473	33,754
Instructional staff . . . . .	805,630	846,031	596,748	249,283
Board of education . . . . .	19,981	38,536	13,560	24,976
Administration. . . . .	1,012,660	1,041,625	998,986	42,639
Fiscal . . . . .	508,099	605,631	515,414	90,217
Business . . . . .	-	7,000	-	7,000
Operations and maintenance. . . . .	1,105,961	1,400,633	1,125,492	275,141
Pupil transportation . . . . .	491,608	624,281	527,066	97,215
Central. . . . .	286,487	227,505	215,989	11,516
Other operation of non-instructional services. . . . .	1,534	1,500	-	1,500
Extracurricular activities. . . . .	467,555	476,299	444,079	32,220
Facilities acquisition and construction . . . . .	102,279	100,000	-	100,000
Total budgetary basis disbursements . . . . .	<u>11,823,255</u>	<u>12,983,389</u>	<u>11,725,557</u>	<u>1,257,832</u>
Excess of budgetary basis disbursements over budgetary basis receipts . . . . .	<u>173,587</u>	<u>(665,704)</u>	<u>604,917</u>	<u>1,270,621</u>
<b>Other financing sources (uses):</b>				
Refund of prior year disbursements . . . . .	-	11,215	11,215	-
Transfers (out). . . . .	(100,000)	(700,000)	(544,077)	155,923
Sale of assets . . . . .	-	27,757	27,757	-
Total other financing sources (uses) . . . . .	<u>(100,000)</u>	<u>(661,028)</u>	<u>(505,105)</u>	<u>155,923</u>
Net change in fund cash balance . . . . .	73,587	(1,326,732)	99,812	1,426,544
<b>Fund cash balance at beginning of year . . . . .</b>	4,143,748	4,143,748	4,143,748	-
<b>Prior year encumbrances appropriated . . . . .</b>	295,867	295,867	295,867	-
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 4,513,202</u>	<u>\$ 3,112,883</u>	<u>\$ 4,539,427</u>	<u>\$ 1,426,544</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUND  
JUNE 30, 2020

	<u>Custodial</u>
<b>Assets:</b>	
Equity in pooled cash, cash equivalents, and investments . . . . .	\$ 21,002
<b>Net cash position:</b>	
Held for individuals or organizations . . . . .	\$ 21,002

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<b>Custodial</b>
<b>Additions:</b>	
Contributions and donations for individuals or organizations . . . . .	\$ 2,200
Total additions. . . . .	2,200
 <b>Deductions:</b>	
Distribution of scholarships on behalf of individuals or organizations . . . . .	2,900
Total deductions . . . . .	2,900
 Change in net position . . . . .	 (700)
 <b>Net cash position at beginning of year (restated) . . . . .</b>	 <b>21,702</b>
<b>Net cash position at end of year. . . . .</b>	<b>\$ 21,002</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The District was established in 1964. It is located in Wood County. The District is staffed by 39 classified employees, 61 certified teaching personnel and 11 administrative employees who provide services to 879 students and other community members. The District currently operates three instructional buildings.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed in Note 2.B., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided.

**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 District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the 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 District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the 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 District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD 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 District:

*JOINTLY GOVERNED ORGANIZATIONS*

Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA) which is a computer consortium. NWOCA is an association of education entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood counties in northwestern Ohio. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, PO Box 407, Archbold, Ohio 43502.

Penta Career Center

The Penta Career Center (the "Center") is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Center is operated under the direction of a Board consisting of nine members from the participating school districts' elected Boards. The Board consists of one representative from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg and Rossford; one representative from each of the three least populous counties: Fulton, Ottawa and Sandusky; and one representative from each of the most populous counties: Lucas and Wood. The Center's Board possesses its own budgeting and taxing authority. Financial information can be obtained from Penta Career Center, 9301 Buck Road, Perrysburg, Ohio 43551.

Northwestern Ohio Educational Research Council

The Northwestern Ohio Educational Research Council (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Box 456, Ashland, Ohio, 44805.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

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

*INSURANCE PURCHASING POOLS*

Ohio School Plan

The District participates in the Ohio School Plan (the “Plan”), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan’s business and affairs are conducted by a fifteen-member board consisting of superintendents, treasurers, the president of Harcum-Shuett Insurance Agency, Inc. and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan’s administrator and is responsible for processing claims. Harcum-Shuett Insurance Agency serves as the sales and marketing representative which established agreements between the Plan and its members. Financial information can be obtained from the Harcum-Shuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

Wood County School Benefit Plan Association

The District participates in the Wood County Schools Benefit Plan Association (the “Association”); a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, a joint vocational school, and an educational service center. The Association is organized as a Voluntary Employee Benefits Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental and other benefits to the employees of the participating members. Each participating member’s superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the Association.

Each member decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Association is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Medical Mutual of Ohio, P.O. Box 943, Toledo, Ohio 43656.

Ohio Association of School Business Officials Workers’ Compensation Group Rating Program

The District participates in the Ohio Association of School Business Officials (OASBO) Workers’ Compensation Group Rating Program (GRP). The GRP is sponsored by OASBO and administered by CompManagement, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

**B. Basis of Accounting**

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with GAAP, the District chooses to prepare its financial statements and notes on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and entity wide statements and disbursements reported in the budgetary statements are due to current year encumbrances being added to disbursements reported on the budgetary statements.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

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

These statements include adequate disclosure of material matters, in accordance with the cash basis of accounting.

**C. Fund Accounting**

The 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. The District has no proprietary funds.

*GOVERNMENTAL FUNDS*

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the 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 disbursed or transferred according to the general laws of Ohio.

*Permanent Improvement fund* - The permanent improvement fund is used to account for resources that are restricted for the acquisition, construction or improvement of permanent assets. The fund balance of this fund is restricted for capital improvements.

*Building fund* - The building fund is used to account for resources that are restricted for the acquisition, construction or improvement of capital facilities and for acquisition of capital assets. The fund balance of this fund is restricted for capital improvements.

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

*FIDUCIARY FUNDS*

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 used to account for cash assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's only fiduciary fund type is custodial, where the District acts as a fiscal agent for individuals or other organizations. The District's custodial fund is used to account for scholarships in which recipients are selected by individuals or other organizations.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

**D. Basis of Presentation**

*Government-Wide Financial Statements* - The statement of net position - cash basis and the statement of activities - cash basis display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities - cash basis compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the 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. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

*Fund Financial Statements* - Fund financial statements report detailed information about the 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.

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The District budgets and appropriates its custodial funds. The primary level of budgetary control is at the fund, object level for the general fund, and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**1. Tax Budget**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the Wood County Budget Commission for rate determination. The Wood County Budget Commission waived the tax budget filing requirement for fiscal year 2020.



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

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

**2. Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund.

Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final amended certificate issued during fiscal year 2020.

**3. Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund-object level of expenditures for the general fund, and at the fund level for all other funds, which are the legal level of budgetary controls. Prior to the passage of the annual appropriations measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District.

The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation total of any level of control. Any revisions that alter the total object appropriations within a fund (for general fund), or the total of any fund appropriation (for all other funds) must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted.

The budget figures which appear in the statement of budgetary comparisons represent the original and final appropriation amounts, including all supplemental appropriations.

**4. Encumbrances**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations.

**5. Lapsing of Appropriations**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**F. Cash and Investments**

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

During fiscal year 2020, investments consisted of U.S. government money market mutual funds, negotiable certificates of deposit, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). In accordance with the cash basis of accounting, all District investments, except STAR Ohio, are reported at cost.

During fiscal year 2020, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 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. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest receipts credited to the general fund during fiscal year 2020 amounted to \$147,904 which includes \$48,973 assigned from other 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 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 District's investment account at year end is provided in Note 4.

**G. Capital Assets**

Acquisition of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements under the cash basis of accounting. Depreciation has not been reported for any capital assets.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

**H. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

**I. Long-Term Obligations**

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal and interest payments.

**J. Fund Cash Balance**

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

Nonspendable - The nonspendable fund balance 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.

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the 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 District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

The District applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**K. Net Cash Position**

Net cash position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. The District first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net cash position are available. The District did not have any assets restricted by enabling legislation at June 30, 2020.

**L. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District did not have any restricted assets at June 30, 2020.

**M. Interfund Activity**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers in governmental funds. Interfund advances and transfers are eliminated in the statement of activities - cash basis.

**N. 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. Neither type of transaction occurred during fiscal year 2020.

**O. Pensions/Other Postemployment Benefits (OPEB)**

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

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles and Restatement of Fund Cash Balances/Restatement of Net Cash Position**

For fiscal year 2020, the District has implemented GASB Statement No. 84 “*Fiduciary Activities*” and GASB Statement No. 90 “*Majority Equity Interests an amendment of 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 District will no longer be reporting agency funds. The District reviewed its private purpose trust and agency funds, and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the District’s financial statements.

GASB Statement No. 90 improves consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

The implementation of GASB Statement No. 84 had the following effect on the net position as reported at June 30, 2019:

	Governmental Activities
Net cash position as previously reported	\$ 8,264,526
GASB Statement No. 84	125,947
Restated net cash position at June 30, 2019	\$ 8,390,473

The implementation of GASB Statement No. 84 had the following effect on fund balance as reported at June 30, 2019:

	General	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
Fund cash balance as previously reported	\$ 4,491,636	\$ 1,943,922	\$ 955,070	\$ 873,898	\$ 8,264,526
GASB Statement No. 84	-	-	-	125,947	125,947
Restated fund cash balance at June 30, 2019	\$ 4,491,636	\$ 1,943,922	\$ 955,070	\$ 999,845	\$ 8,390,473

The new custodial fund classification is reporting a beginning net position of \$21,702. Also, related to the implementation of GASB Statement No. 84, the District will no longer be reporting private purpose trust funds or agency funds. At June 30, 2019, private purpose trust funds reported net cash position of \$102,620 and agency funds reported assets of \$45,029.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Compliance**

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its basic financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**C. Deficit Fund Balances**

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Title VI-B	\$ 1,977
School improvement stimulus	13,350
Improving teacher quality	1,724
Miscellaneous federal grants	6,600
Bond retirement	100,523

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the 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 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;

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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, Government National Mortgage Association, and Student Loan Marketing 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, or legal governments;
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) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and,
9. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one-hundred-eighty days.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the 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 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 year end, the District had \$2,515 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash, cash equivalents and investments".

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Deposits with Financial Institutions**

At June 30, 2020, the carrying amount of all District deposits was \$1,610,598 and the bank balance of all District deposits was \$1,714,822. Of the bank balance, none was exposed to custodial risk.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The 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 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 rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

**C. Investments**

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

Measurement/ Investment type	Balance at Carrying Value	Balance at Fair Value	Investment Maturities					
			6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months	
Net Asset Value per share:								
STAR Ohio	\$ 1,949,469	\$ 1,949,469	\$ 1,949,469	\$ -	\$ -	\$ -	\$ -	\$ -
Fair Value								
Negotiable CD's	4,711,784	4,849,335	449,516	865,308	659,101	401,255	2,474,155	
U.S. Govt Money Market	<u>1,149,960</u>	<u>1,149,960</u>	<u>1,149,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,811,213</u>	<u>\$ 7,948,764</u>	<u>\$ 3,548,945</u>	<u>\$ 865,308</u>	<u>\$ 659,101</u>	<u>\$ 401,255</u>	<u>\$ 2,474,155</u>	

The weighted average maturity of investments is 1.23 years.

*Interest Rate Risk:* Interest rate risk is the risk potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The negotiable CDs are fully covered by FDIC. The U.S. Government money markets are not rated.



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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

*Concentration of Credit Risk:* The 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 District at June 30, 2020:

<u>Measurement/Investment type</u>	<u>Carrying Value</u>	<u>% of Total</u>
Net Asset Value per share:		
STAR Ohio	\$ 1,949,469	24.96
Fair Value:		
Negotiable CDs	4,711,784	60.32
U.S. Govt Money Market	<u>1,149,960</u>	<u>14.72</u>
Total	<u>\$ 7,811,213</u>	<u>100.00</u>

**D. Reconciliation of Cash to the Statement of Net Position**

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of June 30, 2020:

<u>Cash per note</u>	
Carrying amount of deposits	\$ 1,610,598
Investments	7,811,213
Cash on hand	<u>2,515</u>
Total	<u>\$ 9,424,326</u>
 <u>Cash per statement of net position</u>	
Governmental activities	\$ 9,403,324
Custodial fund	<u>21,002</u>
Total	<u>\$ 9,424,326</u>

**NOTE 5 - PROPERTY TAXES**

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

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 5 - PROPERTY TAXES - (Continued)**

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, 2018, 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 District receives property taxes from Wood County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. 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.

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	\$ 118,720,220	96.73	\$ 118,440,240	96.64
Public utility personal	<u>4,012,030</u>	<u>3.27</u>	<u>4,112,130</u>	<u>3.36</u>
<b>Total</b>	<u>\$ 122,732,250</u>	<u>100.00</u>	<u>\$ 122,552,370</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$81.65		\$81.85	

**NOTE 6 - PAYMENT IN LIEU OF TAXES**

According to State law, Wood County has entered into agreements with a number of property owners under which the County has granted property tax exemptions to these property owners. The property owners have agreed to make payments to the County which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The agreements provide for a portion of these payments to be paid to the District. The property owners' contractually promise to make these payments in lieu of taxes until the agreement expires.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 7 - INCOME TAXES**

The District levies a voted income tax of 0.25% on the income of residents for general operations of the District and to offset a portion of the K-12 facilities construction project. The income tax became effective on January 1, 2015 and is in effect for a continual period of time. Employers of residents are required to withhold income tax on employee compensation and then remit that income tax to the State, and taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and amounted to \$353,422 for fiscal year 2020.

**NOTE 8 - LONG-TERM OBLIGATIONS**

During fiscal year 2020, the following changes occurred in the District's long-term obligations:

	Balance Outstanding <u>06/30/19</u>	Additions	Reductions	Balance Outstanding <u>06/30/20</u>	Amounts Due in One Year
<b>Governmental activities:</b>					
<u>General obligation bonds</u>					
Series 2014A					
Current interest and term bonds	\$ 10,195,000	\$ -	\$ -	\$ 10,195,000	\$ -
Capital appreciation bonds	90,000	-	(30,000)	60,000	25,000
Accreted interest	166,661	191,150	(125,000)	232,811	140,000
Series 2014B					
Current interest and term bonds	3,075,000	-	(150,000)	2,925,000	-
Capital appreciation bonds	55,000	-	-	55,000	30,000
Accreted interest	80,405	83,084	-	163,489	125,000
Total general obligation bonds	<u>13,662,066</u>	<u>274,234</u>	<u>(305,000)</u>	<u>13,631,300</u>	<u>320,000</u>
Certificates of participation	<u>11,490,000</u>	<u>-</u>	<u>-</u>	<u>11,490,000</u>	<u>295,000</u>
Total governmental activities	<u>\$ 25,152,066</u>	<u>\$ 274,234</u>	<u>\$ (305,000)</u>	<u>\$ 25,121,300</u>	<u>\$ 615,000</u>

Construction Bonds, Series 2014A: On October 9, 2014, the District issued general obligation bonds in order to fund the local share and required locally funded initiatives under the Classroom Facilities Assistance Program of the Ohio Facilities Construction Commission (OFCC). These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. The bonds are paid from the bond retirement fund, a nonmajor governmental fund.

The issue is comprised of both current interest and term bonds, par value \$10,780,000, and capital appreciation bonds, par value \$90,000. The interest rates on the current interest bonds range from 1.00% to 5.00%. The capital appreciation bonds mature on July 15, of 2020, 2021, 2022, 2025 and 2026 (stated interest rate of 30.61%, 29.93%, 29.10%, 29.30%, 28.92%, respectively) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$795,000. A total of \$232,811 in interest has been accreted on the capital appreciation bonds as of June 30, 2020.

Interest payments on the current interest and term bonds are due on January 15 and July 15 of each year. The final stated maturity is July 15, 2051.

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**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

Future debt service payments are as follows:

Fiscal Year	Current Interest Bonds, Series 2014A			Capital Appreciation Bonds, Series 2014A		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ -	\$ 406,794	\$ 406,794	\$ 25,000	\$ 140,000	\$ 165,000
2022	-	406,794	406,794	20,000	145,000	165,000
2023	165,000	406,794	571,794	-	-	-
2024	180,000	401,844	581,844	-	-	-
2025	-	396,444	396,444	10,000	180,000	190,000
2026 - 2030	920,000	1,936,801	2,856,801	5,000	115,000	120,000
2031 - 2035	1,315,000	1,754,374	3,069,374	-	-	-
2036 - 2040	1,760,000	1,425,250	3,185,250	-	-	-
2041 - 2045	2,285,000	997,200	3,282,200	-	-	-
2046 - 2050	2,905,000	492,800	3,397,800	-	-	-
2051	665,000	26,600	691,600	-	-	-
<b>Total</b>	<b>\$ 10,195,000</b>	<b>\$ 8,651,695</b>	<b>\$ 18,846,695</b>	<b>\$ 60,000</b>	<b>\$ 580,000</b>	<b>\$ 640,000</b>

Construction Bonds, Series 2014B: On October 9, 2014, the District issued general obligation bonds in order to fund the local share and required locally funded initiatives under the Classroom Facilities Assistance Program of the Ohio Facilities Construction Commission (OFCC). These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. The bonds are paid from the bond retirement fund, a nonmajor governmental fund.

The issue is comprised of both current interest bonds, par value \$3,545,000, and capital appreciation bonds, par value \$55,000. The interest rates on the current interest bonds range from 1.00% to 3.75%. The capital appreciation bonds mature on July 15, of 2021 and 2022 (stated interest rate of 25.80% and 24.93%, respectively) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$310,000. A total of \$163,489 in interest has been accreted on the capital appreciation bonds as of June 30, 2020.

Interest payments on the current interest and term bonds are due on January 15 and July 15 of each year. The final stated maturity is July 15, 2037.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

Future debt service payments are as follows:

Fiscal Year	Current Interest Bonds, Series 2014B			Capital Appreciation Bonds, Series 2014B		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ -	\$ 99,200	\$ 99,200	\$ 30,000	\$ 125,000	\$ 155,000
2022	-	99,200	99,200	25,000	130,000	155,000
2023	155,000	99,200	254,200	-	-	-
2024	160,000	94,550	254,550	-	-	-
2025	165,000	89,750	254,750	-	-	-
2026 - 2030	900,000	370,587	1,270,587	-	-	-
2031 - 2035	1,300,000	227,525	1,527,525	-	-	-
2036 - 2037	245,000	9,188	254,188	-	-	-
Total	<u>\$ 2,925,000</u>	<u>\$ 1,089,200</u>	<u>\$ 4,014,200</u>	<u>\$ 55,000</u>	<u>\$ 255,000</u>	<u>\$ 310,000</u>

*Certificates of Participation:* On October 21, 2014, the District issued \$12,195,000 in certificates of participation (“COPs”) to finance the acquisition, construction, installation and improvement of District facilities. The COPs bear interest rates ranging from 1.00% to 5.00%. Interest payments on the COPs are due on January 15 and July 15 of each year. The District made the July 15, 2020 payment of principal and interest before the end of fiscal year 2020. The final maturity stated in the issue is July 15, 2044. Principal and interest payments will be made from the permanent improvement fund and the general fund.

Principal and interest requirements to retire the COPs at June 30, 2020, are as follows:

Fiscal Year Ending June 30,	Principal on COPs	Interest on COPs	Total
2021	\$ 295,000	\$ 448,007	\$ 743,007
2022	305,000	437,482	742,482
2023	315,000	426,081	741,081
2024	330,000	412,181	742,181
2025	345,000	398,681	743,681
2026 - 2030	1,820,000	1,817,981	3,637,981
2031 - 2035	2,155,000	1,460,785	3,615,785
2036 - 2040	2,670,000	928,850	3,598,850
2041 - 2045	3,255,000	335,900	3,590,900
Total	<u>\$ 11,490,000</u>	<u>\$ 6,665,948</u>	<u>\$ 18,155,948</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the 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 District. The assessed valuation use in determining the 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 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.

The Ohio Revised Code further provides that when a Board of Education declares a resolution that the student population is not adequately served by existing facilities, and that insufficient capacity exists within the 9% limit to finance additional facilities, the State Department of Education may declare that district a "special needs" district. This permits the incurrence of additional debt based upon projected 5-year growth of the school district's assessed valuation. The District was determined to be a "special needs" district by the State Superintendent.

**NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in the Ohio School Plan, an insurance purchasing pool, as described in Note 2.A.

During fiscal year 2020, the District purchased the following coverage:

Buildings and contents - replacement cost	\$ 41,652,008
Automobile liability	2,000,000
General school district liability:	
Per occurrence	2,000,000
Total per year	4,000,000

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

The District participates in the Wood County Schools Benefit Plan Association (the "Association"), a public entity shared risk pool, for employee medical and dental benefits and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan. These memberships are described in Note 2.A.

**NOTE 10 - 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.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The net pension liability represents the 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 District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the 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.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description - The 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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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 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 District's contractually required contribution to SERS was \$213,171 for fiscal year 2020.

***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](http://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 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% 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.



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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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 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 District's contractually required contribution to STRS was \$685,369 for fiscal year 2020.

***Net Pension Liability***

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 District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.04811190%	0.04187194%	
Proportion of the net pension liability current measurement date	<u>0.04824070%</u>	<u>0.04180480%</u>	
Change in proportionate share	<u>0.00012880%</u>	<u>-0.00006714%</u>	
Proportionate share of the net pension liability	\$ 2,886,326	\$ 9,244,880	\$ 12,131,206

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***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.

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 4,044,774	\$ 2,886,326	\$ 1,914,822

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - 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.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the 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 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
District's proportionate share of the net pension liability	\$ 13,510,363	\$ 9,244,880	\$ 5,633,931

**NOTE 11 - 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 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 District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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.

***Plan Description - School Employees Retirement System (SERS)***

Health Care Plan Description - The 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](http://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 District's surcharge obligation was \$30,314.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$30,314 for fiscal year 2020.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 11 - 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](http://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.

***Net OPEB Liability/Asset***

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 District's proportion of the net OPEB liability/asset was based on the 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.04890410%	0.04187194%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.04946350%</u>	<u>0.04180480%</u>	
Change in proportionate share	<u>0.00055940%</u>	<u>-0.00006714%</u>	
Proportionate share of the net OPEB liability	\$ 1,243,903	\$ -	\$ 1,243,903
Proportionate share of the net OPEB asset	\$ -	\$ (692,388)	\$ (692,388)

***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.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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.



**NORTHWOOD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 11 - 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:

<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 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.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Sensitivity of the 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 1,509,862	\$ 1,243,903	\$ 1,032,434

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 996,618	\$ 1,243,903	\$ 1,571,990

**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:

	<u>July 1, 2019</u>		<u>July 1, 2018</u>	
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.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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.

**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:

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	<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.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Sensitivity of the 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 590,815	\$ 692,388	\$ 777,787

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 785,136	\$ 692,388	\$ 578,794

**NOTE 12 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

**B. Health Care Benefits**

The District provides medical and dental insurance to all employees through the Wood County Schools Benefit Plan Association. Depending upon the plan chosen, the employees share the cost of monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. The District also offers life insurance to all employees through the Fort Dearborn/Dearborn Life Insurance Company at no cost to the employee.

**NOTE 13 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2020, consisted of the following, as reported on the fund statements:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
Bond retirement nonmajor governmental fund	Permanent improvement fund	\$ 507,025

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

**NOTE 14 - CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2020, if applicable, cannot be determined at this time.

**B. Litigation**

The District is not party to legal proceedings that would have a material effect, if any, on the financial condition of the District.

**C. Foundation Funding**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional school districts must comply with minimum hours of instruction instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2020, foundation funding for the District; therefore, any financial statement impact is not determinable at this time.

**D. 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 ensuing emergency measures will impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**NOTE 15 - SET-ASIDES**

The 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. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 15 - SET-ASIDES - (Continued)**

	<u>Capital Improvements</u>
Set-aside balance June 30, 2019	\$ -
Current year set-aside requirement	175,926
Current year offsets	<u>(175,926)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2021	<u>\$ -</u>
Set-aside balance June 30, 2020	<u>\$ -</u>

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations, and changes in fund balance on the cash basis, 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 Cash Receipts, Disbursements and Change in Fund Balance - Budget and Actual - 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 budgetary basis and the cash basis are that:

- (a) 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 a disbursement, as opposed to assigned fund balance (cash basis); and,
- (b) Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to reconcile the budget basis statement to the cash basis statement are as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 99,812
Adjustment for disbursements	42,828
Net adjustment for other financing sources/(uses)	25,837
Funds budgeted elsewhere	55,009
Adjustment for encumbrances	<u>259,497</u>
Cash basis	<u>\$ 482,983</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. This includes the band instrument fund, uniform school supplies fund, public school support fund, Northwood school bus activity fund, iPad insurance fund and special enterprise fund.

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY, OHIO**

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

**NOTE 17 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 316,439
Permanent improvement	650,280
Building	722,074
Nonmajor governmental	<u>90,100</u>
Total	<u>\$ 1,778,893</u>

**NORTHWOOD LOCAL SCHOOL DISTRICT  
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020  
(Prepared by Management)**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
TITLE I FY19	84.010	3M00	\$ 70,868
TITLE I FY20	84.010	3M00	<u>39,122</u>
Total Title I			109,990
IDEA Part B Special Education Cluster:			
IDEA Part B Special Education FY19	84.027	3M20	22,201
IDEA Part B Special Education FY20	84.027	3M20	<u>169,359</u>
Total IDEA Part B Special Education Cluster			191,560
TITLE II-A FY20	84.367	3Y60	<u>26,213</u>
Total Title II-A			26,213
TITLE IV-A FY19	84.424	3H10	4,500
TITLE IV-A FY20	84.424	3H10	<u>8,873</u>
Total Title IV-A			<u>13,373</u>
Total U.S. Department of Education			<b>341,136</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Child Nutrition Cluster:			
<i>Passed Through Ohio Department of Education</i>			
Cash Assistance			
National School Lunch Program	10.555	3L60	185,141
National School Lunch Program-COVID 19	10.555	3L60	15,873
National School Breakfast Program	10.553	3L70	65,561
National School Breakfast Program-COVID 19	10.553	3L70	5,875
Summer Food Services Program	10.559	3L60	33,510
Summer Food Services Program-COVID 19	10.559	3L60	129,671
<i>Direct Program</i>			
Non-Cash Assistance			
National School Lunch Program - See Note E	10.555	3L60	<u>27,627</u>
Total U.S. Department of Agriculture			<u><b>463,258</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 804,394</b></u>

*The accompanying notes are an integral part of this schedule.*



**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2020  
(Prepared by Management)**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Northwood Local School District (the District's) under programs of the federal government for the 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 District, it is not intended to and does not present the financial position or changes in net position of the 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 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 District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE E – FOOD DONATION PROGRAM**

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

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2020  
(Prepared by Management)**

**NOTE F - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2020 to 2021 programs:

<b><u>Program Title</u></b>	<b><u>CFDA Number</u></b>	<b><u>Amt. Transferred</u></b>
Title I Grants to Local Educational Agencies	84.010	\$ 1,089
Title I Non-competitive, SSI	84.010	19,150

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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

Northwood Local School District  
Wood County  
700 Lemoyne Road  
Northwood, Ohio 43619

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 cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwood Local School District, Wood County, (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2020, wherein we noted that District uses a special purpose framework other than generally accepted accounting principles. We noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We also noted the District adopted a new accounting guidance in Governmental Accounting Standards Board Statement No. 84, "*Fiduciary Activities*".

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

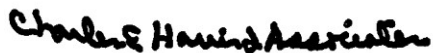
We also noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 31, 2020.

***District's Response to Finding***

The District's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

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



***Charles E. Harris & Associates, Inc.***  
December 31, 2020

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

Northwood Local School District  
Wood County  
700 Lemoyne Road  
Northwood, Ohio 43619

To the Board of Education:

***Report on Compliance for the Major Federal Program***

We have audited the Northwood Local School District, Wood County, Ohio's (the 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 the District's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the District's major federal program.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on the Major Federal Program***

In our opinion, the Northwood Local School District, Wood County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2020.

***Report on Internal Control Over Compliance***


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

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

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

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 31, 2020.

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



**Charles E. Harris & Associates, Inc.**  
December 31, 2020

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<u>Child Nutrition Cluster:</u> National School Lunch Program – CFDA # 10.555 School Breakfast Program – CFDA # 10.553 Summer Food Services Program for Children – CFDA # 10.559
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	No

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001: Noncompliance**

**Ohio Rev. Code Section 117.38** provides that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**Ohio Administrative Code Section 117-2-03(B)** requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. Pursuant to Ohio Rev. Code Section 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The District did not report the financial activity of the District in accordance with generally accepted accounting principles for fiscal year ending June 30, 2020. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

The Board of Education should review the standards and ensure preparation of its financial statements in accordance with AICPA's Audit and Accounting Guide Audits of State and Local Governments. The Board of Education should ensure the financial statements are prepared in accordance with the Ohio Administrative Code and the Ohio Revised Code. Implementation of these procedures would help ensure accurate and timely financial statements are available to the District's community.

**Official's Response:**

See Corrective Action Plan

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None.



**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
JUNE 30, 2020  
(Prepared by Management)**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	<b>Noncompliance Finding – Ohio Rev. Code § 117.38 –</b> The financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America.	Not Corrected	See Corrective Action Plan

**NORTHWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY**

**CORRECTIVE ACTION PLAN  
2 CFR 200.511(c)  
JUNE 30, 2020  
(Prepared by Management)**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2020-001	As one of the many cost cutting items identified, the Board agreed with the Treasurer's recommendation to suspend the preparation and compilation of the traditional GAAP reports due to its high cost versus the limited value and usage of these reports	N/A	Angel Adamski, Treasurer

# OHIO AUDITOR OF STATE KEITH FABER



**NORTHWOOD LOCAL SCHOOL DISTRICT**

**WOOD 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 3/4/2021**

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](http://www.ohioauditor.gov)