

Northeastern Local School District

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018



Northeastern Local School District
1414 Bowman Rd.
Springfield, Oh 45502
www.nesld.org



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

Prepare by: Dale R Miller, Treasurer/CFO

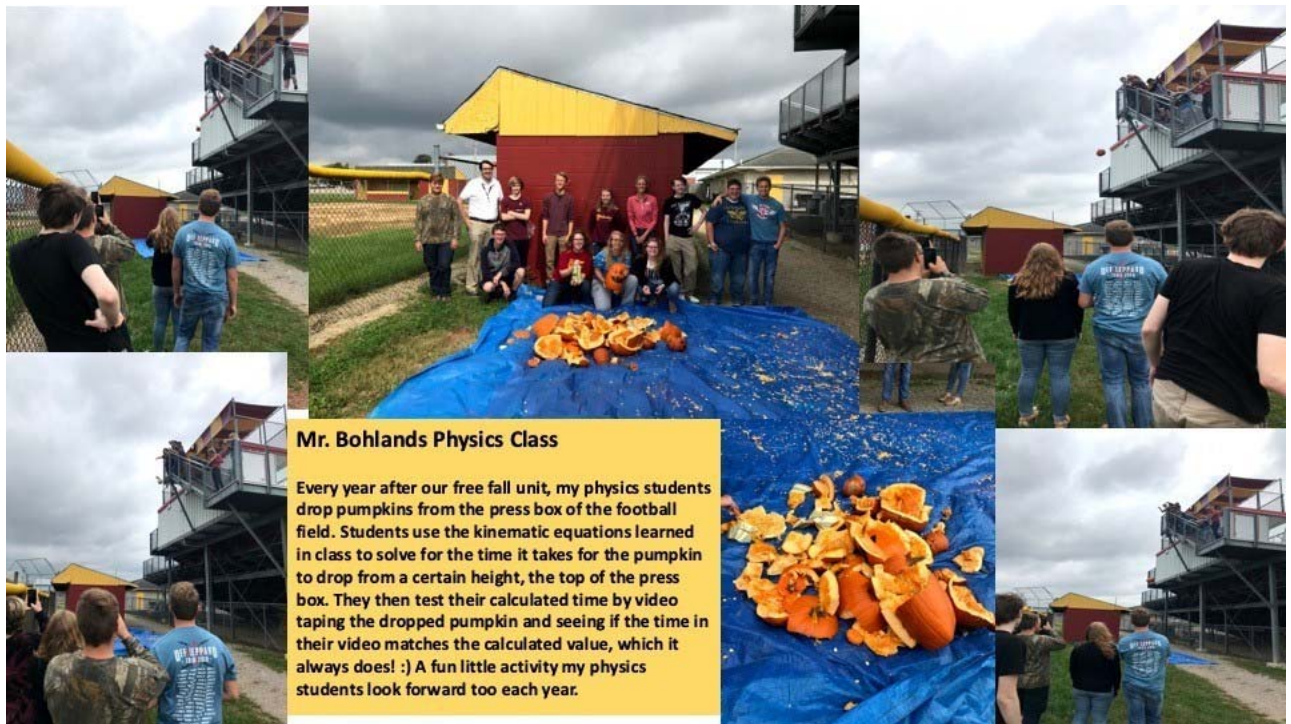




INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCE REPORT

For the Fiscal Year Ended June 30, 2018





*Northeastern Local School District
Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2018*

Table of Contents

Introductory Section

Table of Contents	1
Letter of Transmittal	5
List of Principal Officials	11
Organizational Chart	12

Financial Section

Independent Auditor's Report	15
Management's Discussion and Analysis	18
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	26
Statement of Activities.....	27
Fund Financial Statements:	
Balance Sheet – Governmental Funds	28
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	29
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	32
Statement of Fiduciary Net Position - Fiduciary Funds.....	33
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	34
Notes to the Basic Financial Statements.....	35
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability – Last Five Fiscal Years.....	73
Schedule of School District's Contributions – Pension Plan Last Ten Fiscal Years.....	74
Schedule of School District's Proportionate Share of the Net OPEB Liability – Last Two Fiscal Years ..	75
Schedule of School District's Contributions – OPEB Plan Last Three Fiscal Years	76
Notes to the Supplementary Information	77

Northeastern Local School District
Table of Contents (continued)

Combining Statements:

Nonmajor Governmental Fund Descriptions	81
Combining Balance Sheet - Nonmajor Governmental Funds	83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	85
Combining Balance Sheet - Nonmajor Special Revenue Funds	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	88
Fiduciary Fund Descriptions	91
Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds	92
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds	93
Statement of Changes in Assets and Liabilities – Agency Funds.....	94

Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget
(Non-GAAP Basis) and Actual:

Non-major Funds:

Bond Retirement Fund	97
Food Service Fund	98
Special Trusts and Grant Funds	99
Latchkey After School Enrichment Fund	100
District Managed Student Activities Fund	101
Auxiliary Services Fund	102
High Schools That Work Fund	103
Title VI-B Special Education Part B - IDEA Fund	104
Title I-A Improving Basic Programs Fund	105
IDEA Early Childhood Special Education Fund	106
Title II-A Improving Teacher Quality Fund	107
Public School Support Fund	108

Statistical Section

Statistical Tables Descriptions	111
Net Position by Component - Governmental Activities - Last Ten Fiscal Years	113

Northeastern Local School District
Table of Contents (continued)

Changes in Net Position - Governmental Activities - Last Ten Fiscal Years	114
Fund Balances - Governmental Funds - Last Ten Fiscal Years	116
Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years	118
Property Tax Rates (Per \$1,000 of Assessed Valuation) Direct and Overlapping Governments - Last Ten Collection (Calendar) Years	120
Assessed Valuation and Estimated Actual Value of Taxable Property - Last Nine Collection (Calendar) Years	122
Property Tax Levies and Collections - Real, Public Utility Personal and General Business Personal Property - Last Ten Collection (Calendar) Years	124
Principal Real Property Taxpayers – Tax Year 2018	125
Computation of Legal Debt Margin - Last Ten Fiscal Years	126
Enrollment – Last Ten Fiscal Years	128
Employees by Function - Last Seven Fiscal Years	129
Percentage of Students who Receive Free and Reduced Lunches - Last Ten Fiscal Years Employees by Function - Last Seven Fiscal Years	130
Per Pupil Cost - Last Ten Fiscal Years	131
Building Statistics - Last Nine Fiscal Years	132





The Northeastern Local School District

Preparing students for their Next success!

Superintendent

John P. Kronour, Ph.D.

Treasurer

Mr. Dale Miller

Assistant Superintendent

Mr. Shawn Blazer

Director of Pupil Personnel

Mr. Steve Linson

December 18, 2018

To the Citizens and Board of Education of the Northeastern Local School District:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Northeastern Local School District (District) for the fiscal year ended June 30, 2018. This CAFR is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The intent of this report is to provide taxpayers of the Northeastern Local School District with comprehensive financial data in a format that enables them to gain a true understanding of the School District's financial affairs as well as provide management with better financial information for future decision making.

This report was prepared by the Treasurer's Office. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management's discussion and analysis immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's discussion and analysis complements this letter of transmittal and should be read in conjunction with it.

This report includes all funds of the School District. The School District provides a full range of traditional and nontraditional educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory and vocational levels; a broad range of co-curricular and extracurricular activities; and community education offerings; and special education programs and facilities.

The basic financial statements of the School District for the fiscal year ended June 30, 2018, were audited by Perry and Associates whose unmodified opinion is included at the beginning of the Financial Section of this report.

ORGANIZATION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education of the Northeastern Local School District (the "Board") consists of five members and is incorporated as defined by Section 3313.02, Ohio Revised Code. The Board serves as the taxing authority, contracting body, policy maker, ensures that all other general laws of the State of Ohio are followed in the expenditure of the School District's tax dollars, and approves the annual appropriation resolution and tax budget.

Board of Education

Mrs. Jill Parker, President - Mr. Joel Augustus, Vice President
Mr. Steve Schwitzgable - Dr. John Crankshaw - Mr. Jeff Yinger

The Board members represent a cross section of professions found in the Clark County and surrounding areas. The Board members on June 30, 2018, were as follows:

<u>Board Member</u>	<u>Service as a Board Member</u>		
	<u>Began</u>	<u>Expires</u>	
Jill Parker	01/01/16	12/31/19	Board President
Joel Augustus	01/01/16	12/31/19	Board Vice-President
Dr. John Crankshaw	01/01/18	12/31/21	Board Member
Steve Schwitzgable	01/01/16	12/31/21	Board Member
Jeff Yinger	01/01/18	12/31/21	Board Member

The Superintendent is the chief executive officer of the School District, responsible directly to the Board of Education for all educational and support operations. Dr. John P. Kronour began his tenure as Superintendent on August 1, 2015. The Treasurer is the chief financial officer of the School District, responsible directly to the Board of Education for all financial records and statutorily defined duties which in part relate to paying all expenses, debt issuance, reporting, record retention, strategic planning and many other areas. Mr. Dale R. Miller began his tenure as Treasurer on March 1, 2018.

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

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

In addition to providing the general activities mentioned above, the School District has administrative responsibility for State funds distributed to private schools located within School District boundaries. In accordance with GASB Statement No. 24, this responsibility is included in the reporting entity as a special revenue fund. The private school served is Emmanuel Christian. While these organizations share operations and services similar with the School District, all are separate and distinct entities. Because of their independent nature, none of these organization's financial statements are included in this report.

The Southwestern Ohio Educational Purchasing Council and the Springfield-Clark Career Technology Center are reported as jointly governed organizations in Note 16.

The School Board adopts an annual budget by July 1 which may be amended any time during the fiscal year as new information becomes available. This annual budget serves as the foundation of the Northeastern Local School District's financial planning and control. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution. The legal level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The Treasurer has been authorized to allocate Board appropriations to the object level within the funds.

THE SCHOOL DISTRICT AND ITS FACILITIES

The School District serves an area of approximately 118 square miles east and northeast of the City of Springfield. It is located in Clark County and Champaign County, approximately 45 miles west of downtown Columbus, the State capital.

Currently, the District serves approximately 3,100 students, in five (5) buildings. The original construction of the buildings are the 1952 Northeastern High School, the 1961 Northridge Middle & Elementary and South Vienna Middle and Elementary, the 1972 Rolling Hills Elementary, and the 1978 Kenton Ridge High School. As many school district in Ohio enrollment has dropped Northeastern Local School Districts' enrollment dropped of 81 students compared to the fiscal year ending June 30, 2017. The School District estimates enrollment be approximately 3,100 for the fiscal years ending June 30, 2019. The School District's enrollment figures do not include students living within the School District's attendance area who attend charter schools. Currently, the School District has 195 students attending charter schools.

In May 2018 Northeastern Local School District's taxpayers approved a bond levy for the construction of two (2) new pre-Kindergarten through 12th grade facilities. One on the Kenton Ridge property and one on the South Vienna property. The District anticipates opening the new facilities in August 2021.

SERVICES PROVIDED BY THE SCHOOL DISTRICT

The School District provides a wide variety of educational and support services as mandated by the Ohio Revised Code or by Board directives. At the center of the School District's services are the instructional programs. The School District offers regular instructional programs daily to students in Grades pre K through 12. The School District serves approximately 110 students with an interest in vocational education, and approximately 310 children who need individual instruction or are physically or mentally handicapped. These students receive service through the wide array of special education programs offered in the School District. The School District issued 134 diplomas to our Kenton Ridge High School graduates and 89 to our Northeastern High School graduates in 2018.

There are also several academic and athletic programs for students, providing them with a number of enriching experiences. The programs and activities provide a lifetime of memories for the Northeastern Local School District students.

In addition to the educational services provided, the School District's fleet of 38 buses traveled approximately 2,200 miles each day providing transportation services to 1,378 public and 195 private and parochial students. Many of the School District's students walk to school because of the proximity of neighborhood schools to the students' homes. The Food Service Department serves over 1,250 breakfast and lunch meals daily for a total of over 225,000 meals served annually through the School District's lunchrooms.

Along with transportation and school lunch services offered to children in the School District, the students also receive guidance, psychological, and health services free of charge. The guidance services are designed to help a student match his/her natural skills with vocational and/or academic programs to help him/her achieve his/her full potential in life. Psychological services offer a wide variety of help to students ranging from early developmentally handicapped identification to drug and behavior counseling. Health services provide limited medical services free of charge to many of the School District's youths.

EMPLOYEE RELATIONS

The School District currently has 378 full-time and part-time employees. There are two organizations representing School District employees. The Northeastern Local Education Association (NELEA) represents certificated employees, including teachers and educational specialists, for collective bargaining purposes. Classified employees, which include bus drivers, cooks, and clerical staff, are represented for collective bargaining purposes by the Northeastern Local Association of School Employees (NELASE). During the summer of 2017, the Board successfully concluded negotiations with both labor organizations on a multi-year agreement for wages and fringe benefits. The NELEA's wage agreement is in effect for the period August 1, 2017, through July 31, 2019. The NELASE's wage agreement is in effect for the period July 1, 2017, through June 30, 2019.

ECONOMIC CONDITION AND OUTLOOK

The City of Springfield areas employment is dominated by healthcare activities, which includes the Springfield Regional Medical Center, and Premier Health Partners. Other large employers within the area are Wright Patterson Air Force Base and three universities.

Ohio's seasonally adjusted unemployment rate continues to decline as the economy begins to recover. The Ohio unemployment rate for June 2018 decreased to 4.5 percent from 5.2 percent in June 2017. The nation's unemployment rate for June 2018 was 4.3 percent. Specific employment figures for the Northeastern Local School District are not available. However, the Clark County unemployment rate for June 2016 was 4.8 percent (Ohio Department of Job and Family Services).

FINANCIAL OUTLOOK

It is important to review the financial history of the School District and to understand its current financial position requires constant review and accountability of the Board of Education, Administration, and Treasurer. The current financial plans are included in the five-year forecast which indicates the School District will maintain a positive cash balance through fiscal year 2023. Currently, the most significant risks to the School District are uncertainties related to the next biennium State budget related to our state aid and health care costs.

For fiscal year 2018, the School District's General Fund revenues exceeded its expenditures primarily due to a complete fiscal year of collection of the earned income tax. The School District intends to continue monitoring its revenue and expenditure streams in order to provide consistency each fiscal year.

FINANCIAL PLANNING AND POLICIES

The School District annually prepares a five-year financial forecast to ensure long-term financial success. The five-year financial forecast is prepared and approved by the Board in October and May of each fiscal year. The five-year financial forecast provides actual data on each major revenue and expenditure category for the past three fiscal years and forecasts these same categories for an additional five fiscal years.

The five-year financial forecast is a planning tool used to certify if funds are available for future expenditures and additionally to strategize when the School District will need to return to voters for additional funds or reduce expenditures accordingly. The five-year financial forecast is published on the Ohio Department of Education's website for public use.

DISTRICT GOALS

In fiscal year 2018 the Board approved goals for the District to ensure that the quality of educational opportunities for our students are the best available. The goals identified are as follows:

- 1) Improve student achievement across the District.
- 2) Engage the Community to approve the funding of the building project.
- 3) Focus our communications plans to engage our stakeholders.

The School District will continue to revisit the plan annually to make adjustments as necessary to strive to the highest success of the community and its schools.

MAJOR INITIATIVES AND EVENTS

The Northeastern Local School District is a district moving toward a bright future. The last year has been so exciting for our school and community. The passage of a bond issue to build two new PreK-12 buildings on the respective sides of the district. The second year of a one-to-one district wide technology plan that actually expanded to not only cover our high school students, but also middle school students. We wrapped up curriculum initiatives so that almost the entire set of our course offerings have been revised. Finally, we have worked diligently to upgrade our school bus and maintenance equipment fleet.

The passage of the 7.96 mill bond issue has our community excited to see ground break and new buildings sprout from the earth. We have begun our partnership with the Ohio Facilities Construction Commission who are contributing almost \$41 million dollars to the project. An architect has been selected in Ruetschle Brothers and we are headed for selection of the construction manager at risk soon. Planning for the design of the buildings has already started as we continue to engage our staff and community in forums to gather input and feedback on key areas of grade banding, building layout, and safety. The bond levy has seemed to reenergize our community!

The one-to-one technology implementation for our students began its second year. We expanded to add grades six, seven, and eight. Students have a Chromebook that they can use in class and at home each and every day of the school year. Well except for our sixth graders who have access during the day, but are not taking them home just yet. This technology tool is helping equip our student's skill set for the technology they will be exposed to in the future. The Chromebook is a tool to add to the strong teaching that is happening in our classrooms each day.

Updating our course curriculums has been happening for the past five years and is almost ready to begin the cycle again. Many of our curriculums had not been update in at least twenty years. This was something that needed to change desperately if our students were to receive the education that they need to be successful in the future. So, with curriculum updates and professional development now in place our staff is equipped to drive our student's forward and this has been authenticated by our State value added scores which have been solid A's the past two years.

Finally, the district has been committed to upgrade our bus fleet and maintenance equipment. A total of five new buses have been added to our fleet to replace old buses over the past four years. There had not been any new buses purchased in at least four years prior to that time. The district has added a new school van, maintenance box truck, one-ton dump truck, and pick-up truck with snowplow to our fleet. These new equipment purchases allow the district to better serve our students and community in terms of transportation, building maintenance, or plowing snow.

ACKNOWLEDGEMENTS

The preparation and publication of this Comprehensive Annual Financial Report on a timely basis could not have been possible without the cooperation of the entire Treasurer's Department.

Finally, this report would not have been possible without the support of the Board of Education, without their leadership and commitment to excellence, this report would not be possible.

Sincerely,



Dale R Miller
Treasurer/CFO



Dr. John P Kronour
Superintendent

The Northeastern Local School District Officials

(937)325-7615

www.northeastern.k12.oh.us

John P. Kronour, Ph.D
Superintendent
(937) 325-7615

Dale R Miller
Treasurer/CFO
(937) 325-7615

Board of Education
Mrs. Jill Parker, President
Mr. Joel Augustus, Vice President

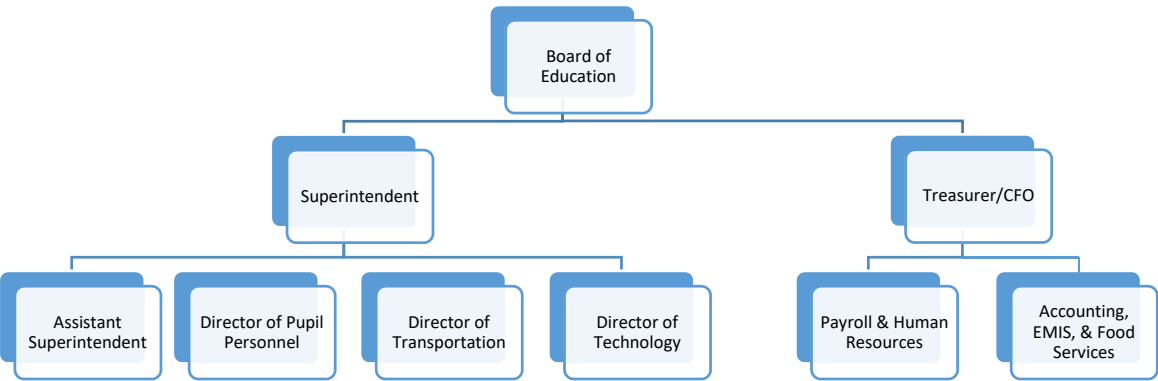
Board Members
Dr. John Crankshaw
Mr. Steve Schwitzgable
Mr. Jeff Yinger

Assistant Superintendent
Director of Pupil Personnel
Director of Technology
Director of Transportation
Assistant Treasurer

Mr. Shawn Blazer
Mr. Steve Linson
Mr. John Schmid
Mr. Randy Phares
Mrs. Teri Molden

The Northeastern Local School District

Table of Organization





FINANCIAL SECTION

COMPREHENSIVE ANNUAL FINANCE REPORT

For the Fiscal Year Ended June 30, 2018







313 Second St.
Marietta, Oh 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

December 27, 2018

Northeastern Local School District
Clark County
1414 Bowman Road
Springfield, Ohio 45502

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

www.perrycpas.com

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedures – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

*Ohio Society of CPAs * West Virginia Society of CPAs *Association of Certified Fraud Examiners * Association of Certified Anti-Money Laundering Specialists*

Opinion

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Matters (Continued)

Supplementary and Other Information (Continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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

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

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

Total net position for fiscal year 2018 increased \$20.0 million from fiscal year 2017 net position. This increase was primarily due to the decreases in the net pension and OPEB liabilities which resulted in negative expenses being allocated to the functional categories. Revenues sources increased and expenses were reduced which also increased the net position.

General revenues accounted for \$32.4 million or 86.0% of total revenues. Program specific revenues accounted for \$5.3 million or 14.0% of total revenues of \$37,358,117.

The School District had \$17.7 million in expenses related to governmental activities; only \$5.3 million of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily grants and entitlements, property taxes and the earned income tax) of \$32.4 million were adequate to provide for these programs.

Using this Basic Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Northeastern Local School District as a financial whole, an entire operating entity.

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregated view of the School District's finances and a longer-term view of those statements. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2018?" The Statement of Net Position and the Statement of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds. The major funds for Northeastern Local School District are the General Fund and Permanent Improvement Fund.

Governmental Funds

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

Fiduciary Funds

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's Net Position for fiscal year 2018 compared to fiscal year 2017:

TABLE 1
NET POSITION

	2018	Restated 2017
<i>Assets:</i>		
Current and other Assets	\$ 27,915,968	\$ 25,456,142
Capital Assets	14,251,276	14,892,326
Total Assets	<u>42,167,244</u>	<u>40,348,468</u>
<i>Deferred Outflows of Resources:</i>		
Pension	11,390,535	9,866,689
OPEB	391,437	79,815
Total Deferred Outflows of Resources	<u>11,781,972</u>	<u>9,946,504</u>

(Continued)

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

TABLE 1
NET POSITION
(Continued)

	2018	Restated 2017
<i>Liabilities:</i>		
Current Liabilities	3,720,334	3,825,807
Noncurrent Liabilities:		
Due Within One Year	525,884	798,562
Due in More than One Year:		
Net Pension Liability	39,433,749	54,824,117
Net OPEB Liability	8,986,393	11,339,587
Other Obligations	1,040,529	1,604,088
Total Liabilities	<u>53,706,889</u>	<u>72,392,161</u>
<i>Deferred Inflows of Resources:</i>		
Pension	2,425,719	898,581
OPEB	1,196,734	-
Other	<u>9,785,955</u>	<u>10,127,953</u>
Total Deferred Inflows of Resources	<u>13,408,408</u>	<u>11,026,534</u>
<i>Net Position:</i>		
Net Investment in Capital Assets	13,759,087	13,974,911
Restricted	1,485,687	1,387,817
Unrestricted	<u>(28,410,855)</u>	<u>(48,486,451)</u>
Total Net Position	<u>\$ (13,166,081)</u>	<u>\$ (33,123,723)</u>
		(Concluded)

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

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

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

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

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

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

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

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

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

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from a \$21.9 million deficit to a deficit of \$33.1 million.

Changes in net position from the prior year are as follows:

- Capital Assets and Net Investment in Capital Assets decreased during the current fiscal year as depreciation expense exceeded additions to capital assets. The decrease in capital assets was more than offset by the increase in cash and cash equivalents (\$2.8 million) reported for fiscal year 2018 due to positive operating results.
- Total Liabilities decreased by \$18.7 million during the fiscal year, primarily due to the \$15.4 million and \$2.4 million decreases in the net pension and OPEB liabilities from the amounts at the beginning of fiscal year. In addition, other liabilities decreased as the School District made debt service payments on debt obligations and did not issue any additional debt during the year.

Table 2 on the next page shows the changes in Net Position for fiscal years 2018 and 2017.

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

TABLE 2
CHANGES IN NET POSITION

	2018	2017
Revenues		
Program Revenues:		
Charges for Services	\$ 3,516,445	\$ 3,373,455
Operating Grants and Contributions	1,776,048	1,784,321
General Revenues:		
Property Taxes	12,382,691	12,101,011
Income Taxes	4,535,898	4,302,786
Grants and Entitlements	15,112,212	15,507,417
Other	370,227	309,287
Total Revenues	<u>37,693,521</u>	<u>37,378,277</u>
Program Expenses		
Instruction	8,058,435	21,784,018
Support Services:		
Pupil and Instructional Staff	1,989,276	3,322,827
Board of Education, Administration and Fiscal	2,040,640	3,511,618
Operation and Maintenance of Plant	2,094,860	2,806,160
Pupil Transportation	1,713,050	2,279,703
Central	42,182	44,301
Operation of Non-Instructional Services	1,055,990	1,460,389
Extracurricular Activities	720,675	1,092,087
Interest and Fiscal Charges	20,771	35,429
Total Expenses	<u>17,735,879</u>	<u>36,336,532</u>
Change in Net Position	19,957,642	1,041,745
Net Position, Beginning of Year - Restated	<u>(33,123,723)</u>	<u>N/A</u>
Net Position, End of Year	<u>\$ (13,166,081)</u>	<u>\$ (33,123,723)</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense equal to the contractually required contributions to the plans (GASB 27), which was \$79,815. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows or resources. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of nearly \$1.4 million. Consequently, in order to compare 2018 total program expense to 2017, the following adjustments are needed.

Total FY2018 program expenses under GASB 75	\$ 17,735,879
Negative OPEB expense under GASB 75	1,368,941
FY2018 contractually required OPEB contributions	<u>99,141</u>
Adjusted FY2018 program expenses	19,203,961
Total FY2017 program expenses under GASB 45	<u>36,336,532</u>
Decrease in program expenses not related to OPEB	<u>\$ (17,132,571)</u>

The \$17.1 million decrease in expenses, after the effect of implementing GASB 75 as noted above, reported for fiscal year 2018 compared with those of the prior year resulted primarily due to reporting negative pension related expense for the current year amount to (\$12.7 million) compared with the positive pension expense reported in fiscal year 2017 of \$4.0 million.

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

The revenues reported within the Statement of Activities reflect the limited growth the School District has in revenues. Unrestricted grants and entitlements revenues reported a small decrease as a result of the School District's limited opportunity for growth based on the funding formula provisions in the State biennium budget that determines a significant portion of the annual resources.

Unrestricted grants and entitlements made up \$15.1 million or 46.6% of the total general revenues for governmental activities of the Northeastern Local School District for fiscal year 2018. Property Tax revenues made up \$12.4 million or 38.2% of the total general revenues for governmental activities. Income Tax revenues are \$4.5 million or 14.0% of the total general revenues for governmental activities. Grants Entitlements, Property Tax, and Income Tax totaled \$32.0 million, or 85.0% of total revenues reported for the fiscal year.

The change in program expenses in all categories relates to the allocation of negative pension and OPEB expenses to the appropriate function areas which report employee's salary and benefits. The School District has recently resize the staff levels and reduced other operating costs to match the drop in enrollment in the past few years.

The School District's Funds

On a modified accrual basis of accounting, all governmental funds had total revenues of \$37.7 million and expenditures of \$34.9 million. The net change in fund balances in the General Fund was an increase of \$2,658,478. The increase in the General Fund is a result of receiving additional local taxes revenue compared to those of the prior year, as well as the efforts made to keep operating costs under control.

The fund balance for the Permanent Improvement Fund had a slight decrease of \$41,042 from the continued enhancement of the technology for our students, resulting in an ending fund balance of \$274,404.

The fund balance in the Nonmajor Governmental Funds increased \$173,638 primarily due to increases in the grants receivable as the School District carried over additional funding within grants to the subsequent year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2018, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, original and final budget basis revenues (excluding other financial sources) were \$32.6 million with final actual revenues (excluding other financial sources) of \$34.3 million for a difference of \$1.7 million. The excess of actual revenue over final budgeted revenues is due primarily to increase in property tax, income tax and intergovernmental revenue lines.

Original budget basis appropriations (excluding other financial uses) were \$33.3 million with final budget basis appropriations (excluding other financial uses) of \$33.3 million, representing little change during the year. Actual expenditures were less than budgeted expenditures by \$1.2 million. The primary reason for the decrease is due to the School District closely monitoring expenditures to keep expenditures at or below the budgeted appropriations.

The School District's ending unobligated cash balance was \$10.5 million, or \$3.1 million more than the ending balance projected by the final budget adopted.

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

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had \$14.3 million invested in land, construction in progress, buildings, furniture and equipment, and vehicles in governmental activities. (See Note 10 of the Notes to the Basic Financial Statements).

Debt

At June 30, 2018, the School District had total bonded debt outstanding in the amount of \$390,000, which is due to be paid off in the next fiscal year. The School District also had capital lease obligations outstanding of \$32,298. See Note 15 of the Notes to the Basic Financial Statements for capital lease details and Note 16 for details on the long-term obligations.

As of June 30, 2018, the School District's overall legal debt margin was \$45.2 million and an unvoted debt margin of \$502,817. On August 23, 2018 the District issued \$79,335,000 in Bonds for new facilities supported by 7.96 mils passed by the taxpayers in May 2018

Current Financial Issues and Concerns

The Board of Education is committed to the process used to generate the Five Year forecast in budget building as it has proved valuable in maintaining fiscal stability in the District. The actual expenditures in the General fund were 3.2% below budget. All funds were below budget at 4.5%.

One of the most significant concerns for fiscal year 2018 is related to the next biennium State budget (HB64) as there are several variables and uncertainties related to some provisions that could increase District expenditures in the form of school choice scholarships or vouchers, additional special education costs, school reform initiatives and college credit plus. A second concern is continuing related to the funding model by the state as it relates to our enrollment.

The District is preparing to contact with an architect and construction manager at risk to build two new PreK-12 instructional facilities. The administration and community are excited about a major project that will provide our student new facilities.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at Northeastern Local School District, 1414 Bowman Road, Springfield, Ohio 45502, or call (937) 325-7615.



Northeastern Local School District

Statement of Net Position

June 30, 2018

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash, Cash Equivalents and Investments	\$12,604,965
Cash and Cash Equivalents in Segregated Accounts	10,000
Materials and Supplies Inventory	95,524
Accounts Receivable	51,919
Intergovernmental Receivable	435,065
Prepaid Items	9,561
Property Taxes Receivable	12,841,056
Income Tax Receivable	1,867,878
Capital Assets:	
Land	268,349
Depreciable Capital Assets, Net	13,982,927
<i>Total Assets</i>	<u>42,167,244</u>
<u>Deferred Outflows of Resources:</u>	
Pension	11,390,535
OPEB	391,437
<i>Total Deferred Outflows of Resources</i>	<u>11,781,972</u>
<u>Liabilities:</u>	
Accounts Payable	266,317
Accrued Wages and Benefits Payable	2,690,680
Intergovernmental Payable	690,101
Accrued Interest Payable	1,219
Matured Compensated Absences Payable	72,017
Long-Term Liabilities:	
Due Within One Year	525,884
Due in More Than One Year:	
Net Pension Liability	39,433,749
Net OPEB Liability	8,986,393
Other Long-Term Liabilities	1,040,529
<i>Total Liabilities</i>	<u>53,706,889</u>
<u>Deferred Inflows of Resources:</u>	
Property Taxes Levied for the Next Fiscal Year	9,785,955
Pension	2,425,719
OPEB	1,196,734
<i>Total Deferred Inflows of Resources</i>	<u>13,408,408</u>
<u>Net Position:</u>	
Net Investment in Capital Assets	13,759,087
Restricted for:	
Debt Service	904,819
Capital Improvements	296,170
Other Purposes	284,698
Unrestricted(Deficit)	<u>(28,410,855)</u>
<i>Total Net Position</i>	<u><u>(\$13,166,081)</u></u>

See accompanying notes to the basic financial statements

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$ 4,989,096	\$ 2,602,062	\$ 74,485	\$ (2,312,549)
Special	1,822,759	-	752,406	(1,070,353)
Vocational	262,344	-	149,753	(112,591)
Student Intervention Services	27,279	-	-	(27,279)
Other	956,957	-	-	(956,957)
Support Services:				
Pupils	1,169,357	-	83,339	(1,086,018)
Instructional Staff	819,919	-	12,672	(807,247)
Board of Education	117,613	-	-	(117,613)
Administration	1,236,895	-	-	(1,236,895)
Fiscal	686,132	-	-	(686,132)
Operation and Maintenance of Plant	2,094,860	-	-	(2,094,860)
Pupil Transportation	1,713,050	-	-	(1,713,050)
Central	42,182	-	-	(42,182)
Operation of Non-Instructional Services	1,055,990	717,739	702,902	364,651
Extracurricular Activities	720,675	196,644	491	(523,540)
Interest and Fiscal Charges	20,771	-	-	(20,771)
<i>Total Governmental Activities</i>	<u>\$ 17,735,879</u>	<u>\$ 3,516,445</u>	<u>\$ 1,776,048</u>	<u>(12,443,386)</u>
<u>General Revenues:</u>				
Property Taxes				12,382,691
Income Taxes				4,535,898
Operating Grants and Entitlements not Restricted to Specific Programs				15,112,212
Rentals				750
Contributions and Donations				44,549
Investment Earnings				145,877
Proceeds from Sale of Capital Assets				10,512
Miscellaneous				168,539
<i>Total General Revenues</i>				<u>32,401,028</u>
<i>Change in Net Position</i>				<u>19,957,642</u>
<i>Net Position at Beginning of Year - Restated</i>				<u>(33,123,723)</u>
<i>Net Position at End of Year</i>				<u>(\$13,166,081)</u>

See accompanying notes to the basic financial statements

Northeastern Local School District

Balance Sheet
Governmental Funds
June 30, 2018

	General	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 11,213,118	\$ 235,436	\$ 1,156,411	\$ 12,604,965
Cash and Cash Equivalents in Segregated Accounts	-	-	10,000	10,000
Receivables:				
Property Taxes	12,054,542	410,580	375,934	12,841,056
Income Tax	1,867,878			1,867,878
Accounts	51,919	-	-	51,919
Intergovernmental	170,648	-	264,417	435,065
Interfund	83,522	-	-	83,522
Materials and Supplies Inventory	86,752		8,772	95,524
Prepaid Items	9,019	-	542	9,561
Total Assets	\$ 25,537,398	\$ 646,016	\$ 1,816,076	\$ 27,999,490
<u>Liabilities:</u>				
Accounts Payable	\$ 265,561	\$ 155	\$ 601	\$ 266,317
Accrued Wages and Benefits Payable	2,534,516	-	156,164	2,690,680
Intergovernmental Payable	655,155	-	34,946	690,101
Interfund Payable	-	-	83,522	83,522
Matured Compensated Absences Payable	72,017	-	-	72,017
Total Liabilities	3,527,249	155	275,233	3,802,637
<u>Deferred Inflows of Resources:</u>				
Property Taxes Not Levied for Current Year	9,120,951	359,553	305,451	9,785,955
Delinquent Property Tax Revenues not Available	550,292	11,904	10,130	572,326
Unavailable Grant Revenues	2,818	-	-	2,818
Unavailable Income Tax Revenues	335,404	-	-	335,404
Total Deferred Inflows of Resources	10,009,465	371,457	315,581	10,696,503
<u>Fund Balances:</u>				
Unreserved, Undesignated, Reported in:				
Nonspendable	95,771	-	9,314	105,085
Restricted	11,000	274,404	1,162,638	1,448,042
Assigned	6,939,399	-	144,250	7,083,649
Unassigned (Deficit)	4,954,514	-	(90,940)	4,863,574
Total Fund Balances	12,000,684	274,404	1,225,262	13,500,350
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 25,537,398	\$ 646,016	\$ 1,816,076	\$ 27,999,490

See accompanying notes to the basic financial statements

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

Total Governmental Fund Balances \$13,500,350

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	268,349	
Other Capital Assets	33,578,917	
Accumulated Depreciation	<u>(19,595,990)</u>	
Total		14,251,276

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows in the funds.

Property Taxes	572,326	
Intergovernmental	2,818	
Income Tax	<u>335,404</u>	
Total		910,548

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds Payable	(390,000)	
Accrued Interest on Bonds	(1,219)	
Premium on Bonds	(24,272)	
Capital Leases	(32,298)	
Compensated Absences	<u>(1,119,843)</u>	
Total		(1,567,632)

The net pension and OPEB liabilities are not due and payable in the current period; therefore these liabilities and related deferred inflows and outflows of resources are not reported in the governmental funds:

Deferred Outflows - Pension	11,390,535	
Deferred Outflows - Post Employment Benefits	391,437	
Deferred Inflows - Pension	(2,425,719)	
Deferred Inflows - Post Employment Benefits	(1,196,734)	
Net Pension Liability	(39,433,749)	
Net Postemployment Liability	<u>(8,986,393)</u>	
Total		<u>(40,260,623)</u>

Net Position of Governmental Activities (\$13,166,081)

See accompanying notes to the basic financial statements

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

	General	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$ 11,593,793	\$ 404,173	\$ 368,682	\$ 12,366,648
Income Taxes	4,505,620	-	-	4,505,620
Intergovernmental	15,134,255	65,072	1,746,660	16,945,987
Investment Earnings	145,878	-	1,524	147,402
Tuition and Fees	2,602,062	-	-	2,602,062
Extracurricular Activities	110,456	-	196,644	307,100
Rentals	750	-	-	750
Charges for Services	9,999	-	558,290	568,289
Contributions and Donations	19,135	-	25,414	44,549
Miscellaneous	175,576	-	11,882	187,458
<i>Total Revenues</i>	<u>34,297,524</u>	<u>469,245</u>	<u>2,909,096</u>	<u>37,675,865</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	15,165,822	324,209	77,900	15,567,931
Special	3,616,079	2,422	686,913	4,305,414
Vocational	632,194	-	-	632,194
Student Intervention Services	25,120	-	-	25,120
Other	956,948	-	-	956,948
Support Services:				
Pupils	1,957,989	-	70,988	2,028,977
Instructional Staff	1,162,385	-	15,288	1,177,673
Board of Education	150,584	-	-	150,584
Administration	2,293,094	-	-	2,293,094
Fiscal	832,181	7,181	6,667	846,029
Operation and Maintenance of Plant	2,181,898	75,988	5,179	2,263,065
Pupil Transportation	1,903,218	79,973	-	1,983,191
Central	19,610	-	22,572	42,182
Operation of Non-Instructional Services	9,267	-	1,261,886	1,271,153
Extracurricular Activities	655,782	20,514	207,155	883,451
Debt Service:				
Principal Retirement	46,572	-	400,000	446,572
Interest and Fiscal Charges	-	-	21,725	21,725
<i>Total Expenditures</i>	<u>31,608,743</u>	<u>510,287</u>	<u>2,776,273</u>	<u>34,895,303</u>
Excess of Revenues Over (Under) Expenditures	<u>2,688,781</u>	<u>(41,042)</u>	<u>132,823</u>	<u>2,780,562</u>
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Capital Assets	10,512	-	-	10,512
Transfers In	-	-	40,815	40,815
Transfers Out	(40,815)	-	-	(40,815)
<i>Total Other Financing Sources (Uses)</i>	<u>(30,303)</u>	<u>-</u>	<u>40,815</u>	<u>10,512</u>
<i>Net Change in Fund Balances</i>	<u>2,658,478</u>	<u>(41,042)</u>	<u>173,638</u>	<u>2,791,074</u>
<i>Fund Balances at Beginning of Year</i>	<u>9,342,206</u>	<u>315,446</u>	<u>1,051,624</u>	<u>10,709,276</u>
<i>Fund Balances at End of Year</i>	<u>\$ 12,000,684</u>	<u>\$ 274,404</u>	<u>\$ 1,225,262</u>	<u>\$ 13,500,350</u>

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Total Governmental Funds \$2,791,074

***Amounts reported for governmental activities in the Statement of
Activities are different because:***

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, capital asset amounts are as follows:

Capital Asset Additions	155,695	
Carrying Value of Capital Asset Deletions	60,201	
Depreciation Expense	(856,946)	
Total		(641,050)

Because some revenues will not be collected for several months after the School District's fiscal year end, they are not considered "available" revenues and are reported as deferred inflows in the governmental funds.

Delinquent Property Taxes	16,043	
Intergovernmental	(66,142)	
Income Taxes	30,278	
Total		(19,821)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, long-term debt amounts consist of:

Principal Retirement	400,000	
Interest Payable	(6,861)	
Amortization of Bond Premium	24,277	
Capital Lease Payments	46,572	
Total		463,988

Contractually required pension and OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amount as deferred outflows:

Pension Plan Contributions	2,642,114	
OPEB Plan Contributions	99,141	
Total		2,741,255

Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as negative expenses and are allocated to the appropriate functional categories in the statement of activities:

Negative Pension Expense	12,744,962	
Negative OPEB Expense	1,368,941	
Total		14,113,903

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Long-Term Compensated Absences		508,293

Change in Net Position of Governmental Activities \$19,957,642

See accompanying notes to the basic financial statements

Northeastern Local Schools
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
GENERAL FUND
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property and Other Local Taxes	\$ 11,220,976	\$ 11,220,976	\$ 11,551,609	\$ 330,633
Income Tax	3,882,410	3,882,410	4,725,455	843,045
Intergovernmental	14,814,736	14,814,736	15,131,037	316,301
Interest	80,090	80,090	157,003	76,913
Tuition and Fees	2,459,350	2,459,350	2,611,944	152,594
Rent	-	-	750	750
Extracurricular Activities	102,500	102,500	110,456	7,956
Gifts and Donations	33,800	33,800	19,135	(14,665)
Customer Sales and Services	-	-	9,999	9,999
Miscellaneous	13,300	13,300	19,921	6,621
Total Revenues	32,607,162	32,607,162	34,337,309	1,730,147
Expenditures:				
Current:				
Instruction:				
Regular	15,709,779	15,716,799	15,413,938	302,861
Special	3,456,501	3,460,571	3,619,429	(158,858)
Vocational	725,593	725,593	647,153	78,440
Student Intervention Services	23,606	23,606	25,120	(1,514)
Other	814,989	814,989	957,401	(142,412)
Support Services:				
Pupils	2,076,368	2,076,368	1,991,093	85,275
Instructional Staff	1,393,790	1,395,190	1,170,343	224,847
Board of Education	128,340	153,140	188,829	(35,689)
Administration	2,455,715	2,450,543	2,290,115	160,428
Fiscal	841,334	862,249	847,924	14,325
Operation and Maintenance of Plant	2,610,824	2,609,324	2,319,470	289,854
Pupil Transportation	2,245,796	2,245,796	1,979,264	266,532
Central	16,832	21,332	18,203	3,129
Operation of Non-Instructional Services	155	155	77	78
Extracurricular Activities	837,077	837,077	677,976	159,101
Total Expenditures	33,336,699	33,392,732	32,146,335	1,246,397
Excess of Revenues Over (Under) Expenditures	(729,537)	(785,570)	2,190,974	2,976,544
Other Financing Sources (Uses):				
Advances In	-	-	50,949	50,949
Proceeds from Sale of Capital Assets	-	-	10,512	10,512
Refund of Prior Year Expenditures	-	-	155,655	155,655
Transfers Out	-	-	(40,815)	(40,815)
Advances Out	-	-	(69,537)	(69,537)
Total Other Financing Sources (Uses)	-	-	106,764	106,764
Net Change in Fund Balance	(729,537)	(785,570)	2,297,738	3,083,308
Fund Balance at Beginning of Year	7,998,714	7,998,714	7,998,714	-
Prior Year Encumbrances Appropriated	244,168	244,168	244,168	-
Fund Balance at End of Year	\$ 7,513,345	\$ 7,457,312	\$ 10,540,620	\$ 3,083,308

See accompanying notes to the basic financial statements

Northeastern Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust	Agency
	<hr/>	<hr/>
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$ 23,709	\$ 225,990
	<hr/>	<hr/>
<i>Total Assets</i>	<u>23,709</u>	<u>225,990</u>
	<hr/>	<hr/>
<u>Liabilities:</u>		
Due to Students	-	140,005
Due to Other Governments	-	85,985
	<hr/>	<hr/>
<i>Total Liabilities</i>	<u>-</u>	<u>\$ 225,990</u>
	<hr/>	<hr/>
<u>Net Position:</u>		
Restricted - Nonexpendable	-	
Held in Trust for Scholarships	23,709	
	<hr/>	
<i>Total Net Position</i>	<u>\$ 23,709</u>	
	<hr/>	

See accompanying notes to the basic financial statements

Northeastern Local School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

	<u>Private Purpose Trust</u>
<u>Additions:</u>	
Contributions and Donations	\$ 4,600
<i>Total Additions</i>	4,600
<u>Deductions:</u>	
Payment in Accordance with Trust Agreements	6,850
<i>Change in Net Position</i>	(2,250)
<i>Net Position at Beginning of Year</i>	25,959
<i>Net Position at End of Year</i>	\$ 23,709

See accompanying notes to the basic financial statements

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1916 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 118 square miles. It is located in Clark County, and includes the Villages of South Vienna and Catawba, and the Townships of Moorefield, Pleasant, and Harmony.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; (4) or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. 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).

The School District participates in the Miami Valley Educational Computer Association (MVECA), Springfield/Clark County Career Technical Center and the Southwestern Ohio Educational Purchasing Council (SOEPC) which are defined as jointly governed organizations, and the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), which is defined as an insurance purchasing pool. These organizations are presented in Note 17 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

1. Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

2. Fund Financial Statements:

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

B. Fund Accounting

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

1. Governmental Funds:

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Permanent Improvement Capital Projects Fund - The permanent improvement capital projects fund accounts for a property tax levy to be used for the acquisition, construction, or improvement of capital facilities other than those financed by the private purpose trust fund.

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

2. Fiduciary Fund Types:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has thirteen private purpose trust funds. Twelve account for scholarship programs for students. The other is a memorial fund which accounts for monies for construction and maintenance of a memorial for a past graduate. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The School District's agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Measurement Focus

1. Government-wide Financial Statements:

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

2. Fund Financial Statements:

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

The private purpose trust fund is reported using the economic resources measurement focus.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

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

1. Revenues - Exchange and Non-Exchange Transactions:

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, and student fees.

2. Deferred Outflows/Inflows of Resources:

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB, which are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 12 and 13)

Pensions/Other Postemployment Benefit (OPEB) Plans

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the pension and 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 and OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension and OPEB systems report investments at fair value.

3. Expenses/Expenditures:

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

E. Budgetary Data

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

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

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. The School District has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented in the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the School District treasury.

During fiscal year 2018, investments were limited to Star Ohio, negotiable certificates of deposit, money market accounts, commercial paper, Federal agency securities, and U.S. Treasury Bills.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to \$145,877.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method on the government-wide statements and the fund financial statements.

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

Inventory consists of expendable supplies held for consumption, school supplies held for resale, donated food and purchased food.

I. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-99 years
Buildings and Improvements	20-100 years
Furniture and Equipment	5-50 years
Vehicles	20 years

J. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

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

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which the employees will be paid.

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension and OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Net Position

Net position represents the difference between asset and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. None of the restricted net position is restricted by enabling legislation.

M. Fund Balance

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

Non-spendable – The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

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

Committed – The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolutions) 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 classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

N. Interfund Activity

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

Interfund transfers for the year ended June 30, 2018 consisted of a transfer from the general fund to the food service fund, in the amount of \$40,815, as reported on the fund financial statements.

Interfund transfers are eliminated on the entity-wide statement of activities and statement of net position.

O. 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 2018.

P. Estimates

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

3. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

For fiscal year 2018, the School District implemented the Governmental Accounting Standards Board (GASB) Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*, No. 81, *Irrevocable Split-Interest*, No. 85, *Omnibus 2017*, and No. 86, *Certain Debt Extinguishment Issues*.

GASB Statement No. 75 replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB provided to employees. Statement 75 also requires governments in all types of OPEB plans to provide more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The implementation of GASB Statement No. 75 required the School District to restate beginning net position of governmental activities at July 1, 2017.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

3. CHANGE IN ACCOUNTING PRINCIPLES (continued)

The implementation of GASB Statement No. 75 for fiscal year 2018 had the following effect on the governmental activities net position as reported June 30, 2017:

	<u>Governmental Activities</u>
Net Position at June 30, 2017 as previously reported	\$ (21,863,951)
Adjustments:	
Net OPEB Liability at June 30, 2017	(11,339,587)
Deferred Outflows - Payments Subsequent to Measurement Date	<u>79,815</u>
Net Position at June 30, 2017 as restated	<u>\$ (33,123,723)</u>

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

4. ACCOUNTABILITY AND COMPLIANCE

The School District had deficit fund balances in the following non-major, special revenue funds as of June 30, 2018:

<u>Fund</u>	<u>Amount</u>
Food Service	\$77,546
Title IIA- Improving Teaching	2,852
High Schools that Work Grant	1,635

The general fund is liable for deficits in these funds and will provide operating transfers when cash is required, not when accruals occur.

5. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as an assigned fund balance (GAAP).
4. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis)

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

5. BUDGETARY BASIS OF ACCOUNTING (continued)

<u>Net Change in Fund Balance</u> <u>General Fund</u>	
GAAP Basis	\$ 2,658,478
Revenue Accruals	115,149
Expenditure Accruals	60,026
Encumbrances	(671,585)
Net Other Financing Sources (Uses)	137,067
	<u>(1,397)</u>
Budget Basis	<u>\$ 2,297,738</u>

6. DEPOSITS AND INVESTMENTS

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

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

Inactive monies are public deposits that the Board of Education has identified as not required for use within the current two-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 monies must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, 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.

Interim monies are to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

6. DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation 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 School District had \$10,000 in cash on hand which is included on the financial statements of the School District as "Cash and Cash Equivalents in Segregated Accounts."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

B. Deposits:

At year-end, \$275,056 of the bank balances totaling \$990,687 was covered by federal depository insurance. Although the securities serving as collateral were held by the pledging financial institution's trust department or under the Ohio Treasurer's Pooled Collateral System and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

6. DEPOSITS AND INVESTMENTS (Continued)

C. Investments:

The District's investments at June 30, 2018 are summarized below:

Investment	Matures in		Credit Rating	% of Portfolio
	less than One Year	One to Five Years		
Treasury Money Market	\$ 3,464	\$ -		0.03%
Commerical Paper	5,402,173	-	P-1; A-1+ or A-1	44.88%
Negotiable CDs	1,697,433	1,229,042		24.31%
FHLB Notes	504,344	-	Aaa; AA+	4.19%
FNMA Notes	-	1,348,294	Aaa; AA+	11.20%
FHLMC Notes	-	1,853,091	Aaa; AA+	15.39%
Total	<u>\$ 7,607,414</u>	<u>\$ 4,430,427</u>		

The School District's investments in federal agency securities, negotiable certificates of deposit and commercial paper are valued using quoted market prices (Level 1 inputs).

D. Custodial Credit Risk:

The risk that, in the event of a failure of a counter party, the District will not be able to recover the value of its investments or collateral securities that is in the possession of an outside party. The District employs the use of "safekeeping" accounts to hold and maintain custody of its investments as identified within this policy and as a means of mitigating this risk.

E. Interest Rate Risk:

Interest rate risk is the risk that the District will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. Per the Board of Education investment policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific obligation or debt of the District.

F. Credit Risk:

The Ohio Revised Code limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations at the time of purchase.

G. Concentration of Credit Risk:

The District's investment policy provides for diversification to avoid undue concentration in securities of one type or securities. This restriction does not apply to obligations guaranteed by the U.S. Government. The percentage of each type of investment to the total investment portfolio held by the District is presented in the table above. Further diversification within each type of investment is achieved through investment in multiple issuers of those type of securities.

The classification of cash and cash equivalents, and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

6. DEPOSITS AND INVESTMENTS (Continued)

	Cash and Cash Equivalents	Investments
Financial Statements:		
Pooled Accounts	\$ 12,768,679	\$ -
Segregated Accounts	10,000	-
Note Disclosure:		
Cash on Hand	(10,000)	-
Treasury Money Market	(3,464)	3,464
Commerical Paper	(5,402,173)	5,402,173
Negotiable CDs	(2,926,475)	2,926,475
FHLB Notes	(504,344)	504,344
FNMA Notes	(1,348,294)	1,348,294
FHLMC Notes	(1,853,091)	1,853,091
Total	\$ 730,838	\$ 12,037,841

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed values as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or 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 2018 represent the collection of calendar year 2017 taxes. Public utility real and personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Public utility tangible personal property currently is assessed at varying percentages of true value public utility real property is assessed at thirty-five percent of true value. 2017 public utility property taxes became a lien December 31, 2016, are levied after April 1, 2017, and are collected in 2017 with real property taxes. 2017 tangible personal property taxes are levied after April 1, 2016, on the value as of December 31, 2016. Collections are made in 2017. Tangible personal property assessments are twenty-five percent of true 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.

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

7. PROPERTY TAXES (Continued)

	2018 First Half Collections		2017 Second Half Collections	
	Assessed Value	Percent	Assessed Value	Percent
Agricultural/residential				
and other real estate property	\$ 486,648,190	97.0%	\$ 484,608,680	97.3%
Public utility personal property	14,877,870	3.0%	13,492,340	2.7%
Total	<u>\$ 501,526,060</u>	<u>100.00%</u>	<u>\$ 498,101,020</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Valuation	\$44.99		\$45.01	

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

Accrued property taxes receivable represents real property and public utility property taxes which are measurable as of June 30, 2018, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources. At June 30, 2018, \$2,383,299 was available as an advance to the general fund, \$39,123 in the permanent improvement fund, and \$60,353 in the non-major governmental funds.

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

8. INCOME TAX

The School District levies an income tax of one percent on substantially all income earned by School District residents. Employers with employees based in the state of Ohio are required to withhold income tax on employee compensation and remit the tax to the Ohio Department of Taxation either monthly or quarterly. Individuals may make estimated payments. Income tax proceeds are to be used to pay General Fund operations of the School District. The proceeds are allocated to the General Fund, which amounted to \$4,505,620 in fiscal year 2018 on the modified accrual basis.

9. RECEIVABLES

Receivables at June 30, 2018, consisted of property taxes, income taxes, accounts (tuition and student fees), intergovernmental grants and interest. All receivables are considered collectible in full and will be received within one year. A summary of the principal items of governmental activities intergovernmental receivables follows:

Title VI-B Grant	\$ 195,897
Casino Tax Allocation	86,412
SERS Overcharge	76,348
Title I Grant	63,799
Miscellaneous Receivables	<u>12,609</u>
Total Intergovernmental Receivables	<u>\$ 435,065</u>

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

10. CAPITAL ASSETS

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

	Ending Balance 6/30/2017	Additions	Deletions	Ending Balance 6/30/2016
Land	\$268,349	\$0	\$0	\$268,349
Total Capital Assets, not being dep.	268,349	0	0	268,349
Land Improvements	683,569	0	0	683,569
Buildings	26,646,793	0	0	26,646,793
Furniture Fixture & Equipment	3,853,984	47,379	62,899	3,838,464
Vehicles	2,301,775	108,316	0	2,410,091
Total Capital Assets, being depr	33,486,121	155,695	62,899	33,578,917
Less: Accumulated Depreciation :				
Land Improvements	(398,890)	(7,034)	0	(405,924)
Buildings	(14,911,010)	(453,723)	0	(15,364,733)
Furniture Fixture & Equipment	(2,048,953)	(280,050)	(123,100)	(2,205,903)
Vehicles	(1,503,291)	(116,139)	0	(1,619,430)
Total Accumulated Depreciation	(18,862,144)	(856,946)	(123,100)	(19,595,990)
Total Capital Assets being depr, net	14,623,977	(701,251)	(60,201)	13,982,927
Governmental Activities Cap Assets, Net	\$14,892,326	(\$701,251)	(\$60,201)	\$14,251,276

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 411,328
Special	51,753
Vocational	40,715
Support Services:	
Pupil	31,973
Instructional Staff	29,475
Administration	48,181
Fiscal	14,358
Operation and Maintenance of Plant	28,624
Pupil Transportation	116,101
Operation of Non-Instructional Services	35,649
Extracurricular Activities	48,789
Total Depreciation Expense	<u>\$ 856,946</u>

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

11. RISK MANAGEMENT

A. Property and Liability

The School 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. During fiscal year 2018, the School District contracted with the Southwestern Ohio Educational Purchasing Council for property and fleet insurance, liability insurance, crime, terrorism, and automobile coverage. Coverage provided through this Council is as follows:

Building and Contents - replacement cost; including Boiler and Machinery	\$250,000,000
Excess Property	\$350,000,000
Flood	\$25,000,000
Earthquake	\$25,000,000
Automobile Liability (\$0 deductible)	\$1,000,000
General Liability Per Occurrence	\$1,000,000
Sexual Molestation	\$1,000,000
Site Pollution	\$1,000,000

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

B. Workers' Compensation

For fiscal year 2018, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling fund" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp Incorporated provides administrative, cost control, and actuarial services to the GRP.

12. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

The net pension liability represents the NELSD's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

12. DEFINED BENEFIT PENSION PLANS (Continued)

service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

B. Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

Benefits	Eligible to Retire on or before August 1, 2017*	Eligible to Retire after August 1, 2017
Full Benefits	Age 65 with 5 years of service 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 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.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

12. DEFINED BENEFIT PENSION PLANS (Continued)

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2% for the first 30 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.

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the NELSD 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, 2018, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the 14% employer contribution rate was allocated to the Health Care Fund.

The NELSD's contractually required contribution to SERS was \$623,728 for fiscal year 2018. Of this amount, \$141,223 is reported as an intergovernmental payable.

C. Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2% of the original base benefit. For members retiring August 1, 2013, or later, the first 2% is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with 5 years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5% 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.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

12. DEFINED BENEFIT PENSION PLANS (Continued)

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 2% goes the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and employer contributions 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 5 years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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 Statement No. 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 that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14% of their annual covered salary. The NELSD was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The NELSD's contractually required contribution to STRS was approximately \$2,018,386 for fiscal year 2018. Of this amount, \$349,732 is reported as an intergovernmental payable.

D. Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NELSD's proportion of the net pension liability was based on the NELSD'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 and pension expense:

	SERS	STRS	Total
Proportionate share of the net pension liability	\$ 8,604,553	\$ 30,829,196	\$ 39,433,749
Proportion of the net pension liability	0.1440146%	0.1297786%	
Change in proportionate share	-0.0059827%	-0.0012096%	
Pension (negative) expense	\$ (615,246)	\$ (12,129,716)	\$ (12,744,962)

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

12. DEFINED BENEFIT PENSION PLANS (Continued)

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 370,310	\$ 1,190,479	\$ 1,560,789
Change in assumptions	444,948	6,742,684	7,187,632
School District contributions subsequent to the measurement date	<u>623,728</u>	<u>2,018,386</u>	<u>2,642,114</u>
Total	<u>\$ 1,438,986</u>	<u>\$ 9,951,549</u>	<u>\$ 11,390,535</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ (248,472)	\$ (248,472)
Net difference between projected and actual earnings on pension plan investments	(40,843)	(1,017,399)	(1,058,242)
Change in School District's proportionate share and difference in employer contributions	<u>(520,130)</u>	<u>(598,875)</u>	<u>(1,119,005)</u>
Total	<u>\$ (560,973)</u>	<u>\$ (1,864,746)</u>	<u>\$ (2,425,719)</u>

\$2,642,114 reported as deferred outflows of resources related to pension resulting from NELSD contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	\$ 37,270	\$ 1,177,304	\$ 1,214,574
2020	363,749	2,561,317	2,925,066
2021	53,856	1,861,823	1,915,679
2022	<u>(200,590)</u>	<u>467,973</u>	<u>267,383</u>
	<u>\$ 254,285</u>	<u>\$ 6,068,417</u>	<u>\$ 6,322,702</u>

E. 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.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

12. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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 investment expense, including inflation
Actuarial Cost Method	Entry Age Normal

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 were 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 actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015 adopted by the Board on April 21, 2016.

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 averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

12. DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate – Total pension liability was calculated using the discount rate of 7.5%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.5%). 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 NELSD's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using

the discount rate of 7.5%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%), or one percentage point higher (8.5%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate of 7.50%	1% Increase (8.50%)
NELSD's proportionate Share of the net pension liability	\$11,940,884	\$8,604,553	\$5,809,696

F. Actuarial Assumptions – STRS

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

Assumptions	July 1, 2017 Valuation	July 1, 2016 Valuation and prior
Inflation	2.50%	2.75%
Salary increases	12.50% at age 20 to 2.50% at age 65	12.25% at age 20 to 2.75% at age 70
Investment rate of return, including inflation	7.45%, net of investment expenses	7.75%, net of investment expenses
Payroll increases	3.00%	3.50% per annum compounded annually for the next two years, 4.00% thereafter
Cost-of-living adjustments	0% effective July 1, 2017	2% simple for members retiring before August 1, 2013, 2% per year; for members retiring August 1, 2013 or later, 2% COLA commences on 5 th anniversary of retirement date
Mortality tables	RP-2014	RP-2000

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 disability mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females,

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

12. DEFINED BENEFIT PENSION PLANS (Continued)

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.

The actuarial assumptions were based on the results of an actual experience study for the period July 1, 2011 through June 30, 2016.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return*</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	<u>2.25</u>
Total	<u>100.00 %</u>	<u>6.84 %</u>

* 10-year annualized 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 pension liability was 7.45% as of June 30, 2017. 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, 2017. 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, 2017.

Sensitivity of the NELSD's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the NELSD's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the NELSD'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:

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

12. DEFINED BENEFIT PENSION PLANS (Continued)

	1% Decrease <u>(6.45%)</u>	Current Discount Rate of <u>7.45%</u>	1% Increase <u>(8.45%)</u>
NELSD's proportionate Share of the net pension liability	\$44,192,602	\$30,829,196	\$19,572,528

G. Social Security

All employees not covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2018, one of the members of the Board of Education has elected social security. The Board's liability is 6.2% of wages paid.

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

A. Net OPEB Liability

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

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

A. Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description—The NELSD contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, the minimum compensation amount was \$23,700. 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 2018, the NELSD's surcharge obligation was \$76,040.

The surcharge, added to the 0.5% allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The NELSD's contractually required contribution to SERS, including surcharge, was \$99,101 for fiscal year 2018. Of this amount \$77,965 is reported as an intergovernmental payable.

B. Plan Description - State Teachers Retirement System (STRS)

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

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, 2018, STRS did not allocate any employer contributions to post-employment health care.

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

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

	SERS	STRS	Total
Proportionate share of the net OPEB liability	\$ 3,922,908	\$ 5,063,485	\$ 8,986,393
Proportion of the net OPEB liability	0.1461733%	0.1297786%	
Change in proportionate share	-0.0058878%	-0.0012096%	
OPEB (negative) expense	\$ 185,403	\$ (1,554,344)	\$ (1,368,941)

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ 292,296	\$ 292,296
School District contributions subsequent to the measurement date	99,141	-	99,141
Total	<u>\$ 99,141</u>	<u>\$ 292,296</u>	<u>\$ 391,437</u>
<u>Deferred Inflows of Resources:</u>			
Net difference between projected and actual earnings on OPEB plan investments	\$ (10,360)	\$ (216,424)	\$ (226,784)
Change in assumptions	(372,263)	(407,880)	(780,143)
Difference between employer contributions and proportionate share of contributions	(134,361)	(55,446)	(189,807)
Total	<u>\$ (516,984)</u>	<u>\$ (679,750)</u>	<u>\$ (1,196,734)</u>

\$99,141 reported as deferred outflows of resources related to OPEB resulting from NELSD contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	\$ (186,149)	\$ (82,611)	\$ (268,760)
2020	(186,149)	(82,611)	(268,760)
2021	(142,096)	(82,611)	(224,707)
2022	(2,590)	(82,611)	(85,201)
2023	-	(28,505)	(28,505)
2024	-	(28,505)	(28,505)
	<u>\$ (516,984)</u>	<u>\$ (387,454)</u>	<u>\$ (904,438)</u>

D. Actuarial Assumptions – SERS

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will consider the employee's entire career with the employer and 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, prepared as of June 30, 2017, are presented below:

Investment rate of return, including inflation	7.50% net of investment expense
Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Municipal bond index rate:	
Prior measurement date	2.92%
Measurement date	3.56%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Prior measurement date	2.98%
Measurement date	3.63%
Municipal bond index rate:	
Pre-Medicare	7.50% - 5.00%
Medicare	5.50% - 5.00%

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

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. PR-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years.

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 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 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 %
U.S. Stocks	22.50	4.75
Non-U.S. Stock	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Estate	15.00	5.00
Multi-Asset Strategies	<u>10.00</u>	3.00
Total	<u>100.00 %</u>	

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

Sensitivity of the NELSD's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and 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 calculated using the discount rate of 3.63%, as well as what the NELSD's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.63%) and one percentage point higher (4.63%) than the current rate.

	<u>Rate of (2.63%)</u>	<u>Rate of 3.63%</u>	<u>Rate of (4.63%)</u>
NELSD's proportionate Share of the net OPEB liability	\$ 4,737,411	\$ 3,922,908	\$3,277,614

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the NELSD's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.5% decreasing to 4.0%) and one percentage point higher (8.5% decreasing to 6.0%) than the current rates.

	<u>6.5% decreasing to 4.0%</u>	<u>Healthcare Cost Trend Rates 7.5% decreasing to 5.0%</u>	<u>8.5% decreasing to 6.0%</u>
NELSD's proportionate Share of the net OPEB liability	\$ 3,183,146	\$ 3,922,908	\$ 4,901,996

E. Actuarial Assumptions - STRS

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

Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Blended discount rate of return	4.13%
Investment rate of return	7.45%, net of investment expenses, including inflation
Health care cost trends	6% - 11% initially, 4.50% ultimate
Cost-of-living adjustments	0% effective July 1, 2017

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

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

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

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

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

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	100.00 %	6.84 %

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

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

municipal bond rate of 3.58% for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26% which represents the long term expected rate of return of 7.75% for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85% for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

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

	<u>(3.13%)</u>	<u>Rate of 4.13%</u>	<u>(5.13%)</u>
NELSD's proportionate Share of the net OPEB liability	\$ 6,797,646	\$ 5,063,485	\$ 3,692,929
		Healthcare Cost Trend Rates	
	<u>1% Decrease</u>		<u>1% Increase</u>
NELSD's proportionate Share of the net OPEB liability	\$ 3,517,892	\$ 5,063,485	\$ 7,097,664

14. 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 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 280 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, unused sick leave up to the maximum of 280 days. Administrators retiring in fiscal year 2018 were eligible to receive payment of 40 percent of accrued, unused sick leave up to the maximum of 280 days.

B. Insurance Benefits

The School District provides life insurance to most employees through Sun Life Insurance. Medical/surgical is offered to employees through EPC Insurance Consortium.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

15. CAPITAL LEASES

The School District has entered into several lease agreements for copiers for the district. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards

No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the general purpose financial statements for governmental funds. During fiscal year 2016, the School District entered into three new lease agreements, replacing expired leases, for copiers for the district. The items are being capitalized as part of fixed assets. A corresponding liability is included in governmental activities general long term debt. Principal payments in fiscal year 2018 totaled \$46,572. Future minimum lease payments are as follows:

Fiscal Year Ended	Amount
2019	\$ 19,308
2020	<u>\$ 12,990</u>
	<u>\$ 32,298</u>

16. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2018 were as follows:

	Restated Balance June 30, 2017	Increase	Decrease	Balance June 30, 2018	Due within One Year
General Obligation Bonds:					
2005 Refunding GO Bonds					
3% to 5.75% 14 years	\$ 790,000	\$ -	\$ 400,000	\$ 390,000	\$ 390,000
Bond Premium	<u>48,549</u>	<u>-</u>	<u>24,277</u>	<u>24,272</u>	<u>24,272</u>
Total General Obligation Bonds	838,549	-	424,277	414,272	414,272
Capital Leases Payable	78,870	-	46,572	32,298	19,308
Compensated Absences	1,533,780	100,573	514,510	1,119,843	92,304
Net Pension Liability:					
SERS	10,978,418	-	2,373,865	8,604,553	-
STRS	43,845,699	-	13,016,503	30,829,196	-
Net OPEB Liability:					
SERS	4,334,304	-	411,396	3,922,908	-
STRS	<u>7,005,283</u>	<u>-</u>	<u>1,941,798</u>	<u>5,063,485</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 68,614,903</u>	<u>\$ 100,573</u>	<u>\$ 18,728,921</u>	<u>\$ 49,986,555</u>	<u>\$ 525,884</u>

2005 Refunding General Obligation Bonds – On September 15, 2005, the School District issued School Improvement Refunding General Obligation Bonds, with semi-annual payments due on June 1 and December 1 of each year, and interest payable beginning December 1, 2005. The refunding bonds are issued for the purpose of refunding outstanding general obligation bonds originally issued for the purpose of new construction, improvements, renovations, and additions to school facilities and providing equipment, including educational equipment and curriculum materials, furnishings and site improvements. The refunding bonds will be paid from the bond retirement fund.

The capital lease obligation will be paid from the General Fund.

Compensated absences, as well as pension and OPEB plan contributions, will be paid from the fund from which the employees' salaries are paid.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

16. LONG-TERM OBLIGATIONS (Continued)

The School District's overall legal debt margin was \$45,253,512 with an un-voted debt margin of \$502,817 at June 30, 2018. On August 23, 2018 the District issued \$79,335,000 in Bonds for new facilities supported by 7.96 mils passed by the taxpayers in May 2018

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2018, are as follows:

Fiscal Year Ended	Principal	Amount	Total
2019	\$ 390,000	\$ 7,312	\$ 397,312

17. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL

A. Jointly Governed Organizations

Miami Valley Educational Computer Association - The School District is a participant in the Miami Valley Educational Computer System (MVECA), which is a computer consortium. MVECA is an association of public schools within the boundaries of Clark, Clinton, Fayette, Greene, Madison, and Highland Counties. 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 districts. The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The School District paid MVECA \$120,738 for services provided during the year. Financial information can be obtained from Thor Sage, Executive Director, at 330 East Enon Road, Yellow Springs, Ohio 45387.

Springfield/Clark County Career Technical Center - The Springfield/Clark County Career Technical Center (CTC) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards, which possess its own budgeting and taxing authority. One member is appointed from the following: Clark-Shawnee Local School District, Greenon Local School District, Northeastern Local School District, Northwestern Local School District, Southeastern Local School District, Tecumseh Local School District, and the Clark County Educational Service Center. Two members are appointed from the Springfield City School District. To obtain financial information, write to the Springfield/Clark County Career Technical Center, Steven Clark, Treasurer, 1901 Selma Road, Springfield, Ohio 45505-4239.

Southwestern Ohio Educational Purchasing Council -The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 130 school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One-year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

Payments to SOEPC are made from the general fund. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**17. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL
(continued)**

B. Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a fourteen-member committee consisting of various GRP representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

18. SET-ASIDE CALCULATION

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

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

	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2017	\$ -
Current Year Set-aside Requirement	605,131
Current Year Offsets	(462,056)
Qualifying Disbursements	(402,717)
Totals	<u>(259,642)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$ -</u>

19. CONTINGENCIES

A. Grants

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

B. Litigation

The School District's attorney estimates that any potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

20. SIGNIFICANT COMMITMENTS

A. Commitments

The School District had no significant contractual commitments as of June 30, 2018.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Encumbrances are reported as a component of assigned, restricted, or committed fund balances since they do not constitute expenditure or liabilities. Outstanding encumbrances in governmental funds as of June 30, 2018 were as follows:

<u>Fund Type</u>	<u>Encumbrances</u>
General Fund	\$ 671,585
Permanent Improvement	8,905
Other Governmental	43,283
Total	<u>\$ 723,773</u>

21. INTERFUND RECEIVABLES/PAYABLES

An interfund receivable and payable of \$83,523 reported within the General Fund and Other Governmental Funds respectively, represents the amount due to the General Fund from:

<u>Fund</u>	<u>Amount</u>
Food Service	\$ 13,985
High School That Work Grant	1,635
Title VI-B IDEA	34,934
Title I	27,300
Title II-A	5,669
Total	<u>\$ 83,523</u>

The negative cash balance reported within the High Schools That Work Grant and Idea Title VIB funds is due to the timing of receipts of federal grant cash requests and state grant requests. The General Fund loaned the food service fund monies to purchase a point of sale system in fiscal year 2016.

22. FUND BALANCE

Fund balance is classified as non-spendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

22. FUND BALANCE (continued)

Fund Balances	General	Permanent Improvement	Nonmajor Governmental Funds	Total
Nonspendable for:				
Inventory	\$ 86,752	\$ -	\$ 8,772	\$ 95,524
Prepays	9,019	-	542	9,561
Total Nonspendable	<u>95,771</u>	<u>-</u>	<u>9,314</u>	<u>105,085</u>
Restricted for:				
Underground Storage Tank	11,000	-	-	11,000
Permanent Improvements	-	274,404	-	274,404
Debt Retirement	-	-	966,352	966,352
Special Trusts & Grants	-	-	23,385	23,385
Student Activities	-	-	21,251	21,251
Auxiliary Services	-	-	27,989	27,989
Title VI-B Grant	-	-	93,853	93,853
Title I Grant	-	-	29,808	29,808
Total Restricted	<u>11,000</u>	<u>274,404</u>	<u>1,162,638</u>	<u>1,448,042</u>
Assigned for:				
Public School Support	124,486	-	-	124,486
Special Trusts & Grants	-	-	7,912	7,912
Latchkey Program	-	-	136,338	136,338
Future Appropriations	6,143,328	-	-	6,143,328
Other Purposes	671,585	-	-	671,585
Total Assigned	<u>6,939,399</u>	<u>-</u>	<u>144,250</u>	<u>7,083,649</u>
Unassigned (Deficit)	<u>4,954,514</u>	<u>-</u>	<u>(90,940)</u>	<u>4,863,574</u>
Total Fund Balances	<u>\$12,000,684</u>	<u>\$ 274,404</u>	<u>\$ 1,225,262</u>	<u>\$13,500,350</u>

23. SUBSEQUENT EVENTS

On May 8, 2018 the Northeastern Local School District passed a \$79.3 million, 7.96 mil bond levy, in conjunction with the Ohio Facility Commission, \$41 million to construction of two new pre-k-12 buildings. On August 23, 2018 the District sold bonds to mature with an average rate of 3.96% for 37 years.

Required Supplemental Information



**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST FIVE MEASUREMENT PERIODS (1)**

	2017	2016	2015	2014	2013
<u>School Employees Retirement System of Ohio:</u>					
District's Proportion of the Net Pension Liability	0.14401459%	0.14999730%	0.15259930%	0.16539200%	0.16539200%
District's Proportionate Share of the Net Pension Liability	\$ 8,604,553	\$ 10,978,418	\$ 8,707,464	\$ 8,370,395	\$ 9,835,331
District's Covered Payroll	\$ 4,777,593	\$ 4,354,957	\$ 4,625,410	\$ 4,138,528	\$ 4,753,764
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	180.10%	252.09%	188.25%	202.26%	206.90%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%
<u>State Teachers Retirement System of Ohio:</u>					
District's Proportion of the Net Pension Liability	0.12977864%	0.13098820%	0.13164438%	0.13343537%	0.13343537%
District's Proportionate Share of the Net Pension Liability	\$ 30,829,196	\$ 43,845,699	\$ 36,382,657	\$ 32,456,100	\$ 38,661,494
District's Covered Payroll	\$ 14,281,250	\$ 13,919,879	\$ 13,746,314	\$ 14,345,823	\$ 14,240,285
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	215.87%	314.99%	264.67%	226.24%	271.49%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) - Information prior to 2013 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

See accompanying notes to the supplementary information.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - PENSION PLANS
LAST TEN FISCAL YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>School Employees Retirement System of Ohio:</u>										
Contractually Required Contribution	\$ 623,728	\$ 668,863	\$ 609,694	\$ 609,629	\$ 573,600	\$ 657,921	\$ 621,403	\$ 535,034	\$ 806,877	\$ 558,472
Contributions in Relation to the Contractually Required Contributions	<u>(623,728)</u>	<u>(668,863)</u>	<u>(609,694)</u>	<u>(609,629)</u>	<u>(573,600)</u>	<u>(657,921)</u>	<u>(621,403)</u>	<u>(535,034)</u>	<u>(806,877)</u>	<u>(558,472)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Covered Payroll	\$ 4,620,207	\$ 4,777,593	\$ 4,354,957	\$ 4,625,410	\$ 4,138,528	\$ 4,753,764	\$ 4,620,097	\$ 4,256,436	\$ 5,959,210	\$ 5,675,528
Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
<u>State Teachers Retirement System of Ohio:</u>										
Contractually Required Contribution	\$ 2,018,386	\$ 1,999,375	\$ 1,948,783	\$ 1,924,484	\$ 1,864,957	\$ 1,851,237	\$ 1,907,322	\$ 1,697,684	\$ 1,936,092	\$ 2,027,704
Contributions in Relation to the Contractually Required Contributions	<u>(2,018,386)</u>	<u>(1,999,375)</u>	<u>(1,948,783)</u>	<u>(1,924,484)</u>	<u>(1,864,957)</u>	<u>(1,851,237)</u>	<u>(1,907,322)</u>	<u>(1,697,684)</u>	<u>(1,936,092)</u>	<u>(2,027,704)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Covered Payroll	\$ 14,417,043	\$ 14,281,250	\$ 13,919,879	\$ 13,746,314	\$ 14,345,823	\$ 14,240,285	\$ 14,671,708	\$ 13,059,108	\$ 14,893,015	\$ 15,597,723
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the supplementary information.

NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST TWO MEASUREMENT PERIODS (1)

	2017	2016
<u>School Employees Retirement System of Ohio:</u>		
District's Proportion of the Net OPEB Liability	0.14617332%	0.15206111%
District's Proportionate Share of the Net OPEB Liability	\$ 3,922,908	\$ 4,334,304
District's Covered Payroll	\$ 4,777,593	\$ 4,354,957
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll.	82.11%	99.53%
Plan Fiduciary Net OPEB as a Percentage of the Total OPEB Liability	12.46%	11.49%
 <u>State Teachers Retirement System of Ohio:</u>		
District's Proportion of the Net OPEB Liability	0.12977864%	0.13098820%
District's Proportionate Share of the Net OPEB Liability	\$ 5,063,485	\$ 7,005,283
District's Covered Payroll	\$ 14,281,250	\$ 13,919,879
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll.	35.46%	50.33%
Plan Fiduciary Net OPEB as a Percentage of the Total OPEB Liability	47.11%	37.30%

(1) - Information prior to 2016 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

See accompanying notes to the supplementary information.

NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB PLANS
LAST THREE FISCAL YEARS (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>School Employees Retirement System of Ohio:</u>			
Contractually Required Contribution (2)	\$ 99,141	\$ 79,815	\$ 77,178
Contributions in Relation to the Contractually Required Contributions	<u>(99,141)</u>	<u>(79,815)</u>	<u>(77,178)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Covered Payroll	\$ 4,620,207	\$ 4,777,593	\$ 4,354,957
Contributions as a Percentage of Covered Payroll	2.15%	1.67%	1.77%
<u>State Teachers Retirement System of Ohio:</u>			
Contractually Required Contribution	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Covered Payroll	\$ 14,417,043	\$ 14,281,250	\$ 13,919,879
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%

(1) - Information prior to fiscal year 2016 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

(2) - In addition to the allocation of employer contributions, SERS assesses a surcharge on employers for employees earning less than an actuarially determined minimum compensation amount, which is pro-rated if less than a full year of service credit is earned.

See accompanying notes to the supplementary information.

**NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 – DEFINED BENEFITS PENSION PLANS

School Employees Retirement System of Ohio:

Change in assumptions. In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction of the discount rate from 7.75% to 7.50%, a reduction in the wage inflation rate from 3.25% to 3.00%, a reduction in the payroll growth assumption used from 4.00% to 3.50%, reduction in the assumed real wage growth rate from 0.75% to 0.50%, update of the rates of withdrawal, retirement and disability to reflect recent experience, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables for active members and service retired members and beneficiaries.

State Teachers Retirement System of Ohio:

Change in assumptions. In 2018, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0/25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Change in benefit terms. Effective July 1, 2017, the COLA was reduced to zero.

NOTE 2 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS

School Employees Retirement System of Ohio:

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

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

NORTHEASTERN LOCAL SCHOOL DISTRICT
CLARK COUNTY

NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (Continued)

State Teachers Retirement System of Ohio:

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

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 % to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

NORTHEASTERN LOCAL SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCE REPORT

Combining and Individual Fund Statements and Schedules

For the Fiscal Year Ended June 30, 2018





*Northeastern Local School District
Nonmajor Governmental Fund Descriptions*

NONMAJOR SPECIAL REVENUE FUNDS

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

Food Service - To account for and report monies restricted to the food service operations of the School District.

Special Trust and Grants - To account for and report revenues and expenditures restricted in conjunction with programs, trust donations, and small grants for a specific purpose from state and local sources.

Latchkey Afterschool Enrichment - To account for and report the revenues and expenditures committed for after-school care and instructional services to students whose parents are not at home when the student gets out of school.

District Managed Student Activities -To account for and report the revenues and expenditures restricted for student activity programs which have student participation in the activity, but are not student managed programs.

Auxiliary Services - To account for and report restricted monies which provide services and materials to pupils attending non-public schools within the School District.

High School That Works Grant - To account for and report restricted monies to participate with schools across the nations implement goals to accelerate student achievement.

Data Communications - To account for and report restricted monies for Ohio Educational Computer Network connections.

Title VI-B Special Education Part B - IDEA -To account for and report restricted federal monies used to offer full educational opportunities to handicapped children at the preschool, elementary and secondary levels, and to assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

Title I –Improving Basic Programs -To account for and report restricted financial assistance to meet the special needs of educationally deprived children.

Early Childhood Education -To account for and report restricted monies used to assist school districts in paying the cost of preschool programs for three and four year-olds.

Title II-Improving Teaching - To account for and report restricted financial assistance to reduce class size to provide assistance to students.

Northeastern Local School District
Nonmajor Governmental Fund Descriptions

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

Debt Service – To account for and report revenues and expenditures restricted in conjunction construction bond, the property tax levy and the related debt payments.

FUNDS WITH LEGALY ADOPTED BUDGETS

The following funds have been combined with the General Fund for reporting purposes but have legally adopted budgets as a nonmajor special revenue fund.

Public School Support - To account for special local revenue sources, other than taxes and permanent fund monies (i.e., profits from vending machines, sales of pictures, etc.) that are restricted to specified purposes approved by Board resolution

Northeastern Local School District

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 250,412	\$ 905,999	\$ 1,156,411
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agents	10,000	-	10,000
Receivables:			
Intergovernmental	264,417	-	264,417
Taxes	-	375,934	375,934
Materials and Supplies Inventory	8,772		8,772
Prepaid Items	542	-	542
Total Assets	\$ 534,143	\$ 1,281,933	\$ 1,816,076
Liabilities and Fund Balances			
<u>Liabilities:</u>			
Accounts Payable	\$ 601	\$ -	\$ 601
Accrued Wages and Benefits Payable	156,164	-	156,164
Intergovernmental Payable	34,946	-	34,946
Interfund Payable	83,522	-	83,522
Total Liabilities	275,233	-	275,233
<u>Deferred Inflows of Resources:</u>			
Unavailable Revenue	-	10,130	10,130
Property Taxes Not Levied for Current Year	-	305,451	305,451
Total Deferred Inflows of Resources	-	315,581	315,581
<u>Fund Balances:</u>			
Unreserved, Undesignated, Reported in:			
Nonspendable	9,314		9,314
Restricted	196,286	966,352	1,162,638
Committed	144,250	-	144,250
Unassigned (Deficit)	(90,940)	-	(90,940)
Total Fund Balances	258,910	966,352	1,225,262
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 534,143	\$ 1,281,933	\$ 1,816,076

See accompanying notes to the basic financial statements



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

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$ -	\$368,682	\$ 368,682
Intergovernmental	\$ 1,685,474	61,186	1,746,660
Investment Earnings	\$ 1,524	-	1,524
Extracurricular Activities	\$ 196,644	-	196,644
Charges for Services	\$ 558,290	-	558,290
Contributions and Donations	\$ 25,414	-	25,414
Miscellaneous	\$ 11,882	-	11,882
<i>Total Revenues</i>	<u>2,479,228</u>	<u>429,868</u>	<u>2,909,096</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	77,900	-	77,900
Special	686,913	-	686,913
Adult/Continuing	-	-	-
Student Intervention Services	70,898	-	70,898
Other	-	-	-
Support Services:			
Pupils	90	-	90
Instructional Staff	15,288	-	15,288
Administration	-	-	-
Fiscal	-	6,667	6,667
Operation and Maintenance of Plant	5,179	-	5,179
Pupil Transportation	-	-	-
Central	22,572	-	22,572
Operation of Non-Instructional Services	1,261,886	-	1,261,886
Services	-	-	-
Extracurricular Activities	207,155	-	207,155
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	400,000	400,000
Interest and Fiscal Charges	-	21,725	21,725
<i>Total Expenditures</i>	<u>2,347,881</u>	<u>428,392</u>	<u>2,776,273</u>
Excess of Revenues Over (Under) Expenditures	<u>131,347</u>	<u>1,476</u>	<u>132,823</u>
<u>Other Financing Sources (Uses):</u>			
Transfers In	<u>40,815</u>	<u>-</u>	<u>40,815</u>
<i>Net Change in Fund Balances</i>	172,162	1,476	173,638
<i>Fund Balances at Beginning of Year</i>	<u>86,748</u>	<u>964,876</u>	<u>1,051,624</u>
<i>Fund Balances at End of Year</i>	<u>\$ 258,910</u>	<u>\$966,352</u>	<u>\$ 1,225,262</u>

See accompanying notes to the basic financial statements

Northeastern Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Food Service	Special Trust & Grants	Latchkey After School Enrichment	District Managed Student Activities	Auxiliary Services	High School That Work Grant
<u>Assets:</u>						
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 370	\$ 31,980	\$ 152,932	\$ 12,459	\$ 52,538	\$ -
Cash and Cash Equivalents						
In Segregated Accounts with Fiscal Agent	-	-	-	10,000	-	-
Property Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Prepaid Items	-	-	-	-	542	-
Materials and Supplies Inventory	8,772	-	-	-	-	-
Total Assets	\$ 9,142	\$ 31,980	\$ 152,932	\$ 22,459	\$ 53,080	\$ -
Liabilities and Fund Balances						
<u>Liabilities:</u>						
Accounts Payable	\$ -	\$ 14		\$ 587	\$ -	\$ -
Accrued Wages and Benefits Payable	62,296	-	14,259	-	20,969	-
Intergovernmental Payable	10,407	801	2,335	621	3,580	-
Interfund Payable	13,985	-	-	-	-	1,635
Total Liabilities	86,688	815	16,594	1,208	24,549	1,635
<u>Deferred Inflows of Resources:</u>						
Unavailable Revenue	-	-		-	-	-
Property Taxes Not Levied for Current Year	-	-		-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
<u>Fund Balances:</u>						
Unreserved:						
Designated:						
Nonspendable	8,772	-	-	-	542	-
Restricted	(6,126)	23,252	-	21,251	27,989	-
Committed	-	7,912	136,338	-	-	-
Unassigned (Deficit)	(80,192)	-	-	-	-	(1,635)
Total Fund Balances (Deficit)	(77,546)	31,164	136,338	21,251	28,531	(1,635)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,142	\$ 31,980	\$ 152,932	\$ 22,459	\$ 53,080	\$ -

See accompanying notes to the basic financial statements

Northeastern Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Data Communications	Title VI-B Special Education Grant	Title I Improving Basic Programs Grant	IDEA Early Childhood Grant	Title II-A Improving Teaching	Total Nonmajor Special Revenue Funds
<u>Assets:</u>						
Equity in Pooled Cash, Cash Equivalents and Investments	\$ -	\$ -	\$ -	\$0	\$0	\$ 250,412
Cash and Cash Equivalents						
In Segregated Accounts with Fiscal Agent	-	-	-	-	-	10,000
Property Taxes	-	-	-	-	-	-
Intergovernmental	-	195,897	63,799	-	4,721	264,417
Prepaid Items	-	-	-	-	-	542
Materials and Supplies Inventory	-	-	-	-	-	8,772
Total Assets	\$ -	\$ 195,897	\$ 63,799	\$0	\$4,721	\$ 534,143
Liabilities and Fund Balances						
<u>Liabilities:</u>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -		\$ 601
Accrued Wages and Benefits Payable	-	58,640	-	-	-	156,164
Intergovernmental Payable	-	8,470	6,691	-	1,904	34,946
Interfund Payable	-	34,933	27,300	-	5,669	83,522
Total Liabilities	-	102,043	33,991	0	7,573	275,233
<u>Deferred Inflows of Resources:</u>						
Unavailable Revenue	-	-	-	-	-	-
Property Taxes Not Levied for Current Year	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
<u>Fund Balances:</u>						
Unreserved:						-
Designated:						-
Nonspendable		-	-	-	-	9,314
Restricted	-	99,979	29,808	-	-	196,286
Committed	-	-	-	-	-	144,250
Unassigned (Deficit)	-	(6,125)	-	-	(2,852)	(90,940)
Total Fund Balances (Deficit)	-	93,854	29,808	0	(2,852)	258,910
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 195,897	\$ 63,799	\$ -	\$ 4,721	\$ 534,143

See accompanying notes to the basic financial statem

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

	Food Service	Special Trust & Grants	Latchkey After School Enrichment	District Managed Student Activities	Auxiliary Services	High School That Work Grant	Data Communications
<u>Revenues:</u>							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	445,243	-	(424)	(65)	250,039	5,458	12,600
Investment Earnings	-	72	-	490	962	-	-
Tuition and Fees	-	-	-	-	-	-	-
Extracurricular Activities	-	-	-	196,644	-	-	-
Charges for Services	384,926	-	173,364	-	-	-	-
Contributions and Donations	-	19,695	-	5,719	-	-	-
Miscellaneous	1,831	884	-	9,167	-	-	-
<i>Total Revenues</i>	832,000	20,651	172,940	211,955	251,001	5,458	12,600
<u>Expenditures:</u>							
Current:							
Instruction:							
Regular	-	142	-	-	-	9,882	-
Special	-	14	-	-	-	-	-
Adult/Continuing	-	-	-	-	-	-	-
Student Intervention Services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Support Services:							
Pupils	-	90	-	-	-	-	-
Instructional Staff	-	789	-	-	-	-	12,600
Administration	-	-	-	-	-	-	-
Fiscal	-	-	-	-	-	-	-
Business	-	-	-	-	-	-	-
Operation and Maintenance of Plant	-	5,179	-	-	-	-	-
Pupil Transportation	-	-	-	-	-	-	-
Central	-	22,572	-	-	-	-	-
Operation of Non-Instructional Services	878,941	-	147,609	-	230,575	-	-
Extracurricular Activities	-	-	-	207,155	-	-	-
Debt Service:							
Principal Retirement	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-
<i>Total Expenditures</i>	878,941	28,786	147,609	207,155	230,575	9,882	12,600
Excess of Revenues Over (Under) Expenditures	(46,941)	(8,135)	25,331	4,800	20,426	(4,424)	-
<u>Other Financing Sources:</u>							
Transfers In	40,815	-	-	-	-	-	-
<i>Net Change in Fund Balances</i>	(6,126)	(8,135)	25,331	4,800	20,426	(4,424)	-
<i>Fund Balances (Deficit) at Beginning of Year</i>	(71,420)	39,299	111,007	16,451	8,105	2,789	-
<i>Fund Balances (Deficit) at End of Year</i>	\$ (77,546)	\$ 31,164	\$ 136,338	\$ 21,251	\$ 28,531	\$ (1,635)	\$ -

See accompanying notes to the basic financial statements

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

	Title VI-B Special Education Part B - IDEA	Title I Improving Basic Programs Grant	IDEA Early Childhood Grant	Title II-A Improving Teaching	Total Special Revenue Funds	Debt Service	Total Nonmajor Special Revenue Funds
<u>Revenues:</u>							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 368,682	\$ 368,682
Intergovernmental	612,485	282,119	11,100	66,919	1,685,474	61,186	1,746,660
Investment Earnings	-	-	-	-	1,524	-	1,524
Tuition and Fees	-	-	-	-	-	-	-
Extracurricular Activities	-	-	-	-	196,644	-	196,644
Charges for Services	-	-	-	-	558,290	-	558,290
Contributions and Donations	-	-	-	-	25,414	-	25,414
Miscellaneous	-	-	-	-	11,882	-	11,882
Total Revenues	612,485	282,119	11,100	66,919	2,479,228	429,868	2,909,096
<u>Expenditures:</u>							
Current:							
Instruction:							
Regular	-	-	-	67,876	77,900	-	77,900
Special	423,498	252,301	11,100	-	686,913	-	686,913
Adult/Continuing	-	-	-	-	-	-	-
Student Intervention Services	70,898	-	-	-	70,898	-	70,898
Other	-	-	-	-	-	-	-
Support Services:							
Pupils	-	-	-	-	90	-	90
Instructional Staff	-	-	-	1,899	15,288	-	15,288
Administration	-	-	-	-	-	-	-
Fiscal	-	-	-	-	-	6,667	6,667
Business	-	-	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	5,179	-	5,179
Pupil Transportation	-	-	-	-	-	-	-
Central	-	-	-	-	22,572	-	22,572
Operation of Non-Instructional Services	4,761	-	-	-	1,261,886	-	1,261,886
Extracurricular Activities	-	-	-	-	207,155	-	207,155
Debt Service:							
Principal Retirement	-	-	-	-	-	400,000	400,000
Interest and Fiscal Charges	-	-	-	-	-	21,725	21,725
Total Expenditures	499,157	252,301	11,100	69,775	2,347,881	428,392	2,776,273
Excess of Revenues Over (Under) Expenditures	113,328	29,818	-	(2,856)	131,347	1,476	132,823
<u>Other Financing Sources:</u>							
Transfers In	-	-	-	-	40,815	-	40,815
Net Change in Fund Balances	113,328	29,818	-	(2,856)	172,162	1,476	173,638
Fund Balances (Deficit) at Beginning of Year	(19,474)	(10)	-	4	86,748	964,876	1,051,624
Fund Balances (Deficit) at End of Year	\$ 93,854	\$ 29,808	\$ -	\$ (2,852)	\$ 258,910	\$ 966,352	\$ 1,225,262

See accompanying notes to the basic fina



FIDUCIARY FUNDS

Private Purpose Trust Funds

Private Purpose Trust Funds are used to account for any trust arrangement under which principal and income benefit individuals, private organizations, or other governments.

College Scholarship - To account for contributions and donations to be used as scholarships for students in the School District.

Endowment - To account for contributions and donations which have been set aside as an investment to provide scholarships to students of the School District. The income from this fund may be expended, but the principal must remain intact.

Agency Funds

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governmental units, and/or other funds.

District Agency - To account for money that is set aside each pay period to make the School District's semi-annual workers' compensation payments.

Student Managed Activities -To account for student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

Northeastern Local School District
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Fiscal Year Ended June 30, 2018

	<u>College Scholarship</u>	<u>Endowment</u>	<u>Total</u>
<u>Additions:</u>			
Investment Earnings	\$ 421	\$ 125	\$ 546
Contributions and Donations	9,630	-	9,630
Miscellaneous	<u>1,703</u>	<u>-</u>	<u>1,703</u>
<i>Total Additions</i>	11,754	125	11,879
<u>Deductions:</u>			
Payments in Accordance with Trust Agreements	<u>2,679</u>	<u>-</u>	<u>2,679</u>
<i>Change in Net Position</i>	9,075	125	9,200
<i>Net Position at Beginning of Year</i>	<u>51,603</u>	<u>16,559</u>	<u>68,162</u>
<i>Net Position at End of Year</i>	<u><u>\$ 60,678</u></u>	<u><u>\$ 16,684</u></u>	<u><u>\$ 77,362</u></u>

Northeastern Local School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust
	<hr/>
<u>Additions:</u>	
Investment Earnings	\$0
Contributions and Donations	4,600
Miscellaneous	0
	<hr/>
<i>Total Additions</i>	4,600
 <u>Deductions:</u>	
Payment in Accordance with Trust Agreements	6,850
	<hr/>
<i>Change in Net Position</i>	(2,250)
 <i>Net Position at Beginning of Year</i>	25,959
	<hr/>
<i>Net Position at End of Year</i>	\$23,709
	<hr/> <hr/>

See accompanying notes to the basic financial statements

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

	Beginning Balance July 1, 2017	Additions	Reductions	Ending Balance June 30, 2018
District Agency Fund				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 149,400	\$ 39,051	\$ 102,466	\$ 85,985
<i>Total Assets</i>	<u>\$ 149,400</u>	<u>\$ 39,051</u>	<u>\$ 102,466</u>	<u>\$ 85,985</u>
<u>Liabilities:</u>				
Due to Other Governments	<u>\$ 149,400</u>	<u>\$ 39,051</u>	<u>\$ 102,466</u>	<u>\$ 85,985</u>
Student Managed Activities Fund				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 140,754	\$ 174,557	\$ 175,306	\$ 140,005
<u>Liabilities:</u>				
Due to Students	<u>\$ 140,754</u>	<u>\$ 174,557</u>	<u>\$ 175,306</u>	<u>\$ 140,005</u>
Total Agency Funds				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 290,154	\$ 213,608	\$ 277,772	\$ 225,990
<i>Total Assets</i>	<u>\$ 290,154</u>	<u>\$ 213,608</u>	<u>\$ 277,772</u>	<u>\$ 225,990</u>
<u>Liabilities:</u>				
Due to Students	\$ 140,754	\$ 174,557	\$ 175,306	\$ 140,005
Due to Other Governments	<u>149,400</u>	<u>39,051</u>	<u>102,466</u>	<u>85,985</u>
<i>Total Liabilities</i>	<u>\$ 290,154</u>	<u>\$ 213,608</u>	<u>\$ 277,772</u>	<u>\$ 225,990</u>

NORTHEASTERN LOCAL SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCE REPORT

Individual Fund Schedules or Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual

For the Fiscal Year Ended June 30, 2018





Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
BOND RETIREMENT FUND
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Property and Other Local Taxes	\$ 380,500	\$ 371,930	\$ (8,570)
Intergovernmental	60,000	61,186	1,186
Total Revenues	<u>440,500</u>	<u>433,116</u>	<u>(7,384)</u>
EXPENDITURES:			
Current:			
Support Services:			
Fiscal	8,000	6,667	1,333
Debt Service:			
Principal	400,000	400,000	-
Interest	21,725	21,725	-
Total Expenditures	<u>429,725</u>	<u>428,392</u>	<u>1,333</u>
Excess of Revenues Over (Under) Expenditures	<u>10,775</u>	<u>4,724</u>	<u>(6,051)</u>
Fund Balance (Deficit) at Beginning of Year	901,278	901,278	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	<u>\$ 912,053</u>	<u>\$ 906,002</u>	<u>\$ (6,051)</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 457,225	\$ 447,054	\$ (10,171)
Customer Sales and Services	392,775	384,926	(7,849)
Miscellaneous	-	1,831	1,831
Total Revenues	<u>850,000</u>	<u>833,811</u>	<u>(16,189)</u>
EXPENDITURES:			
Current:			
Operation of Non-Instructional/Shared Services:			
Food Service Operations	901,625	874,250	27,375
Total Expenditures	<u>901,625</u>	<u>874,250</u>	<u>27,375</u>
Excess of Revenues Over (Under) Expenditures	<u>(51,625)</u>	<u>(40,439)</u>	<u>11,186</u>
OTHER FINANCING SOURCES AND USES:			
Transfers In	40,000	40,815	815
Total Other Financing Sources and Uses	<u>40,000</u>	<u>40,815</u>	<u>815</u>
Net Change in Fund Balances	(11,625)	376	12,001
Fund Balance (Deficit) at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	<u>\$ (11,625)</u>	<u>\$ 376</u>	<u>\$ 12,001</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
SPECIAL TRUSTS AND GRANTS
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Interest Earnings	\$ -	\$ 72	\$ 72
Contributions and Donations	5,600	24,294	18,694
Miscellaneous	-	884	884
Total Revenues	<u>5,600</u>	<u>25,250</u>	<u>19,650</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	10345	4405	5940
Special	550	0	550
Support Services			
Pupil	250	2590	-2340
Staff	2845	789	2056
Operation and Maintenance of Plant	7150	4300	2850
Central	19466	25278	-5812
Total Expenditures	<u>40606</u>	<u>37362</u>	<u>3244</u>
Excess of Revenues Over (Under) Expenditures	<u>(35,006)</u>	<u>(12,112)</u>	<u>22,894</u>
Fund Balance (Deficit) at Beginning of Year	64,563	64,563	-
Prior Year Encumbrances Appropriated	2,000	2,000	-
Fund Balance (Deficit) at End of Year	<u>31,557</u>	<u>54,451</u>	<u>22,894</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
LATCHKEY AFTER SCHOOL ENRICHMENT
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Customer Sales and Services	\$ 116,916	\$ 173,363	\$ 56,447
Total Revenues	<u>116,916</u>	<u>173,364</u>	<u>56,448</u>
EXPENDITURES:			
Current:			
Operation of Non-Instructional/Shared Services:			
Community Services	162,884	155,352	7,532
Total Expenditures	<u>162,884</u>	<u>155,352</u>	<u>7,532</u>
Excess of Revenues Over (Under) Expenditures	<u>(45,968)</u>	<u>18,012</u>	<u>63,980</u>
Fund Balance (Deficit) at Beginning of Year	134,851	134,851	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	<u>\$ 88,883</u>	<u>\$ 152,863</u>	<u>\$ 63,980</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
DISTRICT MANAGED ACTIVITIES FUND
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Interest	\$ 10,900	\$ 1,593	\$ (9,307)
Extracurricular Activities	184,700	60,846	(123,854)
Customer Sales and Services	13,900	66,831	52,931
Miscellaneous	5,500	21,140	15,640
Total Revenues	<u>215,000</u>	<u>150,410</u>	<u>(64,590)</u>
EXPENDITURES:			
Current:			
Extracurricular Activities:			
Academic Oriented Activities	218,959	144,873	74,086
Sport Oriented Activities	13,000	12,748	252
Total Expenditures	<u>231,959</u>	<u>157,621</u>	<u>74,338</u>
Excess of Revenues Over (Under) Expenditures	<u>(16,959)</u>	<u>(7,211)</u>	<u>9,748</u>
OTHER FINANCING SOURCES AND USES:			
Transfers In	41,923	-	(41,923)
Proceeds from Sale of Capital Assets	300	-	(300)
Total Other Financing Sources and Uses	<u>42,223</u>	<u>-</u>	<u>(42,223)</u>
Net Change in Fund Balances	25,264	(7,211)	(32,475)
Fund Balance (Deficit) at Beginning of Year	134,225	134,225	-
Prior Year Encumbrances Appropriated	6,529	6,529	-
Fund Balance (Deficit) at End of Year	<u>\$ 166,018</u>	<u>\$ 133,543</u>	<u>\$ (32,475)</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
AUXILIARY FUND
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 250,000	\$ 250,039	\$ 39
Interest	-	962	962
Total Revenues	<u>250,000</u>	<u>251,001</u>	<u>1,001</u>
EXPENDITURES:			
Current:			
Operation of Non-Instructional/Shared Services:			
Community Services	275,588	231,967	43,621
Total Expenditures	<u>275,588</u>	<u>231,967</u>	<u>43,621</u>
Excess of Revenues Over (Under) Expenditures	<u>(25,588)</u>	<u>19,034</u>	<u>(42,620)</u>
Fund Balance (Deficit) at Beginning of Year	33,502	33,502	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	<u>\$ 7,914</u>	<u>\$ 52,536</u>	<u>\$ (42,620)</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
HIGH SCHOOLS THAT WORK
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 12,278	\$ 12,278	\$ -
Total Revenues	<u>12,278</u>	<u>12,278</u>	<u>-</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	16,000	8,992	7,008
Total Expenditures	<u>16,000</u>	<u>8,992</u>	<u>7,008</u>
Excess of Revenues Over (Under) Expenditures	<u>-3,722</u>	<u>3,285</u>	<u>7,007</u>
OTHER FINANCING SOURCES AND USES:			
Advances In	1,634	1,634	0
Advances Out	-6,820	-6,820	
Total Other Financing Sources and Uses	<u>-5,186</u>	<u>-5,186</u>	<u>0</u>
Net Change in Fund Balances	<u>(8,908)</u>	<u>(1,901)</u>	<u>(7,007)</u>
Fund Balance (Deficit) at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	<u>\$ (21,186)</u>	<u>\$ (1,901)</u>	<u>\$ (7,007)</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
TITLE VI-B SPECIAL EDUCATION PART B- IDEA FUND
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 515,943	\$ 515,943	\$ -
Total Revenues	<u>515,943</u>	<u>515,943</u>	<u>-</u>
EXPENDITURES:			
Current:			
Instruction:			
Special	396,716	420,135	(23,419)
Support Services:			
Pupils	266,112	107,848	158,264
Operation of Non-Instructional/Shared Services:			
Community Services	134,852	4,761	130,091
Total Expenditures	<u>797,680</u>	<u>532,744</u>	<u>264,936</u>
Excess of Revenues Over (Under) Expenditures	<u>(281,737)</u>	<u>(16,801)</u>	<u>264,936</u>
OTHER FINANCING SOURCES AND USES:			
Advances In	-	34,934	34,934
Advances Out	(44,129)	(44,129)	-
Total Other Financing Sources and Uses	<u>(44,129)</u>	<u>(9,195)</u>	<u>34,934</u>
Net Change in Fund Balances	-	(25,996)	(25,996)
Fund Balance (Deficit) at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	<u>\$ (44,129)</u>	<u>\$ (25,996)</u>	<u>\$ (25,996)</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
TITLE I-A IMPROVING BASIC PROGRAMS
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 218,310	\$ 218,310	\$ -
Total Revenues	<u>218,311</u>	<u>218,311</u>	<u>-</u>
EXPENDITURES:			
Current:			
Instruction:			
Special	282,928	245,611	37,317
Total Expenditures	<u>282,928</u>	<u>245,611</u>	<u>37,317</u>
Excess of Revenues Over (Under) Expenditures	<u>(64,617)</u>	<u>(27,300)</u>	<u>(37,317)</u>
OTHER FINANCING SOURCES AND USES:			
Advances In	27,300	27,300	-
Total Other Financing Sources and Uses	<u>27,300</u>	<u>27,300</u>	<u>-</u>
Net Change in Fund Balances	(37,317)	-	(37,317)
Fund Balance (Deficit) at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	<u>(37,317)</u>	<u>-</u>	<u>(37,317)</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
IDEA EARLY CHILDHOOD SPECIAL EDUCATION
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 11,100	\$ 11,100	\$ -
Total Revenues	<u>11,100</u>	<u>11,100</u>	<u>-</u>
EXPENDITURES:			
Current:			
Instruction:			
Special	<u>11,100</u>	<u>11,100</u>	<u>-</u>
Total Expenditures	<u>11,100</u>	<u>11,100</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
TITLE II-A IMPROVING TEACHER QUALITY
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Intergovernmental	\$ 62,207	\$ 62,207	\$ -
Total Revenues	<u>62,207</u>	<u>62,207</u>	<u>-</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	66,805	67,876	(1,071)
Operation of Non-Instructional/Shared Services:			
Community Services	10,597	-	10,597
Total Expenditures	<u>77,402</u>	<u>67,876</u>	<u>9,526</u>
Excess of Revenues Over (Under) Expenditures	<u>(15,195)</u>	<u>(5,669)</u>	<u>9,526</u>
OTHER FINANCING SOURCES AND USES:			
Advances In	5,669	5,669	-
Total Other Financing Sources and Uses	<u>5,669</u>	<u>5,669</u>	<u>-</u>
Net Change in Fund Balances	(9,526)	-	9,526
Fund Balance (Deficit) at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance (Deficit) at End of Year	<u>(9,526)</u>	<u>-</u>	<u>9,526</u>

Northeastern Local Schools
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
PUBLIC SCHOOL SUPPORT FUND
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget
REVENUES:			
Interest	\$ 90	\$ 1,384	\$ 1,294
Extracurricular Activiites	27,300	38,996	11,696
Miscellaneous	47,100	34,984	(12,116)
Total Additions	<u>74,490</u>	<u>75,364</u>	<u>874</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	110,608	74,983	35,625
Extracurricular Activiites:			
Academic Oriented Activities	400	-	400
Total Expenditures	<u>111,008</u>	<u>74,983</u>	<u>36,025</u>
Excess of Revenues Over (Under) Expenditures	<u>(36,518)</u>	<u>381</u>	<u>36,899</u>
Fund Balance (Deficit) at Beginning of Year	123,089	123,089	-
Prior Year Encumbrances Appropriated	1,016	1,016	-
Fund Balance (Deficit) at End of Year	<u>\$ 87,587</u>	<u>\$ 124,486</u>	<u>\$ 36,899</u>



STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCE REPORT

For the Fiscal Year Ended June 30, 2018





STATISTICAL TABLES

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

CONTENTS	PAGES
Financial Trends	111-117

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

Revenue Capacity	118-123
-------------------------	----------------

These schedules contain information to help the reader assess the School District's most significant local revenue sources.

Debt Capacity	124-125
----------------------	----------------

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

Demographic and Economic Information	126-129
---	----------------

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.

Operating information	130
------------------------------	------------

These schedules contain service and capital assets data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

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



Northeastern Local School District

Net Position by Component

Governmental Activities

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net Investment in Capital Assets	\$ 14,298,101	\$ 14,428,374	\$ 14,608,049	\$ 14,934,698	\$ 14,912,422	\$ 14,704,310	\$ 14,414,534	\$ 14,046,777	\$ 13,974,911	\$ 13,759,087
Restricted	\$ 1,985,498	\$ 1,947,677	\$ 1,914,402	\$ 1,728,565	\$ 1,444,812	\$ 1,681,413	\$ 1,947,340	\$ 1,647,781	\$ 1,387,817	\$ 1,485,687
Unrestricted(Deficit)	<u>\$ 6,054,614</u>	<u>\$ 6,676,157</u>	<u>\$ 5,782,444</u>	<u>\$ 3,142,618</u>	<u>\$ 2,128,978</u>	<u>\$ 2,858,154</u>	<u>\$ (41,131,941)</u>	<u>\$ (38,600,254)</u>	<u>\$ (37,226,679)</u>	<u>\$ (28,410,855)</u>
Total Net Position	<u>\$ 22,338,213</u>	<u>\$ 23,052,208</u>	<u>\$ 22,304,895</u>	<u>\$ 19,805,881</u>	<u>\$ 18,486,212</u>	<u>\$ 19,243,877</u>	<u>\$ (24,770,067)</u>	<u>\$ (22,905,696)</u>	<u>\$ (21,863,951)</u>	<u>\$ (13,166,081)</u>

*The District implemented GASB 68 in 2015**The District implemented GASB 75 in 2018*

Northeastern Local School District

Changes in Net Position

Governmental Activities

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	2009	2010	2011	2012	2013	2014	2015
Expenses							
Current							
Instruction:							
Regular	\$ 14,341,718	\$ 14,373,676	\$ 14,765,031	\$ 15,058,467	\$ 14,242,926	\$ 14,005,168	\$ 13,919,806
Special	\$ 2,965,675	\$ 3,440,715	\$ 3,332,815	\$ 3,000,184	\$ 3,042,310	\$ 3,362,288	\$ 3,487,911
Vocational	\$ 897,566	\$ 897,504	\$ 889,026	\$ 635,211	\$ 680,364	\$ 684,088	\$ 693,528
Student Intervention Services	\$ 41,989	\$ 22,993	\$ 24,388	\$ 22,522	\$ 17,851	\$ 5,421	\$ 9,789
Other	\$ 12,096	\$ 14,377	\$ 14,809	\$ 16,495	\$ 16,328	\$ 52,097	\$ 135,155
Support Services:							
Pupils	\$ 1,704,572	\$ 1,791,418	\$ 1,744,433	\$ 1,857,061	\$ 1,800,927	\$ 1,877,286	\$ 1,872,337
Instructional Staff	\$ 1,673,594	\$ 1,840,369	\$ 1,739,292	\$ 1,662,660	\$ 1,496,572	\$ 1,127,112	\$ 1,262,880
Board of Education	\$ 60,841	\$ 63,446	\$ 50,956	\$ 70,740	\$ 49,315	\$ 69,422	\$ 108,299
Administration	\$ 2,739,611	\$ 2,784,636	\$ 2,868,092	\$ 2,828,228	\$ 2,645,629	\$ 2,668,787	\$ 2,271,039
Fiscal	\$ 665,450	\$ 717,685	\$ 707,316	\$ 744,783	\$ 708,076	\$ 741,597	\$ 750,453
Operation and Maintenance of Plant	\$ 2,734,986	\$ 2,712,816	\$ 2,785,345	\$ 2,770,352	\$ 2,508,741	\$ 2,319,977	\$ 2,164,226
Pupil Transportation	\$ 1,868,592	\$ 1,997,238	\$ 2,016,768	\$ 2,053,987	\$ 2,173,981	\$ 1,990,432	\$ 1,904,089
Central	\$ 10,193	\$ 63,500	\$ 53,268	\$ 65,466	\$ 14,392	\$ 12,554	\$ 9,400
Operation of Non-Instructional Services	\$ 1,635,850	\$ 1,391,725	\$ 1,728,386	\$ 1,484,498	\$ 1,600,105	\$ 1,510,784	\$ 1,555,570
Extracurricular Activities	\$ 1,047,659	\$ 1,016,291	\$ 1,030,873	\$ 1,027,415	\$ 961,713	\$ 996,431	\$ 962,925
Interest and Fiscal Charges	\$ 243,088	\$ 216,066	\$ 187,255	\$ 156,608	\$ 242,810	\$ 94,612	\$ 73,637
	<u>\$ 32,643,480</u>	<u>\$ 33,344,455</u>	<u>\$ 33,938,053</u>	<u>\$ 33,454,677</u>	<u>\$ 32,202,040</u>	<u>\$ 31,518,056</u>	<u>\$ 31,181,044</u>
Program Revenues							
Charges for Service							
Instruction:							
Regular	\$ 1,879,476	\$ 2,029,410	\$ 2,044,561	\$ 2,143,085	\$ 2,330,606	\$ 2,386,634	\$ 2,471,401
Support Services:							
Instructional Staff	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal	\$ -	\$ -	\$ -	\$ -	\$ 17,148	\$ -	\$ -
Operation and Maintenance of Plant	\$ 3,169	\$ 2,508	\$ 1,361	\$ 1,453	\$ 11,387	\$ 1,025	\$ 2,000
Operation of Non-Instructional Services	\$ 903,967	\$ 815,165	\$ 781,760	\$ 775,641	\$ 672,994	\$ 611,469	\$ 574,311
Extracurricular Activities	\$ 213,125	\$ 191,143	\$ 228,484	\$ 200,328	\$ 199,806	\$ 377,042	\$ 371,928
Operating Grants, Contribution, and Intere	<u>\$ 1,862,294</u>	<u>\$ 3,687,362</u>	<u>\$ 3,678,521</u>	<u>\$ 2,428,655</u>	<u>\$ 2,221,943</u>	<u>\$ 2,262,169</u>	<u>\$ 2,181,183</u>
Total Program Revenues	<u>\$ 4,862,031</u>	<u>\$ 6,725,588</u>	<u>\$ 6,734,687</u>	<u>\$ 5,549,162</u>	<u>\$ 5,453,884</u>	<u>\$ 5,638,339</u>	<u>\$ 5,600,823</u>
Net Expense	<u>\$ (27,781,449)</u>	<u>\$ (26,618,867)</u>	<u>\$ (27,203,366)</u>	<u>\$ (27,905,515)</u>	<u>\$ (26,748,156)</u>	<u>\$ (25,879,717)</u>	<u>\$ (25,580,221)</u>
General Revenues							
Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes Levied for:							
General Purposes	\$ 13,023,955	\$ 11,685,422	\$ 11,337,817	\$ 10,574,816	\$ 10,512,421	\$ 11,144,749	\$ 11,670,437
Grants and Entitlements not Restricted to specific programs	\$ 15,811,320	\$ 15,491,480	\$ 14,954,386	\$ 14,648,538	\$ 14,768,569	\$ 15,077,118	\$ 15,811,893
Grants and Donations Restricted to specific programs	\$ 25,638	\$ 37,539	\$ 70,868	\$ 98,373	\$ 87,209	\$ 101,146	\$ 37,318
Investment Earnings	\$ 185,711	\$ 47,688	\$ 23,410	\$ 27,042	\$ 13,787	\$ 31,227	\$ 35,936
Miscellaneous	\$ 44,944	\$ 70,733	\$ 65,562	\$ 57,732	\$ 46,501	\$ 283,142	\$ 68,961
Gain on Sale of Capital Assets	\$ 4,245	\$ -	\$ 4,010	\$ -	\$ -	\$ -	\$ -
Total General Revenues	<u>\$ 29,095,813</u>	<u>\$ 27,332,862</u>	<u>\$ 26,456,053</u>	<u>\$ 25,406,501</u>	<u>\$ 25,428,487</u>	<u>\$ 26,637,382</u>	<u>\$ 27,624,545</u>
Change in Net Position	<u>\$ 1,314,364</u>	<u>\$ 713,995</u>	<u>\$ (747,313)</u>	<u>\$ (2,499,014)</u>	<u>\$ (1,319,669)</u>	<u>\$ 757,665</u>	<u>\$ 2,044,324</u>

The District implemented GASB 68 in 2015

The District implemented GASB 75 in 2018

<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 14,859,188	\$ 15,963,650	\$ 4,989,096
\$ 3,656,402	\$ 4,410,552	\$ 1,822,759
\$ 728,913	\$ 789,426	\$ 262,344
\$ 21,281	\$ 2,711	\$ 27,279
\$ 396,257	\$ 617,679	\$ 956,957
\$ 1,774,426	\$ 2,027,177	\$ 1,169,357
\$ 1,285,981	\$ 1,295,650	\$ 819,919
\$ 142,587	\$ 115,474	\$ 117,613
\$ 2,337,776	\$ 2,512,563	\$ 1,236,895
\$ 785,045	\$ 883,581	\$ 686,132
\$ 2,310,274	\$ 2,806,160	\$ 2,094,860
\$ 1,961,171	\$ 2,279,703	\$ 1,713,050
\$ 25,124	\$ 44,301	\$ 42,182
\$ 1,400,503	\$ 1,460,389	\$ 1,055,990
\$ 1,025,889	\$ 1,092,087	\$ 720,675
<u>\$ 51,229</u>	<u>\$ 35,429</u>	<u>\$ 20,771</u>
<u>\$ 32,762,046</u>	<u>\$ 36,336,532</u>	<u>\$ 17,735,879</u>
\$ 2,285,495	\$ 2,457,519	\$ 2,602,062
\$ 1,980	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ 554,122	\$ 713,097	\$ 717,739
\$ 311,674	\$ 202,839	\$ 196,644
<u>\$ 2,057,511</u>	<u>\$ 1,784,321</u>	<u>\$ 1,776,048</u>
<u>\$ 5,210,782</u>	<u>\$ 5,157,776</u>	<u>\$ 5,292,493</u>
<u>\$ (27,551,264)</u>	<u>\$ (31,178,756)</u>	<u>\$ (12,443,386)</u>
\$ 815,967	\$ 4,302,786	\$ 4,535,898
\$ 13,068,271	\$ 12,101,011	\$ 12,382,691
15,306,117	\$ 15,507,417	\$ 15,112,212
48,394	\$ 59,008	\$ 44,549
84,274	\$ 67,412	\$ 145,877
92,612	\$ 182,702	\$ 169,289
<u>\$ -</u>	<u>\$ 165</u>	<u>\$ 10,512</u>
<u>\$ 29,415,635</u>	<u>\$ 32,220,501</u>	<u>\$ 32,401,028</u>
<u>\$ 1,864,371</u>	<u>\$ 1,041,745</u>	<u>\$ 19,957,642</u>

Northeastern Local School District
Fund Balances- Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund:			
Nonspendable	\$ -	\$ -	\$ 92,546
Restricted	\$ -	\$ -	\$ 11,000
Committed	\$ -	\$ -	\$ -
Assigned	\$ -	\$ -	\$ 203,930
Unassigned	\$ -	\$ -	\$ 6,296,346
Reserved	\$ 3,826,887	\$ 3,852,915	\$ -
Unreserved(Deficit)	<u>\$ 2,596,046</u>	<u>\$ 2,776,427</u>	<u>\$ -</u>
<i>Total General Fund</i>	\$ 6,422,933	\$ 6,629,342	\$ 6,603,822
All Other Governmental Funds			
Nonspendable	\$ -	\$ -	\$ 14,660
Restricted	\$ -	\$ -	\$ 1,985,502
Assigned	\$ -	\$ -	\$ 55,343
Unassigned	\$ -	\$ -	\$ (160,987)
Reserved	\$ 275,188	\$ 309,208	\$ -
Unreserved(Deficit) Reported In			
Special Revenue Funds	\$ 104,170	\$ 39,456	\$ -
Debt Service Funds	\$ 917,236	\$ 909,665	\$ -
Capital Projects Funds	<u>\$ 542,971</u>	<u>\$ 726,826</u>	<u>\$ -</u>
<i>Total All Other Governmental Funds</i>	<u>\$ 1,839,565</u>	<u>\$ 1,985,155</u>	<u>\$ 1,894,518</u>
<i>Total Governmental Funds</i>	<u><u>\$ 8,262,498</u></u>	<u><u>\$ 8,614,497</u></u>	<u><u>\$ 8,498,340</u></u>

The School District implemented GASB 54 in fiscal year 2011.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 92,832	\$ 100,345	\$ 83,498	\$ 84,814	\$ 97,565	\$ 82,256	\$ 95,771
\$ 11,000	\$ 11,000	\$ 11,000	\$ 63,335	\$ 11,000	\$ 11,000	\$ 11,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 3,191,209	\$ 996,160	\$ 1,574,678	\$ 6,939,399	\$ 966,858	\$ 1,638,696	\$ 6,939,399
\$ 1,027,297	\$ 1,840,495	\$ 1,831,009	\$ (2,275,334)	\$ 5,695,921	\$ 7,610,254	\$ 4,954,514
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 4,322,338	\$ 2,948,000	\$ 3,500,185	\$ 4,812,214	\$ 6,771,344	\$ 9,342,206	\$ 12,000,684
\$ 13,081	\$ 12,405	\$ 11,090	\$ 19,377	\$ 37,561	\$ 14,750	\$ 9,314
\$ 1,718,277	\$ 1,412,146	\$ 1,629,802	\$ 1,893,159	\$ 1,617,956	\$ 1,340,281	\$ 1,437,042
\$ 99,114	\$ 133,264	\$ 116,677	\$ 118,950	\$ 121,087	\$ 119,061	\$ 144,250
\$ (87,506)	\$ (105,800)	\$ (72,938)	\$ (73,406)	\$ (159,664)	\$ (107,022)	\$ (90,940)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ (4,653)	\$ -	\$ -
\$ 1,742,966	\$ 1,452,015	\$ 1,684,631	\$ 1,958,080	\$ 1,612,287	\$ 1,367,070	\$ 1,499,666
\$ 6,065,304	\$ 4,400,015	\$ 5,184,816	\$ 6,770,294	\$ 8,383,631	\$ 10,709,276	\$ 13,500,350

Northeastern Local School District

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
REVENUES:					
Property and Other Local Taxes	\$ 12,903,009	\$ 11,605,181	\$ 11,649,231	\$ 10,821,581	\$ 10,370,511
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	\$ 17,670,176	\$ 19,077,144	\$ 18,733,820	\$ 17,076,948	\$ 16,876,028
Interest	\$ 189,149	\$ 48,251	\$ 23,632	\$ 27,287	\$ 12,127
Tuition and Fees	\$ 1,836,500	\$ 1,997,930	\$ 2,015,475	\$ 2,890,176	\$ 2,266,269
Rent					
Extracurricular Activities	\$ 226,241	\$ 198,183	\$ 231,276	\$ 206,973	\$ 258,836
Gifts and Donations	\$ 25,638	\$ 37,539	\$ 70,868	\$ 98,373	\$ 87,209
Customer Sales and Services	\$ 916,962	\$ 826,533	\$ 794,963		\$ 672,994
Miscellaneous	\$ 40,706	\$ 62,041	\$ 54,381	\$ 56,818	\$ 56,071
<i>Total Revenues</i>	<u>\$ 33,808,381</u>	<u>\$ 33,852,802</u>	<u>\$ 33,573,646</u>	<u>\$ 31,178,156</u>	<u>\$ 30,600,045</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	\$ 13,937,190	\$ 14,206,466	\$ 14,213,024	\$ 14,630,291	\$ 14,246,218
Special	\$ 2,906,636	\$ 3,477,166	\$ 3,253,327	\$ 2,980,031	\$ 3,002,042
Vocational	\$ 871,311	\$ 886,938	\$ 861,258	\$ 673,823	\$ 653,914
Student Intervention Services	\$ 41,989	\$ 22,993	\$ 24,388	\$ 22,522	\$ 17,851
Other	\$ 12,096	\$ 14,377	\$ 14,809	\$ 16,495	\$ 16,328
Support Services:					
Pupils	\$ 1,661,352	\$ 1,752,623	\$ 1,698,333	\$ 1,807,454	\$ 1,775,598
Instructional Staff	\$ 1,633,389	\$ 1,775,820	\$ 1,688,971	\$ 1,611,670	\$ 1,442,445
Board of Education	\$ 60,841	\$ 63,446	\$ 50,956	\$ 70,740	\$ 49,315
Administration	\$ 2,695,387	\$ 2,732,379	\$ 2,776,583	\$ 2,802,164	\$ 2,592,902
Fiscal	\$ 682,379	\$ 725,546	\$ 695,315	\$ 800,540	\$ 714,249
Operation and Maintenance of Plant	\$ 2,780,461	\$ 2,681,575	\$ 2,849,057	\$ 2,744,201	\$ 2,521,839
Pupil Transportation	\$ 1,834,090	\$ 1,980,890	\$ 1,990,317	\$ 2,006,030	\$ 2,114,195
Central	\$ 10,193	\$ 63,286	\$ 52,962	\$ 65,225	\$ 15,153
Operation of Non-Instructional/Shared Services	\$ 1,651,564	\$ 1,334,100	\$ 1,696,399	\$ 1,448,934	\$ 1,607,705
Extracurricular Activities	\$ 999,410	\$ 996,956	\$ 1,008,786	\$ 1,000,209	\$ 980,998
Capital Outlay	\$ 85,169	\$ -	\$ 141,605	\$ 118,338	\$ 31,582
Debt Service:					
Principal	\$ 564,810	\$ 601,355	\$ 637,598	\$ 673,012	\$ 368,012
Interest	\$ 225,695	\$ 198,765	\$ 170,025	\$ 139,513	\$ 114,988
<i>Total Expenditures</i>	<u>\$ 32,653,962</u>	<u>\$ 33,514,681</u>	<u>\$ 33,823,713</u>	<u>\$ 33,611,192</u>	<u>\$ 32,265,334</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,154,419</u>	<u>\$ 338,121</u>	<u>\$ (250,067)</u>	<u>\$ (2,433,036)</u>	<u>\$ (1,665,289)</u>
OTHER FINANCING SOURCES AND USES:					
Transfers In	\$ 33,149	\$ -	\$ -	\$ 8,225	\$ 40,658
Refund of Prior Year Expenditure	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of a Capital Asset	\$ 4,245	\$ -	\$ 4,010	\$ -	\$ -
Inception of Capital Lease	\$ 79,527	\$ -	\$ 129,900	\$ -	\$ -
Transfers Out	\$ (33,149)	\$ -	\$ -	\$ (8,225)	\$ (40,658)
<i>Total Other Financing Sources and Uses</i>	<u>\$ 83,772</u>	<u>\$ -</u>	<u>\$ 133,910</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ 1,238,191</u>	<u>\$ 338,121</u>	<u>\$ (116,157)</u>	<u>\$ (2,433,036)</u>	<u>\$ (1,665,289)</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 11,318,649	\$ 11,764,205	\$ 13,085,142	\$ 12,094,478	\$ 12,366,648
\$ -	\$ -	\$ 815,967	\$ 3,997,660	\$ 4,505,620
\$ 17,228,985	\$ 18,058,433	\$ 17,410,326	\$ 17,339,228	\$ 16,945,987
\$ 30,231	\$ 33,671	\$ 90,560	\$ 69,218	\$ 147,402
\$ 2,348,587	\$ 2,456,820	\$ 2,271,579	\$ 2,457,519	\$ 2,602,062
\$ 378,067	\$ 373,928	\$ 313,654	\$ 300,241	\$ 307,100
\$ 101,146	\$ 37,318	\$ 48,394	\$ 59,008	\$ 44,549
\$ 628,080	\$ 588,892	\$ 568,038	\$ 577,648	\$ 568,289
\$ 280,306	\$ 44,689	\$ 68,340	\$ 52,282	\$ 188,208
<u>\$ 32,314,051</u>	<u>\$ 33,357,956</u>	<u>\$ 34,672,000</u>	<u>\$ 36,947,282</u>	<u>\$ 37,675,865</u>
\$ 13,871,942	\$ 14,150,075	\$ 14,924,448	\$ 14,898,416	\$ 15,567,931
\$ 3,307,113	\$ 3,530,052	\$ 3,657,437	\$ 4,178,246	\$ 4,305,414
\$ 651,067	\$ 679,701	\$ 705,110	\$ 716,210	\$ 632,194
\$ 5,421	\$ 9,789	\$ 11,115	\$ 1,226	\$ 25,120
\$ 52,097	\$ 136,550	\$ 396,257	\$ 623,295	\$ 956,948
\$ 1,837,255	\$ 1,896,382	\$ 1,775,920	\$ 1,910,160	\$ 2,028,977
\$ 1,112,458	\$ 1,267,331	\$ 1,291,842	\$ 1,200,788	\$ 1,177,673
\$ 69,422	\$ 108,299	\$ 142,587	\$ 116,524	\$ 150,584
\$ 2,651,093	\$ 2,270,924	\$ 2,329,018	\$ 2,308,609	\$ 2,293,094
\$ 737,683	\$ 756,490	\$ 786,994	\$ 848,714	\$ 846,029
\$ 2,291,747	\$ 2,186,882	\$ 2,202,345	\$ 2,755,664	\$ 2,263,065
\$ 1,965,566	\$ 1,822,974	\$ 1,957,166	\$ 2,113,164	\$ 1,983,191
\$ 12,554	\$ 9,400	\$ 25,124	\$ 44,704	\$ 42,182
\$ 1,467,573	\$ 1,542,161	\$ 1,394,425	\$ 1,560,070	\$ 1,271,153
\$ 963,048	\$ 931,931	\$ 961,945	\$ 1,024,575	\$ 883,451
\$ 52,534	\$ -	\$ 172,014	\$ -	\$ -
\$ 384,408	\$ 397,824	\$ 443,067	\$ 441,572	\$ 446,572
\$ 96,269	\$ 75,713	\$ 53,863	\$ 35,738	\$ 21,725
<u>\$ 31,529,250</u>	<u>\$ 31,772,478</u>	<u>\$ 33,230,677</u>	<u>\$ 34,777,675</u>	<u>\$ 34,895,303</u>
<u>\$ 784,801</u>	<u>\$ 1,585,478</u>	<u>\$ 1,441,323</u>	<u>\$ 2,169,607</u>	<u>\$ 2,780,562</u>
\$ 74,550	\$ 59,803	\$ 48,383	\$ 42,305	\$ 40,815
\$ -	\$ -	\$ -	\$ 156,038	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 10,512
\$ -	\$ -	\$ 172,014	\$ -	\$ -
<u>\$ (74,550)</u>	<u>\$ (59,803)</u>	<u>\$ (48,383)</u>	<u>\$ (42,305)</u>	<u>\$ (40,815)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,014</u>	<u>\$ 156,038</u>	<u>\$ 10,512</u>
<u>\$ 784,801</u>	<u>\$ 1,585,478</u>	<u>1,613,337</u>	<u>2,325,645</u>	<u>2,791,074</u>

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

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Unvoted Millage:										
Operating	<u>6.30</u>	<u>6.30</u>	<u>6.30</u>	<u>6.30</u>	<u>6.30</u>	<u>6.30</u>	<u>6.30</u>	<u>6.30</u>	<u>6.30</u>	<u>6.30</u>
Voted Millage by Levy:										
1976-Operating										
Residential/Agricultural Real	5.85	5.94	5.94	5.94	5.67	5.69	5.69	5.43	5.43	5.44
Commercial/Industrial and Public Utility Real	6.82	6.70	6.86	7.08	7.74	7.90	8.26	8.16	8.17	8.20
General Business and Public Utility Personal	16.64	16.64	16.64	16.64	16.64	16.64	16.64	16.64	16.64	16.64
1984- Operating										
Residential/Agricultural Real	1.79	1.82	1.82	1.82	1.74	1.74	1.74	1.67	1.67	1.67
Commercial/Industrial and Public Utility Real	2.17	2.13	2.18	2.25	2.46	2.51	2.63	2.59	2.60	2.61
General Business and Public Utility Personal	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90
1988- Operating										
Residential/Agricultural Real	2.11	2.15	2.15	2.15	2.05	2.05	2.06	1.96	1.96	1.96
Commercial/Industrial and Public Utility Real	2.63	2.59	2.65	2.73	2.99	3.05	3.19	3.15	3.15	3.16
General Business and Public Utility Personal	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
1992- Operating										
Residential/Agricultural Real	1.62	1.65	1.65	1.65	1.57	1.58	1.58	1.51	1.51	1.51
Commercial/Industrial and Public Utility Real	2.16	2.13	2.18	2.25	2.46	2.51	2.62	2.59	2.59	2.60
General Business and Public Utility Personal	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
1995- Operating										
Residential/Agricultural Real	1.77	1.80	1.80	1.80	1.72	1.72	1.73	1.65	1.65	1.65
Commercial/Industrial and Public Utility Real	2.11	2.08	2.13	2.19	2.40	2.45	2.56	2.53	2.53	2.54
General Business and Public Utility Personal	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80
1995- Bond										
Residential/Agricultural Real	0.92	0.94	0.95	0.96	0.94	0.95	0.94	0.87	0.85	0.84
Commercial/Industrial and Public Utility Real	0.92	0.94	0.95	0.96	0.94	0.95	0.94	0.87	0.85	0.84
General Business and Public Utility Personal	0.92	0.94	0.95	0.96	0.94	0.95	0.94	0.87	0.85	0.84
2004- Operating										
Residential/Agricultural Real	5.33	5.41	5.41	5.41	5.17	5.18	5.18	4.95	4.95	4.95
Commercial/Industrial and Public Utility Real	5.27	5.18	5.30	5.47	5.98	6.00	6.00	5.92	5.93	5.96
General Business and Public Utility Personal	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
2008- Permanent Improvement										
Residential/Agricultural Real	1.00	1.00	1.00	1.00	0.96	0.96	0.96	0.91	0.91	0.91
Commercial/Industrial and Public Utility Real	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.99	0.99	0.99
General Business and Public Utility Personal	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
2018- Bond Levy										
Residential/Agricultural Real	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.46
Commercial/Industrial and Public Utility Real	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.46
General Business and Public Utility Personal	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>8.46</u>
Total Voted Millage by Type of Property										
Residential/Agricultural Real	20.40	20.71	20.70	20.72	19.82	19.87	19.87	18.94	18.93	27.39
Commercial/Industrial and Public Utility Real	23.07	22.75	23.24	23.93	25.96	26.37	27.20	26.79	26.82	35.37
General Business and Public Utility Personal	<u>38.76</u>	<u>38.78</u>	<u>38.79</u>	<u>38.80</u>	<u>38.78</u>	<u>38.79</u>	<u>38.78</u>	<u>38.71</u>	<u>38.69</u>	<u>47.14</u>
Total Millage by Type of Property										
Residential/Agricultural Real	26.70	27.01	27.00	27.02	26.12	26.17	26.17	25.24	25.23	33.69
Commercial/Industrial and Public Utility Real	29.37	29.05	29.54	30.23	32.26	32.67	33.50	33.09	33.12	41.67
General Business and Public Utility Personal	<u>45.06</u>	<u>45.08</u>	<u>45.09</u>	<u>45.10</u>	<u>45.08</u>	<u>45.09</u>	<u>45.08</u>	<u>45.01</u>	<u>44.99</u>	<u>53.44</u>

Source: Ohio Department of Taxation

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

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

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

(1) The overlapping rates by taxing district are presented for all overlapping governments by type of government and property type. Each corresponding range provides the lowest and highest tax rate for each type of property by government type. All property tax rates for each type of government fall within the ranges presented.



Northeastern Local School District
Assessed Valuation and Estimated Actual Value of Taxable Property
Last Nine Collection (Calendar) Year

	Real Property			
	Assessed Values			
Collection Year	Residential/ Agricultural	Commercial/ Industrial/PU	Total Real Property	Estimated Actual Value
2010	\$ 394,895,130	\$ 53,266,370	\$ 448,161,500	\$ 1,280,461,429
2011	\$ 391,269,720	\$ 55,642,650	\$ 446,912,370	\$ 1,276,892,486
2012	\$ 391,903,600	\$ 56,985,390	\$ 448,888,990	\$ 1,282,539,971
2013	\$ 392,975,250	\$ 55,323,780	\$ 448,299,030	\$ 1,280,854,371
2014	\$ 412,680,510	\$ 51,016,140	\$ 463,696,650	\$ 1,324,847,571
2015	\$ 412,789,260	\$ 51,500,430	\$ 464,289,690	\$ 1,326,541,971
2016	\$ 413,851,080	\$ 49,121,630	\$ 462,972,710	\$ 1,322,779,171
2017	\$ 435,337,180	\$ 49,443,060	\$ 484,780,240	\$ 1,385,086,400
2018	\$ 437,257,630	\$ 49,560,270	\$ 486,817,900	\$ 1,390,908,286

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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

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

Source: Ohio Department of Taxation

(1) Ratio represents assessed value/total estimated actual value.

Tangible Personal Property				Total			Direct Rate (per \$1,000 of assessed value)
Public Utility		General Business					
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio (1)	
\$ 8,317,650	\$ 33,270,600	\$ 1,191,080	\$ 11,910,800	\$ 457,670,230	\$ 1,325,642,829	34.52	45.06
\$ 8,582,460	\$ 34,329,840	\$ 623,530	\$ 12,470,600	\$ 456,118,360	\$ 1,323,692,926	34.46	45.08
\$ 9,095,990	\$ 36,383,960	\$ -	\$ -	\$ 457,984,980	\$ 1,318,923,931	34.72	45.09
\$ 9,910,010	\$ 39,640,040	\$ -	\$ -	\$ 458,209,040	\$ 1,320,494,411	34.70	45.10
\$ 11,037,670	\$ 44,150,680	\$ -	\$ -	\$ 474,734,320	\$ 1,368,998,251	34.68	45.08
\$ 11,512,380	\$ 46,049,520	\$ -	\$ -	\$ 475,802,070	\$ 1,372,591,491	34.66	45.09
\$ 11,937,120	\$ 47,748,480	\$ -	\$ -	\$ 474,909,830	\$ 1,370,527,651	34.65	45.08
\$ 13,492,340	\$ 53,969,360	\$ -	\$ -	\$ 498,272,580	\$ 1,439,055,760	34.62	45.01
\$ 14,877,870	\$ 59,511,480	\$ -	\$ -	\$ 501,695,770	\$ 1,450,419,766	34.59	44.99

Northeastern Local School District
Property Tax Levies and Collections - Real, Public Utility Personal
and General Business Personal Property
Last Five Collection (Calendar) Year

Collection Year	Total Tax Levied	Current Tax Collection	Percent of Current Levy Collected	Delinquent Tax Collection	Total Tax Collections	Percent of Total Collections to Total Levy	Outstanding Delinquent Taxes	Percent of Outsanding Delinquent Taxes to Total Tax Levied
2013	\$ 12,268,029	\$ 11,517,038	93.9%	\$ 7,988	\$ 11,525,026	93.9%	\$ 743,003	6.5%
2014	\$ 12,447,200	\$ 11,695,076	94.0%	\$ 76,517	\$ 11,771,593	94.6%	\$ 675,607	5.8%
2015	\$ 12,347,894	\$ 11,761,318	95.2%	\$ 107,728	\$ 11,869,046	96.1%	\$ 478,848	4.1%
2016	\$ 12,289,035	\$ 11,635,413	94.7%	\$ 156,439	\$ 11,791,852	96.0%	\$ 497,183	4.3%
2017	\$ 12,577,803	\$ 12,042,404	95.7%	\$ 53,471	\$ 12,095,875	96.2%	\$ 481,928	4.0%

Northeastern Local School District
Principal Real Property Taxpayers
Tax Year 2018

	Taxpayer	Assessed Value	Percentage of Real Property Assessed Valuation
1	Ohio Edison	\$ 8,004,700	1.6%
2	Navistar	\$ 5,858,190	1.2%
3	Trioly Healthcare of Springfield	\$ 5,427,910	1.1%
4	American Transmission Systems	\$ 5,114,030	1.0%
5	Woodland Manor Property Holding LLC	\$ 2,450,000	0.5%
6	Spring Meadow LLC	\$ 2,190,340	0.4%
7	Eaglewood Property Holdings LLC	\$ 1,925,010	0.4%
8	Springfield Northridge Apartments	\$ 1,751,210	0.3%
9	Columbia Gas of Ohio Inc.	\$ 1,519,190	0.3%
10	Springfield Hufford Associates	\$ 1,440,560	0.3%
	Subtotal	<u>\$ 35,681,140</u>	<u>7.1%</u>
	All Others	<u>\$ 466,014,630</u>	<u>92.9%</u>
	Total Assessed Valuations	<u><u>\$ 501,695,770</u></u>	<u><u>100.0%</u></u>

Northeastern Local School District
Computation of Legal Debt Margin
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total Assessed Value	\$ 457,670,230	\$ 456,118,360	\$ 457,984,980
Overall Debt Limitation - 9% of assessed value	\$ 41,190,321	\$ 41,050,652	\$ 41,218,648
Gross Indebtedness Authorized by the School District	\$ 3,682,725	\$ 3,403,453	\$ 3,104,181
Less Exempted Debt			
Energy Conservation	\$ (940,000)	\$ (640,000)	\$ (325,000)
Debt within the 9% Limitation	\$ 2,742,725	\$ 2,763,453	\$ 2,779,181
Less amount available in debt service fund	\$ (1,076,199)	\$ (909,665)	\$ (903,380)
Net Debt within the 9% Limitation	\$ 1,666,526	\$ 1,853,788	\$ 1,875,801
Legal Debt Margin within the 9% Limitation	\$ 39,523,795	\$ 39,196,864	\$ 39,342,847
Legal Debt Margin as a Percentage of Debt Limit	96.0%	95.5%	95.4%
Unvoted Debt Limitation .10% of Assessed Value	\$ 457,670	\$ 456,118	\$ 457,985
Gross Indebtedness Authorized by the School District	\$ -	\$ -	\$ -
Legal	\$ 457,670	\$ 456,118	\$ 457,985

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 458,209,040	\$ 474,734,320	\$ 475,802,070	\$ 474,909,830	\$ 498,272,580	\$ 494,694,410	\$ 502,816,800
\$ 41,238,814	\$ 42,726,089	\$ 42,822,186	\$ 42,741,885	\$ 44,844,532	\$ 44,522,497	\$ 45,253,512
\$ 2,779,909	\$ 2,435,637	\$ 2,066,365	\$ 1,672,093	\$ 1,257,821	\$ 838,549	\$ 79,335,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,779,909	\$ 2,435,637	\$ 2,066,365	\$ 1,672,093	\$ 1,257,821	\$ 838,549	\$ 79,335,000
\$ (909,131)	\$ (889,309)	\$ (894,901)	\$ (898,737)	\$ (897,016)	\$ (901,278)	\$ (906,002)
\$ 1,870,778	\$ 1,546,328	\$ 1,171,464	\$ 773,356	\$ 360,805	\$ (62,729)	\$ 78,428,998
\$ 39,368,036	\$ 41,179,761	\$ 41,650,722	\$ 41,968,529	\$ 44,483,727	\$ 44,585,226	\$ (33,175,486)
95.5%	96.4%	97.3%	98.2%	99.2%	100.1%	-73.3%
\$ 458,209	\$ 474,734	\$ 475,802	\$ 474,910	\$ 498,273	\$ 494,694	\$ 502,817
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 458,209	\$ 474,734	\$ 475,802	\$ 474,910	\$ 498,273	\$ 494,694	\$ 502,817

Northeastern Local School District
Enrollment
Last Ten Years

<u>Year</u>	<u>PS</u>	<u>K</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>Total</u>
2009	14	97	263	253	245	279	268	296	318	319	332	318	310	321	3633
2010	12	118	213	264	256	249	286	282	312	321	326	333	308	303	3583
2011	27	244	250	215	269	250	247	296	287	314	320	322	342	310	3693
2012	13	237	245	237	217	257	252	243	289	282	319	319	304	328	3542
2013	11	253	239	252	250	232	265	262	258	306	292	323	323	302	3568
2014	15	237	275	248	249	263	241	274	266	260	313	297	319	315	3572
2015	60	215	243	279	248	249	267	242	274	276	260	316	239	251	3419
2016	56	229	223	234	288	255	260	260	255	292	259	247	246	245	3349
2017	57	239	234	230	234	280	251	261	261	251	279	256	209	236	3278
2018	55	201	231	223	231	234	274	232	231	228	232	258	242	202	3074

Source: School District Records

Northeastern Local School District

Employee by Function

Last Seven Fiscal Years

	2012	2013	2014	2015	2016	2017	2018
Governmental Activities							
Instruction							
Regular	174	169	169	163	170	166	155
Special	30	29	30	30	30	29	31
Vocational	10	9	8	8	7	7	5
Support Services							
Pupils	23	22	22	22	21	21	19
Instructional Staff	54	48	49	49	45	44	47
Administration	35	33	33	32	32	30	30
Fiscal	7	7	7	7	7	7	7
Operation & Maintenance	29	22	22	19	20	21	22
Pupil Transportation	36	35	34	34	32	32	32
Non-Instructional Services	<u>33</u>	<u>33</u>	<u>30</u>	<u>29</u>	<u>25</u>	<u>25</u>	<u>24</u>
Total	<u>431</u>	<u>407</u>	<u>404</u>	<u>393</u>	<u>389</u>	<u>382</u>	<u>372</u>

Northeastern Local School District

Percentage of Students who Receive Free and Reduced Lunches
Last Ten Fiscal Years

Fiscal						Total	
Year	Total Students	Free	% Free	Reduced	% Reduced	Disadvantage	% Total
2009	3643	657	18.0%	153	4.2%	810	22.2%
2010	3615	737	20.4%	146	4.0%	883	24.4%
2011	3576	874	24.4%	150	4.2%	1024	28.6%
2012	3494	910	26.0%	159	4.6%	1069	30.6%
2013	3500	935	26.7%	163	4.7%	1098	31.4%
2014	3438	1005	29.2%	179	5.2%	1184	34.4%
2015	3370	949	28.2%	176	5.2%	1125	33.4%
2016	3295	405	12.3%	90	2.7%	495	15.0%
2017	3208	878	27.4%	178	5.5%	1056	32.9%
2018	3086	823	26.7%	175	5.7%	998	32.3%

Northeastern Local School District

Per Pupil Cost

Last Ten Fiscal Years

<u>Year</u>	<u>General Governmental Expenditures (1)</u>	<u>Average Daily Membership</u>	<u>Per Pupil Cost</u>	<u>Teaching Staff</u>	<u>Pupils per Teacher</u>
2009	\$ 32,653,962	3633	\$ 8,988	215	16.9
2010	\$ 33,514,681	3583	\$ 9,354	213	16.8
2011	\$ 33,823,713	3693	\$ 9,159	218	16.9
2012	\$ 33,611,192	3542	\$ 9,489	214	16.6
2013	\$ 32,265,334	3568	\$ 9,043	207	17.2
2014	\$ 31,529,250	3572	\$ 8,827	207	17.3
2015	\$ 31,772,478	3419	\$ 9,293	201	17.0
2016	\$ 33,230,677	3349	\$ 9,923	207	16.2
2017	\$ 34,777,675	3278	\$ 10,609	202	16.2
2018	\$ 34,895,303	3074	\$ 11,352	191	16.1

(1) Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Northeastern Local School District

Building Statistic

Last Ten Fiscal Years

Building	Primary Use	Year Built/Renovated	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Northeastern High School	High School 9 to 12	1952/1974	537	529	542	507	484	528	442	405	383	370
Kenton Ridge High School	High School 9 to 12	1978/2002	750	746	754	765	757	718	627	596	599	542
Northridge Elementary	Elementary K to 5	1961/1996	428	401	444	419	434	422	416	427	464	447
South Vienna Elementary	Elementary K to 5	1961/1974	478	478	505	510	544	572	608	584	560	510
Rolling Hills Elementary	Elementary K to 5	1972/1996	511	517	552	527	523	532	535	531	499	502
Northridge Middle	Middle School 6 to 8	1961/1996	573	563	532	492	475	489	492	509	478	437
South Vienna Middle	Middle School 6 to 8	1961/1996	<u>356</u>	<u>349</u>	<u>364</u>	<u>322</u>	<u>351</u>	<u>311</u>	<u>299</u>	<u>297</u>	<u>295</u>	<u>266</u>
Total			<u>3,633</u>	<u>3,583</u>	<u>3,693</u>	<u>3,542</u>	<u>3,568</u>	<u>3,572</u>	<u>3,419</u>	<u>3,349</u>	<u>3,278</u>	<u>3,074</u>