



Dave Yost • Auditor of State

**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

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**Northwest Local School District
Hamilton County**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster:			
<i>Non-Cash Assistance (Food Distribution)</i>			
National School Lunch program	10.555	n/a	\$ 345,382
<i>Cash Assistance</i>			
School Breakfast Program	10.553	3L70	603,553
National School Lunch Program	10.555	3L60	2,109,993
<i>Cash Assistance Subtotal</i>			<u>2,713,546</u>
Nutrition Cluster Total			<u>3,058,928</u>
Total U.S. Department of Agriculture			<u>3,058,928</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education</i>			
Title I, Part A	84.010	3M00	2,536,861
Special Education Cluster:			
Special Education - Grants to States	84.027	3M20	2,428,688
Special Education - Preschool Grants	84.173	3C50	25,599
Special Education Cluster Total			<u>2,454,287</u>
English Language Acquisition Grants	84.365	3Y70	62,328
Improving Teacher Quality State Grants	84.367	3Y60	238,516
Total U.S. Department of Education			<u>2,755,131</u>
Total Expenditures of Federal Awards			<u>\$ 8,350,920</u>

The accompanying notes are an integral part of this schedule.

**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Northwest Local School District (the District's) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE D - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



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

Northwest Local School District
Hamilton County
3240 Banning Road
Cincinnati, Ohio 45239

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Local School District, Hamilton County, Ohio (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001.

School's Responses to the Finding

The School's responses to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the School's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

December 20, 2017



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

Northwest Local School District
Hamilton County
3240 Banning Road
Cincinnati, Ohio 45239

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Northwest Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Northwest Local School District's major federal programs for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Northwest Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Northwest Local School District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 20, 2017. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures 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.

Northwest Local School District
Hamilton County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance
Page 3

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Dave Yost
Auditor of State

Columbus, Ohio

December 20, 2017

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**NORTHWEST LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017**

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

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

FINDING NUMBER 2017-001

FINDING FOR RECOVERY

On June 27, 2016, the District's Board of Education approved the 2016-2017 Student Activities Handbook. The handbook reported duties of the sponsor and procedures for fundraisers including steps to follow before the sale, during the sale, and after the sale. Per the handbook, the sponsor was responsible for preparing annual budgets and purpose statements for their activity. Before the sponsor proceeded with a fundraiser it needed to be accounted for in the budget and the sponsor needed to complete a Sales Project Requisition form and have it approved by their building principal, Superintendents designee, and the Treasurer. The sponsor was not allowed to proceed or order any merchandise until the Sales Project Requisition form was approved. In addition, the handbook reported nothing should be bought without a purchase order. During the sale, the sponsor was responsible for collecting and depositing all money with the building secretary in a timely manner; keeping accurate records as to the number of items sold and merchandise remaining in inventory; and keeping accurate records of students with outstanding money or merchandise. After the sale, the sponsor was responsible for completing the Sales Project Requisition form; attaching an itemized recap listing of items sold at the proposed sale price, and documenting any items unsold; and returning the signed form to the Treasurer's office, along with any remaining product within one week of the close of the sale.

On February 24, 2017, the District was contacted by Great American Savings regarding an outstanding invoice totaling \$5,100 which included a \$100 late fee and which was related to coupon books sold for a fundraiser conducted by the Colerain High School girls' basketball team sponsored by the coach Bernard Caldwell. The District did not have a purchase order with Great American Savings for this fundraiser so they contacted Mr. Caldwell and conducted an internal review. We reviewed the District's internal review, interviewed Mr. Caldwell, and reviewed documentation related to the fundraiser.

On August 15, 2016, Mr. Caldwell entered into a program agreement with Great American Savings and agreed to order 400 coupon books. The coupon books were to be sold during the period of November 10, 2016 through December 10, 2016. The retail price of the coupon books was \$25 per book and the group would earn a 50% profit.

After the fundraiser was completed, Mr. Caldwell signed a 'Closeout Report' with Great American Savings. The report stated Mr. Caldwell agreed 400 units were sold and \$5,000 was due to Great American Savings and the group was to receive a profit of \$5,000.

Mr. Caldwell did not complete an annual budget, did not complete a sales project requisition form, and did not obtain a purchase order prior to entering into the agreement with Great American Savings.

During the District's investigation into this matter, Mr. Caldwell provided to the District 'Team Goal Sheets' prepared by the students and the coaches during the sale of the coupon books. The sheets reported the students and coaches sold 267 coupon books. Mr. Caldwell returned 34 unsold coupon books to the District during their internal investigation, resulting in 99 coupon books unaccounted for. Mr. Caldwell admitted he did not keep an accurate record of the items sold; the merchandise remaining in inventory; and students or coaches with outstanding money or inventory. Also, Mr. Caldwell did not complete the sales project requisition form after the sale as required and did not return the remaining product within one week of the close of the sale.

**FINDING NUMBER 2017-001
(Continued)**

Mr. Caldwell told us coupon books were paid by checks and cash. He stated all checks received for the sale of coupon books were submitted to the Athletic Department secretary and were collected by the Colerain Boosters.

We obtained a report from the Colerain Boosters which reported they deposited \$1,940 related to the sale of coupon books and the monies were used to purchase items for the girls' basketball team. On May 22, 2017, the District requested the Colerain Boosters to issue a payment to the District for the \$1,940 collected for the sale of coupon books. On May 25, 2017, the Colerain Boosters issued a check totaling \$1,940 to the District and the monies were deposited and posted to the District's Athletic fund.

Mr. Caldwell told us all cash collected from the sale of coupon books was deposited on a prepaid debit card by him and used to purchase items for the girls basketball team. Mr. Caldwell provided the District with copies of invoices for items purchased at Eastbay with a credit card or debit card; however, Mr. Caldwell was unable to provide us with the account number for the prepaid debit card and was unable to provide supporting documentation of how much cash was collected and deposited on the prepaid debt card. We repeatedly attempted to contact Mr. Caldwell for the prepaid debit card, which he stated he had in his possession. Mr. Caldwell has never provided us with the prepaid debit card. As a result we were never able to confirm the deposit of cash or the purchase of items for the girls' basketball team with the prepaid debit card.

Based on the information presented above, as it relates to the vendor, we determined Mr. Caldwell is responsible for all 400 coupon books because he asserted in the closeout report with the vendor he sold all 400 coupon books. As a result, the vendor is owed \$5,000. We determined Mr. Caldwell is responsible for 366 coupon books (267 documented as sold, plus 99 unaccounted for) in relation to the District because he returned 34 unsold coupon books to the District. Since the District received \$1,940 from the Colerain Boosters related to the sale of coupon books we determined the District is owed \$2,635 related to the 366 coupon books that were either sold or unaccounted for. In addition, Mr. Caldwell is responsible for the \$100 late fee charged by the vendor because he did not properly collect and deposit the monies with the District and resulted in the vendor not being paid and incurring a late charge.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies collected but unaccounted for may be hereby issued against Bernard Caldwell in the amount of \$7,735, and in favor of District's Athletic Fund.

Officials' Response:

The District identified there was an issue and initiated the request for the special audit.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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3240 Banning Road
Cincinnati, OH 45239
(513) 923-1000
www.nwlsd.org

Pam Detzel, President
Bob Engel, Vice President
Jim Detzel, Member
Mark Gilbert, Member
Joe Yoshimura, Member

BOARD

Todd D. Bowling, Superintendent
Amy M. Wells CPA, CBM, CFO/Treasurer

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	In the case of this finding the activity group had not submitted required budget and/or fundraising paperwork to authorize activities for the school year. For the 2017-2018 school year the District assigned building administrators to preside over the student activity groups. At the start of the 2018-2019 school year the Treasurer's Office will be notifying those Activity Administrators, as well as, the building principal and financial secretarial staff if there are any groups that did not submit paperwork to authorize activities in the school year. This will be a live Google document that will continue to be updated and accessible at any point in time. The buildings will then be aware if a non-authorized group is performing a fundraiser. The district already has in place a fundraising calendar that can be viewed at any time.	March 31, 2018	Elizabeth Whitt, Accounting Supervisor