



OHIO AUDITOR OF STATE
KEITH FABER



**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY**

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**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

North Ridgeville City School District
Lorain County
34620 Bainbridge Road
North Ridgeville, Ohio 44039

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Ridgeville City School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 North Ridgeville City School District, Lorain County, Ohio, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during fiscal year 2024, the District restated the June 30, 2023 net position of its Governmental Activities to reflect adjustments made to compensated absences, capital assets, and accretion on capital appreciation bonds. Additionally, as noted in Note 3 to the financial statements, the District changed the classification of both the Bond Retirement Fund and Building Fund from nonmajor to major in 2024. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, required budgetary comparison schedule, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information 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, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated October 16, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 16, 2025

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**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The discussion and analysis of the North Ridgeville City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- In total, net position of governmental activities decreased \$2,279,939 which represents a 34.82% decrease from 2023's restated net position.
- General revenues accounted for \$56,917,769 in revenue or 86.09% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$9,196,474 or 13.91% of total revenues of \$66,114,243.
- The School District had \$68,394,182 in expenses related to governmental activities; only \$9,196,474 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$59,197,708 were not adequate to provide for these programs.
- The School District's major governmental funds are the general fund, the bond retirement fund, and the building fund. The general fund had \$52,660,273 in revenues and \$57,071,536 in expenditures. During fiscal year 2024, the general fund's fund balance decreased \$4,411,263 from \$26,609,900 to \$22,198,637.
- The bond retirement fund had \$26,008,098 in revenues and other financing sources and \$4,958,730 in expenditures and other uses. During fiscal year 2024, the bond retirement fund balance increased \$21,049,368 from \$2,513,618 to \$23,562,986 due to the issuance of bonds and premiums during the year.
- The building fund had \$125,024,888 in revenues and other financing sources and \$3,395,069 and in expenditures. During fiscal year 2024, the building fund's fund balance increased \$121,629,819 from \$77,124 to \$121,706,943 due to the issuance of bonds and notes and a transfer in from the permanent improvement fund (a nonmajor governmental fund)

Using these Basic Financial Statements

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain 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. In the case of North Ridgeville City School District, the general fund, the bond retirement fund, and the building fund are the most significant.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District. On the other hand, financial factors may include the School District's financial position, liquidity and solvency, fiscal capacity and risk and exposure.

The Statement of Net Position and the Statement of Activities include the School District's programs and services, including instruction, support services, food service operation, community services and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

All of the School District's activities are reported as governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are 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.

Notes to the Basic Financial Statements

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

Required Supplementary Information

The required supplementary information provides detailed information regarding the School District's budgetary schedule for the general fund, proportionate share of the net pension liability and the net OPEB liability/asset of the retirement systems. It also includes a ten year schedule of the School District's contributions to the retirement systems to fund pension and OPEB obligations.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The School District as a Whole

The statement of net position provides the perspective of the School District as a whole. The table below provides a summary of the School District's net position at June 30, 2024 and June 30, 2023. The fiscal year 2023 net position has been restated as described in Note 3.

	Net Position	
	Governmental Activities 2024	Restated Governmental Activities 2023
<u>Assets</u>		
Current and other assets	\$ 221,947,564	\$ 74,441,793
Noncurrent assets	3,555,617	4,712,590
Capital assets, net	59,874,328	58,833,483
Total assets	285,377,509	137,987,866
<u>Deferred Outflows of Resources</u>		
Deferred charge on refunding	2,762,398	2,879,947
Pension	12,174,299	15,202,380
OPEB	2,825,272	1,846,695
Total deferred outflows of resources	17,761,969	19,929,022
<u>Liabilities</u>		
Current liabilities	9,868,642	7,585,627
Long-term liabilities:		
Due within one year	1,182,990	537,746
Due in more than one year:		
Net pension liability	50,883,324	51,989,903
Net OPEB liability	3,521,361	3,058,331
Other amounts	194,567,973	56,519,955
Total liabilities	260,024,290	119,691,562
<u>Deferred Inflows of Resources</u>		
Property taxes	41,435,491	31,055,771
Payment in lieu of taxes	631,394	-
Deferred charge on refunding	1,023,830	1,121,337
Pension	2,955,348	4,427,443
OPEB	5,896,797	8,168,508
Total deferred inflows of resources	51,942,860	44,773,059
<u>Net Position</u>		
Net investment in capital assets	3,569,449	5,727,591
Restricted	17,132,653	13,141,014
Unrestricted (deficit)	(29,529,774)	(25,416,338)
Total net position (deficit)	\$ (8,827,672)	\$ (6,547,733)

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

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

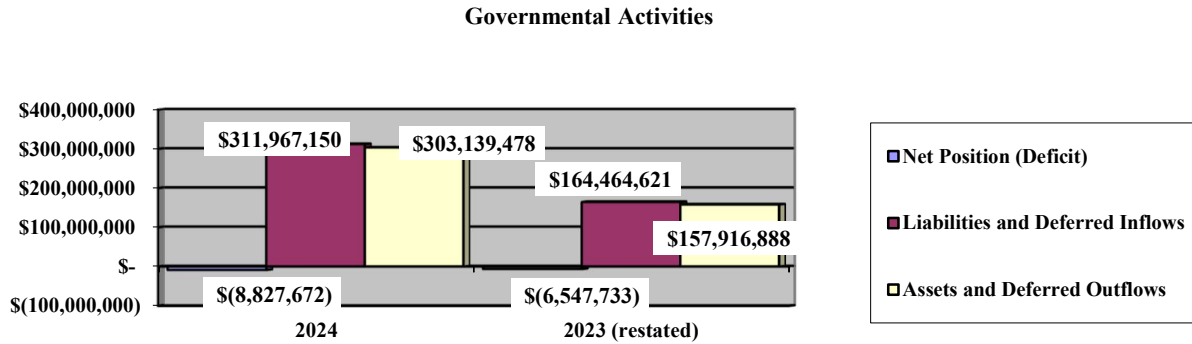
Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes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

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 of resources.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The graph below illustrates the School District's governmental activities assets and deferred outflows, liabilities and deferred inflows, and net position at June 30, 2024 and June 30, 2023.



Governmental Activities

Net position of the School District's governmental activities decreased \$6,547,733. Total governmental expenses of \$68,394,182 were offset by program revenues of \$9,196,474 and general revenues of \$56,917,769. Program revenues supported 13.45% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 84.81% of total governmental revenue. Total expenses increased by \$3,162,035 or 4.88% primarily due to an increase in wages and benefits.

The following table shows the change in net position for fiscal years 2024 and 2023. The fiscal year 2023 beginning net position has been restated as described in Note 3.

Change in Net Position

	Governmental Activities 2024	Restated Governmental Activities 2023
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 3,130,227	\$ 3,108,905
Operating grants and contributions	5,698,534	7,584,818
Capital grants and contributions	367,713	-
General revenues:		
Property taxes	39,296,413	35,538,422
Payments in lieu of taxes	1,086,104	682,038
Grants and entitlements	15,691,912	16,119,149
Investment earnings	518,156	530,073
Miscellaneous	325,184	1,692,194
Total revenues	<u>66,114,243</u>	<u>65,255,599</u>

-Continued

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Change in Net Position (Continued)

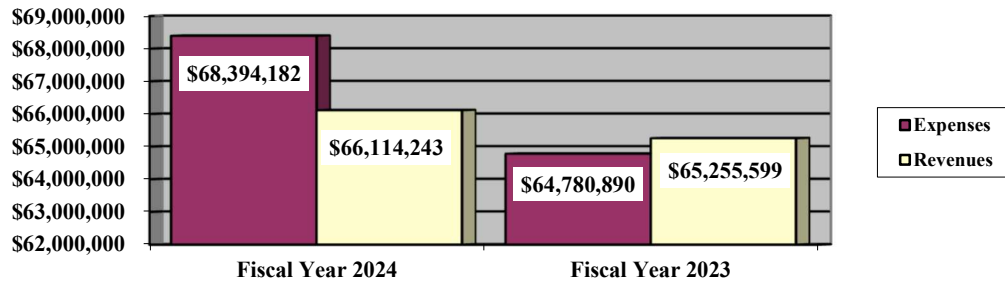
	Governmental Activities <u>2024</u>	Restated Governmental Activities <u>2023</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 27,675,417	\$ 25,604,070
Special	12,173,781	11,357,629
Vocational	211,317	198,260
Other	49,441	45,422
Support services:		
Pupil	3,818,579	3,540,844
Instructional staff	1,768,116	1,845,847
Board of education	260,380	228,366
Administration	3,616,516	3,469,836
Fiscal	1,561,903	1,476,234
Business	538,919	474,643
Operations and maintenance	4,426,444	4,205,145
Pupil transportation	4,105,415	4,179,230
Central	1,303,729	1,345,177
Operation of non-instructional services:		
Food service operations	1,788,023	2,033,601
Other non-instructional services	350,348	313,363
Extracurricular activities	1,223,840	1,261,475
Interest and fiscal charges	<u>3,522,014</u>	<u>3,201,748</u>
Total expenses	<u>68,394,182</u>	<u>64,780,890</u>
Change in net position	(2,279,939)	474,709
Net position (deficit) at beginning of year, as previously reported	(5,845,809)	(6,320,518)
Adjustment for capital asset beginning balance restatement	(2,479,767)	-
Adjustment for long-term obligation beginning balance restatement	<u>1,777,843</u>	<u>-</u>
Net position (deficit) at beginning of year (restated)	<u>(6,547,733)</u>	<u>(6,320,518)</u>
Net position (deficit) at end of year	<u><u>\$ (8,827,672)</u></u>	<u><u>\$ (5,845,809)</u></u>

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The graph below presents the governmental activities revenues and expenses for fiscal year 2024 and 2023.

Governmental Activities - Revenues and Expenses



The Statement of Activities shows the total and net cost of program services. The table below shows the total cost of services for governmental activities and the net cost of those services. It identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Governmental Activities

	Total Cost of Services 2024	Net Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2023
Program expenses				
Instruction:				
Regular	\$ 27,675,417	\$ 24,542,979	\$ 25,604,070	\$ 21,013,436
Special	12,173,781	10,415,478	11,357,629	9,788,722
Vocational	211,317	203,481	198,260	198,260
Other	49,441	49,441	45,422	45,422
Support services:				
Pupil	3,818,579	3,170,627	3,540,844	3,224,424
Instructional staff	1,768,116	1,560,286	1,845,847	1,587,969
Board of education	260,380	260,380	228,366	228,366
Administration	3,616,516	3,616,516	3,469,836	3,469,836
Fiscal	1,561,903	1,561,903	1,476,234	1,476,234
Business	538,919	538,919	474,643	474,643
Operations and maintenance	4,426,444	3,897,820	4,205,145	3,710,235
Pupil transportation	4,105,415	3,583,790	4,179,230	3,603,486
Central	1,303,729	1,300,234	1,345,177	1,345,177
Operation of non-instructional services:				
Food service operations	1,788,023	59,073	2,033,601	79,567
Other non-instructional services	350,348	(537,559)	313,363	40,621
Extracurricular activities	1,223,840	1,001,069	1,261,475	599,021
Interest and fiscal charges	3,522,014	3,522,014	3,201,748	3,201,748
Total expenses	<u>\$ 68,394,182</u>	<u>\$ 58,746,451</u>	<u>\$ 64,780,890</u>	<u>\$ 54,087,167</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 88.65% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.55%. The School District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are the primary support for School District's students.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The School District's Funds

The School District's governmental funds reported a combined fund balance of \$169,914,554, which is higher than last year's total balance of \$34,819,610. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2024 and 2023.

	<u>Fund Balance June 30, 2024</u>	<u>Fund Balance June 30, 2023</u>	<u>Change</u>
General	\$ 22,198,637	\$ 26,609,900	\$ (4,411,263)
Bond retirement	23,562,986	2,513,618	21,049,368
Building	121,706,943	77,124	121,629,819
Nonmajor governmental	<u>2,445,988</u>	<u>5,618,968</u>	<u>(3,172,980)</u>
Total	<u>\$ 169,914,554</u>	<u>\$ 34,819,610</u>	<u>\$ 135,094,944</u>

General Fund

The School District's general fund balance decreased \$4,411,263. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2024 Amount</u>	<u>2023 Amount</u>	<u>Change</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 31,523,703	\$ 32,069,025	\$ (545,322)	(1.70) %
Payment in lieu of taxes	1,086,104	682,038	404,066	59.24 %
Tuition and fees	1,298,769	1,547,027	(248,258)	(16.05) %
Investment earnings	454,251	499,366	(45,115)	(9.03) %
Extracurricular activities	461,210	417,351	43,859	10.51 %
Intergovernmental	17,478,850	17,207,976	270,874	1.57 %
Other revenues	<u>357,386</u>	<u>448,644</u>	<u>(91,258)</u>	(20.34) %
Total	<u>\$ 52,660,273</u>	<u>\$ 52,871,427</u>	<u>\$ (211,154)</u>	(0.40) %
<u>Expenditures</u>				
Instruction	\$ 36,901,965	\$ 29,954,656	\$ 6,947,309	23.19 %
Support services	19,400,325	18,567,040	833,285	4.49 %
Extracurricular activities	769,246	770,365	(1,119)	(0.15) %
Capital outlay	<u>-</u>	<u>569,725</u>	<u>(569,725)</u>	(100.00) %
Total	<u>\$ 57,071,536</u>	<u>\$ 49,861,786</u>	<u>\$ 7,209,750</u>	14.46 %

Revenues of the general fund decreased \$211,154 or 0.40%. The largest decrease in property taxes was primarily due to a decrease in the amount of taxes available for advance.

Expenditures of the general fund increased \$7,209,750 or 14.46% primarily due to an increase in salaries and wages being paid from the general fund.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Bond retirement fund

The bond retirement fund had \$26,008,098 in revenues and other financing sources and \$4,958,730 in expenditures and other financing uses. During fiscal year 2024, the bond retirement fund balance increased \$21,049,368 from \$2,513,618 to \$23,562,986 due to an issuance of bonds and premiums during the fiscal year.

Building fund

The building fund had \$125,024,888 in revenues and other financing sources and \$3,395,069 in expenditures. During fiscal year 2024, the building fund balance increased \$121,629,819 from \$77,124 to \$121,706,943 primarily due to the issuance of bonds and notes and a transfer in from the permanent improvement fund (a nonmajor governmental fund).

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.

For the general fund, original and final budgeted revenues and other financing sources were \$51,680,119. Actual revenues and other financing sources for fiscal year 2024 were \$53,038,505. This represents a \$1,358,386 increase from final budgeted revenues and other financing sources.

General fund original expenditures and other financing uses were \$55,924,804 and final expenditures and other financing uses were \$56,424,804. The actual budget basis expenditures and other financing uses for fiscal year 2024 totaled \$54,077,987, which was \$2,346,817 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024, the School District had \$59,874,328 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right to use assets for SBITAs (net of accumulated depreciation/amortization).

The following table shows June 30, 2024 balances compared to June 30, 2023:

**Capital Assets at June 30
(Net of Depreciation/Amortization)**

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Land	\$ 2,214,101	\$ 2,219,541
Construction in progress (CIP)	1,874,720	-
Building and improvements	47,444,677	48,175,333
Furniture and equipment	6,871,221	6,623,929
Vehicles	1,359,585	1,814,680
Intangible right to use - SBITAs	<u>110,024</u>	<u>-</u>
Total	<u>\$ 59,874,328</u>	<u>\$ 58,833,483</u>

During fiscal 2024 the School District purchased \$4,163,844 of capital assets, disposed of \$131,668 of capital assets (net of accumulated depreciation/amortization) and recorded depreciation/amortization expense of \$2,991,331. More detailed information is presented in Note 7 of the notes to the basic financial statements.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Debt Administration

At June 30, 2024 the School District had \$250,155,648 in long-term obligations an increase of \$138,049,713. \$1,182,990 of the long-term obligations are due within one year. Net pension liability and net OPEB liability at June 30, 2024 were \$50,883,324 and \$3,521,361, respectively. The long-term obligation balance has been restated at June 30, 2023 as describe in Note 3.

	<u>Outstanding Debt Year-End</u>	
	<u>2024</u>	Restated <u>2023</u>
Term and serial bonds	\$ 170,175,000	\$ 48,400,000
Capital appreciation bonds	21,534	325,001
Bond anticipation notes	15,000,000	-
Accretion on capital appreciation bonds	121,461	862,246
Unamortized bond and note premiums	8,887,273	5,891,780
Financed purchases	82,742	245,721
Net pension liability	50,883,324	51,989,903
Net OPEB liability	3,521,361	3,058,331
Compensated absences	<u>1,462,953</u>	<u>1,332,953</u>
Total	<u>\$ 250,155,648</u>	<u>\$ 112,105,935</u>

See Note 12 to the basic financial statements for further detail on the District's debt administration.

Current Financial Related Activities

The School District's most recent financial forecast was prepared in May 2024. The forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability. The Board of Education and the administration closely monitor revenues and expenditures in accordance with its financial forecast and the district's curriculum and operating plans.

Throughout the forecast period, there are fluctuations in both surplus and deficit situations, but the district maintains overall stability from an operational standpoint. In fiscal year 2024, expenditures that were previously covered by one-time ESSER funding have returned to the General Fund, leading to the projected deficit. The district has recognized the need for additional space to accommodate its growing student population and has made several efforts to address this concern. To adapt current building configurations for the increasing number of students, a portion of the district's cash balance will be allocated. The forecast accounts for anticipated capital outlay expenditures to accommodate additional modular classroom units.

Notably, increases in Real Estate revenues will have a substantial impact on the remaining years covered by the forecast. Inflationary cost increases and higher levels of enrollment have required incremental levels of expenditures. The City of North Ridgeville is experiencing a high level of growth in the number of new homes constructed. Several large housing developments have led to increased enrollment and will continue to do so for the foreseeable future.

Starting in Fiscal Year 2022, Ohio implemented the Fair School Funding Plan (FSFP), which revolutionized the state's approach to education funding. This new system is built upon a base cost methodology, incorporating four essential components crucial to the education process. The Base Cost is calculated based on historical actual data, with a two-year statewide average serving as the foundation.

For the North Ridgeville City School District, the total per pupil base cost is set at \$8,127. Out of this total, the state contributes \$1,558 per pupil, while the local portion amounts to \$6,569 per pupil. It's important to note that due to the district's position on the guarantee, it continues to receive the same level of State Funding. Without this guarantee, the district would receive less State Funding each year.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The district's cash balance is expected to remain positive at the end of fiscal year 2025 and is projected to remain stable through fiscal year 2028.

Achieving a balanced budget and maintaining adequate cash balances are two fundamental business practices that not only ensure fiscal stability, but also a consistent and dependable educational experience for students. The district's administration determines its budget annually, striving to provide adequate resources to meet student needs. The administration along with the Board of Education will continue to monitor expenses and improve programs to provide cost effective, quality education to North Ridgeville students.

Contacting the School District's Financial Management

This report is designed to provide our citizens, taxpayers and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Wendy Fanta, Treasurer/CFO at North Ridgeville City School District, 34600 Bainbridge Road, North Ridgeville, Ohio 44039.

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**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 176,285,723
Receivables:	
Property taxes	44,332,643
Payment in lieu of taxes	858,749
Accrued interest	219,720
Intergovernmental	181,522
Prepayments	69,207
Net OPEB asset	3,555,617
Capital assets:	
Nondepreciable/amortized capital assets	4,088,821
Depreciable/amortized capital assets, net	55,785,507
Capital assets, net	<u>59,874,328</u>
Total assets	<u>285,377,509</u>
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	2,762,398
Pension	12,174,299
OPEB	2,825,272
Total deferred outflows of resources	<u>17,761,969</u>
Liabilities:	
Accounts payable	298,868
Contracts payable	1,313,265
Accrued wages and benefits payable	5,460,866
Intergovernmental payable	233,167
Pension and postemployment benefits payable	1,091,839
Accrued interest payable	650,637
Notes payable	820,000
Long-term liabilities:	
Due within one year	1,182,990
Due in more than one year:	
Net pension liability	50,883,324
Net OPEB liability	3,521,361
Other amounts due in more than one year	194,567,973
Total liabilities	<u>260,024,290</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	41,435,491
Payment in lieu of taxes levied for the next fiscal year	631,394
Unamortized deferred charges on debt refunding	1,023,830
Pension	2,955,348
OPEB	5,896,797
Total deferred inflows of resources	<u>51,942,860</u>
Net position:	
Net investment in capital assets	3,569,449
Restricted for:	
Debt service	7,904,925
Permanent improvements	440,332
Capital projects	3,127,959
Classroom facilities maintenance	416,071
Food service operations	1,279,588
Extracurricular activities	323,927
Other local grants	63,928
State funded programs	20,306
OPEB	3,555,617
Unrestricted (deficit)	(29,529,774)
Total net position (deficit)	<u>\$ (8,827,672)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

			Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental
Governmental activities:	Expenses				Activities
Instruction:					
Regular	\$ 27,675,417	\$ 1,226,819	\$ 1,560,824	\$ -	\$ (24,887,774)
Special	12,173,781	127,254	1,631,049	-	(10,415,478)
Vocational	211,317	-	7,836	-	(203,481)
Other	49,441	-	-	-	(49,441)
Support services:					
Pupil	3,818,579	251,908	396,044	-	(3,170,627)
Instructional staff	1,768,116	-	204,886	-	(1,563,230)
Board of education	260,380	-	-	-	(260,380)
Administration	3,616,516	-	-	-	(3,616,516)
Fiscal	1,561,903	-	-	-	(1,561,903)
Business	538,919	-	-	-	(538,919)
Operations and maintenance	4,426,444	13,366	44,027	367,713	(4,001,338)
Pupil transportation	4,105,415	6,539	515,086	-	(3,583,790)
Central	1,303,729	-	3,495	-	(1,300,234)
Operation of non-instructional services:					
Food service operations	1,788,023	953,406	775,544	-	(59,073)
Other non-instructional services	350,348	550,935	336,972	-	537,559
Extracurricular activities	1,223,840	-	222,771	-	(1,001,069)
Interest and fiscal charges	3,522,014	-	-	-	(3,522,014)
Totals	\$ 68,394,182	\$ 3,130,227	\$ 5,698,534	\$ 367,713	(59,197,708)

General revenues:

Property taxes levied for:	
General purposes	30,957,744
Debt service	7,534,580
Capital projects	642,062
Classroom facilities maintenance	162,027
Payments in lieu of taxes	1,086,104
Grants and entitlements not restricted to specific programs	15,691,912
Investment earnings	518,156
Miscellaneous	325,184
Total general revenues	56,917,769

Change in net position (2,279,939)

**Net position (deficit) at beginning of
year, as previously reported** (5,845,809)

Adjustment for capital asset
beginning balance restatement (2,479,767)

Adjustment for long-term obligation
beginning balance restatement 1,777,843

**Net position (deficit) at beginning
of year (restated)** (6,547,733)

Net position (deficit) at end of year \$ (8,827,672)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General	Bond Retirement	Building	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 26,670,896	\$ 23,065,549	\$ 122,963,587	\$ 3,585,691	\$ 176,285,723
Receivables:					
Property taxes	32,661,488	10,284,623	-	1,386,532	44,332,643
Payment in lieu of taxes	858,749	-	-	-	858,749
Accrued interest	135,849	-	83,871	-	219,720
Intergovernmental	68,127	-	-	113,395	181,522
Prepayments	67,746	-	-	1,461	69,207
Total assets	<u>\$ 60,462,855</u>	<u>\$ 33,350,172</u>	<u>\$ 123,047,458</u>	<u>\$ 5,087,079</u>	<u>\$ 221,947,564</u>
Liabilities:					
Accounts payable	\$ 219,901	\$ -	\$ -	\$ 78,967	\$ 298,868
Contracts payable	-	-	1,313,265	-	1,313,265
Accrued wages and benefits payable	5,204,868	-	-	255,998	5,460,866
Matured compensated absences payable	15,522	-	-	-	15,522
Intergovernmental payable	224,582	-	-	8,585	233,167
Pension obligation and postemployment benefits payable	1,046,940	-	-	44,899	1,091,839
Accrued interest payable	-	-	-	1,315	1,315
Notes payable	-	-	-	820,000	820,000
Total liabilities	<u>6,711,813</u>	<u>-</u>	<u>1,313,265</u>	<u>1,209,764</u>	<u>9,234,842</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	30,458,430	9,674,464	-	1,302,597	41,435,491
Payment in lieu of taxes levied for the next fiscal year	631,394	-	-	-	631,394
Delinquent property tax revenue not available	398,676	112,722	-	15,335	526,733
Intergovernmental revenue not available	-	-	-	113,395	113,395
Accrued interest not available	63,905	-	27,250	-	91,155
Total deferred inflows of resources	<u>31,552,405</u>	<u>9,787,186</u>	<u>27,250</u>	<u>1,431,327</u>	<u>42,798,168</u>
Fund balances:					
Nonspendable:					
Prepays	67,746	-	-	1,461	69,207
Restricted:					
Debt service	-	23,562,986	-	-	23,562,986
Permanent improvements	-	-	-	424,997	424,997
Capital projects	-	-	121,706,943	-	121,706,943
Classroom facilities maintenance	-	-	-	416,071	416,071
Food service operations	-	-	-	1,308,756	1,308,756
Extracurricular activities	-	-	-	323,927	323,927
Other local grants	-	-	-	63,928	63,928
State funded programs	-	-	-	20,306	20,306
Assigned:					
Student instruction	132,615	-	-	-	132,615
Student and staff support	573,787	-	-	-	573,787
Subsequent year appropriations	5,034,218	-	-	-	5,034,218
Unassigned (deficit)	<u>16,390,271</u>	<u>-</u>	<u>-</u>	<u>(113,458)</u>	<u>16,276,813</u>
Total fund balances	<u>22,198,637</u>	<u>23,562,986</u>	<u>121,706,943</u>	<u>2,445,988</u>	<u>169,914,554</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 60,462,855</u>	<u>\$ 33,350,172</u>	<u>\$ 123,047,458</u>	<u>\$ 5,087,079</u>	<u>\$ 221,947,564</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024

Total governmental fund balances			\$ 169,914,554
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			59,874,328
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$ 526,733		
Accrued interest receivable	91,155		
Intergovernmental receivable	113,395		
Total		<u>731,283</u>	
Unamortized premiums on bonds issued are not recognized in the funds.			(8,887,273)
Unamortized amounts on refundings are not recognized in the funds.			1,738,568
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(649,322)
The net pension/OPEB assets and liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension	12,174,299		
Deferred inflows - pension	(2,955,348)		
Net pension liability	(50,883,324)		
Deferred outflows - OPEB	2,825,272		
Deferred inflows - OPEB	(5,896,797)		
Net OPEB asset	3,555,617		
Net OPEB liability	(3,521,361)		
Total		<u>(44,701,642)</u>	
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds	(170,175,000)		
Capital appreciation bonds	(21,534)		
Accretion of interest - capital appreciation bonds	(121,461)		
Bond anticipation notes	(15,000,000)		
Financed purchases	(82,742)		
Compensated absences	(1,447,431)		
Total		<u>(186,848,168)</u>	
Net position of governmental activities			<u>\$ (8,827,672)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General	(Formerly Nonmajor) Bond Retirement	(Formerly Nonmajor) Building	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 31,523,703	\$ 7,515,958	\$ -	\$ 827,154	\$ 39,866,815
Payment in lieu of taxes	1,086,104	-	-	-	1,086,104
Intergovernmental	17,478,850	155,272	-	3,352,000	20,986,122
Investment earnings	454,251	-	337,531	51,676	843,458
Tuition and fees	1,298,769	-	-	-	1,298,769
Extracurricular	461,210	-	-	372,430	833,640
Rental income	13,366	-	-	24,380	37,746
Charges for services	18,836	-	-	953,406	972,242
Contributions and donations	24,229	-	-	226,130	250,359
Miscellaneous	300,955	-	-	3,885	304,840
Total revenues	<u>52,660,273</u>	<u>7,671,230</u>	<u>337,531</u>	<u>5,811,061</u>	<u>66,480,095</u>
Expenditures:					
Current:					
Instruction:					
Regular	25,716,666	-	-	471,751	26,188,417
Special	10,913,274	-	-	1,495,897	12,409,171
Vocational	220,420	-	-	-	220,420
Other	51,605	-	-	-	51,605
Support services:					
Pupil	3,874,097	-	-	41,849	3,915,946
Instructional staff	1,572,829	-	-	204,396	1,777,225
Board of education	265,271	-	-	-	265,271
Administration	3,610,638	-	-	-	3,610,638
Fiscal	1,367,672	102,422	-	99,261	1,569,355
Business	519,811	-	-	-	519,811
Operations and maintenance	3,159,930	-	-	707,440	3,867,370
Pupil transportation	3,694,583	-	-	-	3,694,583
Central	1,335,494	-	-	-	1,335,494
Operation of non-instructional services:					
Food service operations	-	-	-	1,848,065	1,848,065
Other non-instructional services	-	-	-	355,029	355,029
Extracurricular activities	769,246	-	-	479,937	1,249,183
Facilities acquisition and construction	-	-	3,395,069	669,711	4,064,780
Debt service:					
Principal retirement	-	536,446	-	-	536,446
Interest and fiscal charges	-	1,842,316	-	5,369	1,847,685
Bond and note issuance costs	-	953,992	-	-	953,992
Accretion on capital appreciation bonds	-	1,286,533	-	-	1,286,533
Total expenditures	<u>57,071,536</u>	<u>4,721,709</u>	<u>3,395,069</u>	<u>6,378,705</u>	<u>71,567,019</u>
Excess of (deficiency) of revenues over (under) expenditures	<u>(4,411,263)</u>	<u>2,949,521</u>	<u>(3,057,538)</u>	<u>(567,644)</u>	<u>(5,086,924)</u>
Other financing sources (uses):					
Premium on sale of bonds and notes	-	3,336,868	-	-	3,336,868
Sale of bonds	-	15,000,000	106,845,000	-	121,845,000
Sale of notes	-	-	15,000,000	-	15,000,000
Transfers in	-	-	2,842,357	237,021	3,079,378
Transfers (out)	-	(237,021)	-	(2,842,357)	(3,079,378)
Total other financing sources (uses)	<u>-</u>	<u>18,099,847</u>	<u>124,687,357</u>	<u>(2,605,336)</u>	<u>140,181,868</u>
Net change in fund balances	(4,411,263)	21,049,368	121,629,819	(3,172,980)	135,094,944
Fund balances as previously reported	26,609,900	-	-	8,209,710	34,819,610
Adjustment - changes in nonmajor fund to major funds	<u>-</u>	<u>2,513,618</u>	<u>77,124</u>	<u>(2,590,742)</u>	<u>-</u>
Fund balances at beginning of year, as adjusted	<u>26,609,900</u>	<u>2,513,618</u>	<u>77,124</u>	<u>5,618,968</u>	<u>34,819,610</u>
Fund balances at end of year	<u>\$ 22,198,637</u>	<u>\$ 23,562,986</u>	<u>\$ 121,706,943</u>	<u>\$ 2,445,988</u>	<u>\$ 169,914,554</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Net change in fund balances - total governmental funds \$ 135,094,944

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense

Capital asset additions	\$ 4,163,844	
Current year depreciation/amortization	(2,991,331)	
Total		1,172,513

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (131,668)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(570,402)	
Earnings on investments	91,155	
Intergovernmental	113,395	
Total		(365,852)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.

General obligation bonds	70,000	
Capital appreciation bonds	303,467	
Accreted interest on capital appreciation bonds	1,286,533	
Financed purchase	162,979	
Total		1,822,979

Issuance of bonds and notes are reported as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position. (136,845,000)

Premiums on bonds are amortized over the life of the issuance in the statement of activities. (3,336,868)

Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The following items resulted in additional interest being reported in the statement of activities:

Change in accrued interest payable	(495,922)	
Accreted interest on capital appreciation bonds	(545,748)	
Amortization of bond premiums	341,375	
Amortization of deferred charges on refunding loss	(117,549)	
Amortization of deferred charges on refunding gain	97,507	
Total		(720,337)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	5,162,553	
OPEB	149,796	
Total		5,312,349

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.

Pension	(5,611,960)	
OPEB	1,480,489	
Total		(4,131,471)

Some expenses reported in the statement of activities, compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (115,743)

An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (35,785)

Change in net position of governmental activities \$ (2,279,939)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Governmental Activities - Internal Service Fund
Operating expenses:	
Purchased services	\$ 35,785
Change in net position	(35,785)
Net position at beginning of year	<u>35,785</u>
Net position at end of year	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash payments for purchased services	<u>\$ (35,785)</u>
Net cash used in operating activities	<u>(35,785)</u>
Net (decrease) in cash and investments	(35,785)
Cash and investments at beginning of year	<u>35,785</u>
Cash and investments at end of year	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The North Ridgeville City School District (the “School District”) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a city school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education consisting of five members and is responsible for providing public education to residents of the School District. Average daily membership on, or as of, June 30, 2024 was 4,443. The School District employs 333 certificated staff members and 263 non-teaching and support staff employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District’s accounting policies.

A. Reporting Entity

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

Within the School District boundaries, there are various nonpublic schools. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed by the School District on behalf of the nonpublic schools by the Treasurer of the School District, as directed by the nonpublic schools. These transactions are reported as a governmental activity 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 organizations' 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 organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District is associated with Connect, the Lorain County Joint Vocational School District, and the Ohio School Council Association which are considered to be jointly governed organizations. The School District also participates in a public risk pool managed by the Ohio Schools Boards Association Workers' Compensation Group Rating Program. These organizations and their relationships with the School District are described in more detail in Notes 9 and 15 to these financial statements.

B. Basis of Presentation

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

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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 for the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - During the 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 financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

C. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary, and fiduciary.

GOVERNMENTAL FUNDS

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

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.

Bond retirement Fund - The bond retirement fund is used to account for the accumulation of restricted resources and payment of general obligation bond principal, interest and related costs.

Building Fund - The building fund is used to account for the receipts and disbursements related to all special bond funds in the School District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Disbursements recorded in the fund represent the costs of acquiring capital facilities including real property.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Other governmental funds of the School District are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds - Capital projects funds are used to account for and report financial resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

PROPRIETARY FUNDS

The proprietary fund focuses on the determination of the changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund – the internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's internal service fund accounts for the activities of the medical insurance.

D. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (revenues) and decreases (expenses) in total net position.

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources along with all liabilities and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

E. Basis of Accounting

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

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or 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 yearend.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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 assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

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 assets 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, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11)

Expenditures/Expenses - 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.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

F. Budgetary Process

All funds, other than the internal service fund and custodial 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 set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds.

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 were in effect at the time the final appropriations were passed by the Board of Education, prior to fiscal year-end.

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

G. Cash and Investments

Cash received by the School District is deposited in one central bank account with individual fund balance integrity maintained through School District records. Monies for all funds are maintained in this account or temporarily transferred to the State Treasurer's investment pool (STAR Ohio) or other short term investments. Under existing Ohio statutes, interest earnings are allocated to funds based on average monthly cash balances. Interest revenue credited to the General Fund during fiscal year 2024 amounted to \$454,251 of which \$141,165 was assigned from other School District Funds.

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

During fiscal year 2024 investments were limited to Federal Home Loan Bank (FHLB) securities, Federal Farm Credit Bank (FFCB) securities, Federal Agricultural Mortgage Corporations (FAMC) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, corporate bonds, commercial paper, negotiable certificates of deposit, U.S. Treasury notes, U.S. government money market mutual funds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

The School District has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the year. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2024 there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$ 100 million. STAR Ohio reserves the right to limit the transaction to \$ 250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$ 250 million limit. All accounts of the participant will be combined for these purposes.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Investments with an original maturity of three months or less at the time of purchase are considered to be cash equivalents.

H. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

I. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid assets in both the government-wide and fund financial statements. These amounts are reflected as an expenditure/expense in the year in which the services are consumed.

J. Capital Assets

General capital assets are those assets which are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of \$1,000 and useful life of more than five years. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land, are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation/amortization is computed using the straight-line method over the following useful lives:

<u>Asset</u>	<u>Estimated Useful Life</u>
Buildings	50 years
Building improvements	5 - 20 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years
Intangible right to use, SBITAs	5 years

The School District is reporting intangible right use assets related to leased subscription-based information technology arrangements (SBITAs). The intangible assets are being amortized in a systemic and rational manner of the shorter of the lease term/subscription or the useful life of the underlying asset.

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental column of the statement of net position.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

L. 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.

Sick leave benefits are accrued as a liability using the vesting method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit. The liability includes employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The unmatured portion of the liability is not reported.

M. Accrued Liabilities and Long-Term Obligations

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

N. Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The investment in capital assets component of net position 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. The restricted component of net position is reported 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 position are available.

O. Fund Balance

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

Nonspendable - The nonspendable fund balance category 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" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. The School District Board of Education has by resolution authorized the treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, an additional action is necessary to either remove or revise a commitment.

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.

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of this fund. Revenues and expenses not meeting those definitions are reported as non- operating.

Q. Pensions/Other Postemployment Benefits (OPEB)

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

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

R. Interfund Transactions

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.

S. Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2024, the School District has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*" and Implementation Guide No. 2023-1.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously reported by the School District.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the School District.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the School District.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the School District.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2024 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
IDEA, Part B	\$ 24,776
Title I	60,909
Improving Teacher Quality	10,981
Miscellaneous Federal Grants	16,729
Auxiliary Services	63

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

C. Change within the Financial Reporting Entity

For fiscal year 2024, the School District's Bond Retirement Fund and Building Fund presentation was adjusted from nonmajor to major due to now meeting the qualitative threshold for a major fund. This change is separately displayed in the financial statements.

D. Restatement of Net Position

The following adjustments were made to June 30, 2023 net position to correctly report long-term obligations and capital assets. This change was necessary to report compensated absences, accretion on capital appreciation bonds (2017 refunding), and capital assets correctly. This restatement had no effect on fund balances.

	<u>6/30/2023 As Previously Reported</u>	<u>Adjustment to long-term obligations</u>	<u>Adjustment to capital assets</u>	<u>6/30/2023 As Restated</u>
Net Position				
Governmental Activities	<u>\$ (5,845,809)</u>	<u>\$ 1,777,843</u>	<u>\$ (2,479,767)</u>	<u>\$ (6,547,733)</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 may be invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and,

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At year end, the School District had \$250 in undeposited cash on hand which is included on the financial statements of the School District as part of “equity in pooled cash and investments”.

B. Deposits with Financial Institutions

At June 30, 2024, the carrying amount of all School District deposits was \$139,743. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2024, \$250,749 of the School District’s bank balance of \$542,973 was covered by the FDIC, while \$292,224 was exposed to custodial credit risk as discussed below because those deposits were uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2024, the School District’s financial institutions had a collateral rate through the OPCS of 60 percent. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

C. Investments

As of June 30, 2024, the School District had the following investments:

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
Commercial paper	\$ 1,913,850	\$ 1,913,850	\$ -	\$ -	\$ -	\$ -
FAMC	1,602,471	-	-	-	-	1,602,471
FFCB	10,207,646	994,072	625,404	1,704,315	701,345	6,182,510
FHLB	4,954,628	-	1,095,803	-	233,620	3,625,205
FHLMC	1,214,500	499,234	-	715,266	-	-
FNMA	2,388,341	973,086	-	1,415,255	-	-
Corporate bonds	97,820	-	-	-	-	97,820
Negotiable CDs	2,005,454	245,487	-	235,850	-	1,524,117
US Treasury notes	8,162,167	621,543	-	-	229,923	7,310,701
US Government money market	108,907,664	108,907,664	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	<u>34,691,189</u>	<u>34,691,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 176,145,730	\$ 148,846,125	\$ 1,721,207	\$ 4,070,686	\$ 1,164,888	\$ 20,342,824

The weighted average maturity of investments is 0.47 years.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date.

Credit Risk: The School District's investments in federal agency securities and U.S. Treasury notes and commercial paper were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market mutual fund a AAAM money market rating. The corporate bonds were rated AA+ by Standard & Poor's Investor Services. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investments in negotiable CD's are not rated. The School District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

Concentration of Credit Risk: The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2024:

Measurement/ <u>Investment type</u>	Measurement <u>value</u>	<u>% of Total</u>
<i>Fair value:</i>		
Commercial paper	\$ 1,913,850	1.09
FAMC	1,602,471	0.91
FFCB	10,207,646	5.80
FHLB	4,954,628	2.81
FHLMC	1,214,500	0.69
FNMA	2,388,341	1.36
Corporate bonds	97,820	0.06
Negotiable CDs	2,005,454	1.14
U.S. Treasury notes	8,162,167	4.63
U.S. Government money market	108,907,664	61.82
<i>Amortized cost:</i>		
STAR Ohio	34,691,189	19.69
	<u>\$ 176,145,730</u>	<u>100.00</u>

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2024:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 139,743
Investments	176,145,730
Cash on hand	<u>250</u>
Total	<u>\$ 176,285,723</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 176,285,723</u>

NOTE 5 - 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, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023 and are collected in 2024 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Lorain County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2024 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only delinquent settlement of tangible personal property taxes and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 - PROPERTY TAXES - (Continued)

The amount available as an advance at June 30, 2024 and 2023 were:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Major governmental funds:		
General fund	\$ 1,804,382	\$ 4,701,421
Bond retirement fund	497,437	456,892
Nonmajor governmental funds:		
Permanent improvement fund	68,600	193,643

The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential, commercial and other	\$ 1,178,548,960	97.87	\$ 1,205,755,890	97.84
Public utility personal	<u>25,617,120</u>	<u>2.13</u>	<u>26,603,830</u>	<u>2.16</u>
Total	<u>\$ 1,204,166,080</u>	<u>100.00</u>	<u>\$ 1,232,359,720</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 48.26		\$ 53.70	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2024 consisted of property taxes, payment in lieu of taxes, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 44,332,643
Payment in lieu of taxes	858,749
Intergovernmental	181,522
Accrued interest	<u>219,720</u>
Total	<u>\$ 45,592,634</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables, except for adult education tuition and fees and general fund warehouse charges, are expected to be collected within the subsequent year.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 7 - CAPITAL ASSETS

The beginning capital asset balance at June 30, 2024 has been restated as described in Note 3. Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	Restated Balance <u>06/30/23</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/24</u>
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 2,219,541	\$ -	\$ (5,440)	\$ 2,214,101
Construction in progress	<u>-</u>	<u>1,874,720</u>	<u>-</u>	<u>1,874,720</u>
Total capital assets, not being depreciated/amortized	<u>2,219,541</u>	<u>1,874,720</u>	<u>(5,440)</u>	<u>4,088,821</u>
<i>Capital assets, being depreciated/amortized:</i>				
Buildings and improvements	66,763,320	1,054,575	(162,828)	67,655,067
Furniture and equipment	14,626,668	1,048,500	(599,187)	15,075,981
Vehicles	5,581,382	64,800	(282,310)	5,363,872
Intangible right to use, SBITAs	<u>-</u>	<u>121,249</u>	<u>-</u>	<u>121,249</u>
Total capital assets, being depreciated/amortized	<u>86,971,370</u>	<u>2,289,124</u>	<u>(1,044,325)</u>	<u>88,216,169</u>
<i>Less: accumulated depreciation/amortization:</i>				
Buildings and improvements	(18,587,987)	(1,785,231)	162,828	(20,210,390)
Furniture and equipment	(8,002,739)	(801,208)	599,187	(8,204,760)
Vehicles	(3,766,702)	(393,667)	156,082	(4,004,287)
Intangible right to use, SBITAs	<u>-</u>	<u>(11,225)</u>	<u>-</u>	<u>(11,225)</u>
Total accumulated depreciation/amortization	<u>(30,357,428)</u>	<u>(2,991,331)</u>	<u>918,097</u>	<u>(32,430,662)</u>
Governmental activities capital assets, net	<u>\$ 58,833,483</u>	<u>\$ 1,172,513</u>	<u>\$ (131,668)</u>	<u>\$ 59,874,328</u>

Depreciation/amortization expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 2,145,389
Special	4,670

Support services:

Instructional staff	2,944
Operations and maintenance	354,964
Pupil transportation	459,739
Central services	1,934

Operation of non-instructional services:

Operation of non-instructional	1,025
Food service	14,612
Extracurricular activities	<u>6,054</u>
Total depreciation expense	<u>\$ 2,991,331</u>

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 8 - INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2024, consisted of the following, as reported on the fund statements:

<u>Transfers from nonmajor governmental fund to:</u>	<u>Amount</u>
Building fund	\$ 2,842,357
<u>Transfers from bond retirement fund to:</u>	
Nonmajor governmental funds	<u>237,021</u>
Total	<u>\$ 3,079,378</u>

The bond retirement fund transferred \$237,021 to the permanent improvement fund (a nonmajor governmental fund) for payment on the tax anticipation note which is reflected as a fund liability.

The transfer of \$2,842,357 to the building fund from the classroom facilities fund was in accordance with the Ohio Facilities Construction Commission project agreement.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities

All transfers made during fiscal year 2024 were made in accordance with Ohio Revised Code Sections 5704.14, 5705.15 and 5705.16.

NOTE 9 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts, theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. There have not been any significant reductions in insurance coverage from coverage in the prior year, and the amounts of settlements have not exceeded coverage for any of the prior three years.

The School District has a property and casualty policy with the Ohio School Plan through the Love Insurance Agency. The coverage limits and deductibles vary based on type of coverage provided. Deductibles are typically \$1,000 per occurrence. All vehicles are insured with a \$1,000 deductible. Buses less than 10 years old are insured at replacement value. The umbrella liability policy limits are \$10,000,000 per occurrence and \$12,000,000 per aggregate. All board members, administrators and employees are covered under a school district liability policy with the Ohio School Plan with a \$2,500 deductible and \$10,000,000 limit per claim and a \$12,000,000 annual aggregate limit. Employee dishonesty and faithful performance of duty in lieu of bond coverage in the amount of \$100,000 covers the Treasurer with Travelers Insurance Company. Remaining employees who handle money are covered with a public employees blanket bond in the amount of \$100,000 with the Ohio School Plan and have a \$1,000 deductible. Other coverage includes Violent acts, Pollution and Cyber insurance.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 9 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation

The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Retro Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The 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" 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 Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

The School District is a member of the Suburban Health Consortium, a shared risk pool to provide employee medical and prescription drug benefits. Rates are set through an annual calculation process prepared by the Consortium's health insurance consultant. The School District pays a monthly contribution and a pro- rata share of their "buy-in" contribution to existing plan reserves which is placed in a common fund from which the claim payments are made for all participating districts. For 2024, the School District paid approximately 83% of the cost of the monthly premium for all employees.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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

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

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The School District's 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:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the School District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$1,460,419 for fiscal year 2024. Of this amount, \$319,808 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - 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 the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. The fiscal year 2024 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$3,702,134 for fiscal year 2024. Of this amount, \$622,236 is reported as pension and postemployment benefits payable.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.213191200%	0.182000160%	
Proportion of the net pension liability current measurement date	<u>0.208359300%</u>	<u>0.182821050%</u>	
Change in proportionate share	<u>-0.004831900%</u>	<u>0.000820890%</u>	
Proportionate share of the net pension liability	\$ 11,512,925	\$ 39,370,399	\$ 50,883,324
Pension expense	\$ 1,122,436	\$ 4,489,524	\$ 5,611,960

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 494,852	\$ 1,435,361	\$ 1,930,213
Changes of assumptions	81,553	3,242,365	3,323,918
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	230,755	1,526,860	1,757,615
Contributions subsequent to the measurement date	<u>1,460,419</u>	<u>3,702,134</u>	<u>5,162,553</u>
Total deferred outflows of resources	<u>\$ 2,267,579</u>	<u>\$ 9,906,720</u>	<u>\$ 12,174,299</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 87,366	\$ 87,366
Net difference between projected and actual earnings on pension plan investments	161,821	117,991	279,812
Changes of assumptions	-	2,440,569	2,440,569
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>147,601</u>	<u>-</u>	<u>147,601</u>
Total deferred inflows of resources	<u>\$ 309,422</u>	<u>\$ 2,645,926</u>	<u>\$ 2,955,348</u>

\$5,162,553 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025.

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LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	\$ 267,619	\$ 591,023	\$ 858,642
2026	(486,949)	(774,347)	(1,261,296)
2027	708,489	3,931,836	4,640,325
2028	<u>8,579</u>	<u>(189,852)</u>	<u>(181,273)</u>
Total	<u>\$ 497,738</u>	<u>\$ 3,558,660</u>	<u>\$ 4,056,398</u>

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 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. Future benefits for all current plan members were projected through 2137.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023 and June 30, 2022, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2023, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate - Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. 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. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90%.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, 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 (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 16,992,488	\$ 11,512,925	\$ 6,897,436

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2023 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

****10-Year annualized geometric nominal returns**, which include the real rate of return and inflation of 2.25% and is net of 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 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 60,542,960	\$ 39,370,399	\$ 21,464,206

Assumption and Benefit Changes Since the Prior Measurement Date - The discount rate remained at 7.00% for June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 10 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. 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 2024, the School District's surcharge obligation was \$149,796.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$149,796 for fiscal year 2024. Of this amount, \$149,796 is reported as pension and postemployment benefits payable.

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. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2023, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability/asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.217828200%	0.182000160%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.213746800%</u>	<u>0.182821050%</u>	
Change in proportionate share	<u>-0.004081400%</u>	<u>0.000820890%</u>	
Proportionate share of the net OPEB liability	\$ 3,521,361	\$ -	\$ 3,521,361
Proportionate share of the net OPEB asset	\$ -	\$ (3,555,617)	\$ (3,555,617)
OPEB expense	\$ (550,763)	\$ (929,726)	\$ (1,480,489)

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 7,337	\$ 5,543	\$ 12,880
Net difference between projected and actual earnings on OPEB plan investments	27,291	6,348	33,639
Changes of assumptions	1,190,676	523,793	1,714,469
Difference between employer contributions and proportionate share of contributions/change in proportionate share	646,423	268,065	914,488
Contributions subsequent to the measurement date	<u>149,796</u>	<u>-</u>	<u>149,796</u>
Total deferred outflows of resources	<u>\$ 2,021,523</u>	<u>\$ 803,749</u>	<u>\$ 2,825,272</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,816,099	\$ 542,323	\$ 2,358,422
Changes of assumptions	1,000,100	2,345,943	3,346,043
Difference between employer contributions and proportionate share of contributions/change in proportionate share	<u>189,712</u>	<u>2,620</u>	<u>192,332</u>
Total deferred inflows of resources	<u>\$ 3,005,911</u>	<u>\$ 2,890,886</u>	<u>\$ 5,896,797</u>

\$149,796 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2025.

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	\$ (380,349)	\$ (979,102)	\$ (1,359,451)
2026	(364,881)	(432,850)	(797,731)
2027	(228,803)	(141,693)	(370,496)
2028	(136,048)	(209,177)	(345,225)
2029	(63,996)	(188,560)	(252,556)
Thereafter	<u>39,893</u>	<u>(135,755)</u>	<u>(95,862)</u>
Total	<u>\$ (1,134,184)</u>	<u>\$ (2,087,137)</u>	<u>\$ (3,221,321)</u>

Actuarial Assumptions - SERS

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

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

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

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 and June 30, 2022 are presented below:

Wage inflation:

Current measurement date	2.40%
Prior measurement date	2.40%

Future salary increases, including inflation:

Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%

Investment rate of return:

Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation

Municipal bond index rate:

Current measurement date	3.86%
Prior measurement date	3.69%

Single equivalent interest rate, net of plan investment expense,
including price inflation:

Current measurement date	4.27%
Prior measurement date	4.08%

Medical trend assumption:

Current measurement date	6.75 to 4.40%
Prior measurement date	7.00 to 4.40%

In 2023, the following mortality assumptions were used:

Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

Mortality Projection - Mortality rates are projected using a fully generational projection with Scale MP-2020.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. 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 long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. 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 long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target asset allocation and best estimates of arithmetic real rates 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>
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 4,501,307	\$ 3,521,361	\$ 2,748,634

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 2,587,022	\$ 3,521,361	\$ 4,759,487

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%
Discount rate of return	7.00%	7.00%
Blended discount rate of return	N/A	N/A
Health care cost trends		
	Initial	Ultimate
Medical		
Pre-Medicare	7.50%	4.14%
Medicare	-10.94%	4.14%
Prescription Drug		
Pre-Medicare	-11.95%	4.14%
Medicare	1.33%	4.14%

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

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the prior measurement date, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of 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 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ 3,009,364	\$ 3,555,617	\$ 4,031,345
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ 4,053,421	\$ 3,555,617	\$ 2,956,021

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**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - LONG-TERM OBLIGATIONS

The beginning long-term obligation balance at June 30, 2023 has been restated as described in Note 3. Changes in the School District's long-term obligations during fiscal year 2024 were as follows:

	Restated Balance Outstanding June 30, 2023	Additions	Reductions	Balance Outstanding June 30, 2024	Amounts Due in One Year
Governmental activities:					
<u>General obligation bonds:</u>					
2016 Refunding Bonds					
Serial and term bonds	\$ 7,815,000	\$ -	\$ (55,000)	\$ 7,760,000	\$ 55,000
Capital appreciation bonds (CABs)	5,658	-	-	5,658	-
Accretion on CABs	30,143	11,547	-	41,690	-
Premium	1,146,081	-	(71,630)	1,074,451	-
2017 Refunding Bonds					
Serial and term bonds	32,685,000	-	-	32,685,000	605,000
Capital appreciation bonds (CABs)	319,343	-	(303,467)	15,876	15,876
Accretion on CABs	832,103	534,201	(1,286,533)	79,771	79,771
Premium	3,097,613	-	(126,433)	2,971,180	-
2021 Refunding Bonds					
Serial and term bonds	7,900,000	-	(15,000)	7,885,000	15,000
Premium	1,648,086	-	(143,312)	1,504,774	-
2024 School Improvement Bonds					
Serial and term bonds	-	121,845,000	-	121,845,000	-
Premium	-	3,283,618	-	3,283,618	-
Total general obligation bonds payable	<u>55,479,027</u>	<u>125,674,366</u>	<u>(2,001,375)</u>	<u>179,152,018</u>	<u>770,647</u>
<u>Other long-term obligations:</u>					
Bond anticipation notes, series 2023					
Notes	-	15,000,000	-	15,000,000	-
Premium	-	53,250	-	53,250	-
Notes payable - financed purchase	245,721	-	(162,979)	82,742	82,742
Net pension liability	51,989,903	-	(1,106,579)	50,883,324	-
Net OPEB liability	3,058,331	463,030	-	3,521,361	-
Compensated absences	1,332,953	609,262	(479,262)	1,462,953	329,601
Total other long-term obligations	<u>56,626,908</u>	<u>16,125,542</u>	<u>(1,748,820)</u>	<u>71,003,630</u>	<u>412,343</u>
Total long-term obligations governmental activities	<u>\$ 112,105,935</u>	<u>\$ 141,799,908</u>	<u>\$ (3,750,195)</u>	<u>\$ 250,155,648</u>	<u>\$ 1,182,990</u>

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Bonds

The original issue date, interest rate, original issuance and date of maturity for each of the School District's bond obligations follows:

Debt Issue	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
General obligation bonds				
Refunding				
Serial and term	2016	2038	1.50 - 4.00%	\$ 8,115,000
Capital appreciation	2016	2035	30.00%	5,658
Refunding				
Serial and term	2017	2047	3.25 - 4.00%	33,290,000
Capital appreciation	2017	2024	30.00%	1,539,286
Refunding				
Serial	2021	2034	2.00 - 4.00%	8,000,000
School improvement				
Serial and term	2024	2062	4.38 - 5.50%	121,845,000

Series 2016 & 2017 Refunding Bonds

In December 2017, the School District issued \$34,829,286 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the School District's government-wide financial statements. As of June 30, 2024, \$32,875,000 of these bonds are considered defeased.

Principal and interest requirements to retire the 2016 refunding bonds at June 30, 2024, were as follows:

Fiscal Year	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 55,000	\$ 306,550	\$ 361,550	\$ -	\$ -	\$ -
2026	55,000	305,450	360,450	-	-	-
2027	55,000	304,350	359,350	-	-	-
2028	60,000	302,600	362,600	-	-	-
2029	60,000	300,200	360,200	-	-	-
2030 - 2034	345,000	1,461,500	1,806,500	-	-	-
2035 - 2039	7,130,000	943,600	8,073,600	5,658	1,144,342	1,150,000
Total	<u>\$ 7,760,000</u>	<u>\$ 3,924,250</u>	<u>\$ 11,684,250</u>	<u>\$ 5,658</u>	<u>\$ 1,144,342</u>	<u>\$ 1,150,000</u>

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the 2017 refunding bonds at June 30, 2024, were as follows:

Fiscal Year	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 605,000	\$ 1,204,619	\$ 1,809,619	\$ 15,876	\$ 94,124	\$ 110,000
2026	820,000	1,189,494	2,009,494	-	-	-
2027	885,000	1,156,694	2,041,694	-	-	-
2028	855,000	1,121,294	1,976,294	-	-	-
2029	40,000	1,087,094	1,127,094	-	-	-
2030 - 2034	215,000	5,415,482	5,630,482	-	-	-
2035 - 2039	255,000	5,377,780	5,632,780	-	-	-
2040 - 2045	14,205,000	4,362,795	18,567,795	-	-	-
2045 - 2049	14,805,000	1,304,932	16,109,932	-	-	-
Total	<u>\$ 32,685,000</u>	<u>\$ 22,220,184</u>	<u>\$ 54,905,184</u>	<u>\$ 15,876</u>	<u>\$ 94,124</u>	<u>\$ 110,000</u>

Series 2021 Refunding Bonds

In September 2021, the School District issued \$8,000,000 of general obligation refunding bonds to currently refund Series 2014A and Series 2014B bonds for debt service savings. The net carrying amount of the old debt exceeded the reacquisition price \$1,291,976. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which is shorter than the life of the refunded debt. This refunding was undertaken to reduce total debt service payments by \$2,346,590 and resulted in an economic gain of \$2,102,508.

Principal and interest requirements to retire the 2021 refunding bonds at June 30, 2024, were as follows:

Fiscal Year	Current Interest Bonds		
	Principal	Interest	Total
2025	\$ 15,000	\$ 309,450	\$ 324,450
2026	15,000	309,150	324,150
2027	15,000	308,850	323,850
2028	95,000	307,750	402,750
2029	875,000	290,800	1,165,800
2030 - 2034	5,490,000	858,600	6,348,600
2035	<u>1,380,000</u>	<u>27,600</u>	<u>1,407,600</u>
Total	<u>\$ 7,885,000</u>	<u>\$ 2,412,200</u>	<u>\$ 10,297,200</u>

2024 School Improvement Bonds

On June 25, 2024, the District issued \$121,845,000 of current interest bonds for the purpose of constructing a new high school. This issue is comprised of serial and term general obligation bonds with interest rates ranging from 4.38% - 5.50% and mature on December 1, 2061.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the 2024 School Improvement Bonds at June 30, 2024, were as follows:

<u>Fiscal Year</u>	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ 5,615,645	\$ 5,615,645
2026	5,000	6,016,637	6,021,637
2027	1,275,000	5,984,637	7,259,637
2028	1,340,000	5,919,262	7,259,262
2029	1,405,000	5,850,637	7,255,637
2030 - 2034	8,160,000	28,097,560	36,257,560
2035 - 2039	10,420,000	25,785,810	36,205,810
2040 - 2040	13,290,000	22,836,310	36,126,310
2045 - 2049	16,965,000	19,083,591	36,048,591
2050 - 2054	21,370,000	14,563,943	35,933,943
2055 - 2059	27,565,000	8,180,403	35,745,403
2060 - 2062	20,050,000	1,379,935	21,429,935
Total	<u>\$ 121,845,000</u>	<u>\$ 149,314,370</u>	<u>\$ 271,159,370</u>

Bonds payable will be repaid from the bond retirement fund. There is no repayment schedule for the net pension and net OPEB liability, however, employer pension and OPEB contributions are mostly made from the general fund. For additional information related to the net pension liability and net OPEB liability see Note 10 and 11. The School District pays obligations related to employee compensation from the fund benefitting from their service.

Series 2023 Bond Anticipation Notes

The School District issued \$15,000,000 in bond anticipation on December 28, 2023 that bear an interest rate of 4.63% and mature on September 19, 2024. Notes that were financed prior to the issuance of the financial statements and have a maturity beyond the end of the year in which the report is issued have been reported on the statement of net position as a long-term liability.

Notes Payable - Financed Purchase

The School District has entered into financed purchase agreements for the purchase of various items. The payments are paid from the permanent improvements fund. The terms of the agreements are:

	<u>Beginning Date</u>	<u>Years</u>	<u>Ending Date</u>	<u>Payment Method</u>
U.S. Bancorp Government Leasing and Financing Inc.	2018	7	2025	Annually

The following is a schedule of future payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	<u>\$ 82,742</u>	<u>\$ 818</u>	<u>\$ 83,560</u>

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin

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

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

At June 30, 2024, the School District's unvoted debt margin was \$1,232,360.

NOTE 13 - TAX ANTICIPATION NOTE

In November, 2015, the School District issued tax anticipation notes (1.99%) for ten years to finance energy efficiency improvements, upgrades to existing facilities and facility expansion or renovations. The notes are accounted for in the permanent improvement fund (a nonmajor governmental fund). Consistent with prior years, the tax anticipation note is reported as a fund liability.

Changes in the School District's tax anticipation notes during fiscal year 2024 were as follows:

	<u>Outstanding June 30, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 2024</u>
Tax anticipation note (1.99%)	\$ 1,220,000	\$ -	\$ (400,000)	\$ 820,000

NOTE 14 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 487,876
Building fund	3,080,982
Other nonmajor governmental funds	39,411
Total	<u>\$ 3,608,269</u>

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. Connect

The North Coast Council became known as Connect effective April 1, 2016. The new governing Board of Directors, the Educational Service Centers of Northeast Ohio, Lorain and Medina County and the Ohio Schools Council, have accepted the ownership, responsibility and liability of Connect in order to provide exemplary service to member districts. The Superintendent/Executive Director of the three ESCs and Ohio Schools Council shall serve on Connect's Board of Directors. The purpose of Connect is applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions for member districts. Fiscal information for Connect is available from the Treasurer of the Educational Service Center of Northeast Ohio (fiscal agent), located at 6393 Oak Tree Boulevard, Independence, Ohio 44131. During the year ended June 30, 2024, the School District paid \$158,477 to Connect.

B. Lorain County Joint Vocational School District

The Lorain County Joint Vocational School District is a separate body politic and corporate, established by the Ohio Revised Code to provide for vocational and special education needs of the students. The Board of the Lorain County Joint Vocational School District is comprised of representatives from each participating school district and is responsible for approving its own budgets, appointing personnel, and accounting and financing related activities. The North Ridgeville City School District's students may attend the Lorain County Joint Vocational School District. Each school district's control is limited to its representation on the board. Financial information can be obtained by contacting the Lorain County Joint Vocational School District, 15181 State Route 58, Oberlin, Ohio 44074.

C. Ohio Schools Council

The Ohio Schools Council Association (Council) is a jointly governed organization among 254 school districts. The organization was formed to purchase quality products and services at the lowest possible cost to the member School Districts. Each School District supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating School Districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2024, the School District paid \$93,375 to the Council. Financial information can be obtained by contacting the Executive Director/Treasurer of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation New Energy has been selected as the supplier and program manager. There are currently 165 participants in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

NOTE 16 - 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.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 16 - CONTINGENCIES - (Continued)

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, 2024.

B. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODEW has finalized the impact of enrollment adjustments to the June 30, 2024 Foundation funding for the School District.

C. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect on the financial statements.

NOTE 17 - SET-ASIDES

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

The following cash basis information describes the change in the fiscal year end set aside amount for capital improvements.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2023	\$ -
Current year set-aside requirement	936,509
Current year qualifying expenditures	(416,717)
Current year offsets	<u>(1,046,027)</u>
Total	<u>\$ (526,235)</u>
Balance carried forward to fiscal year 2025	<u>\$ -</u>
Set-aside balance June 30, 2024	<u><u>\$ -</u></u>

Although the School District had expenditures that reduced the capital improvements reserve set-aside amount below zero, this amount cannot be carried forward to reduce the set-aside requirements for future years.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 18 - TAX ABATEMENTS

The City of North Ridgeville is authorized by Ohio Revised code, subject to approval by city ordinance, to enter into property tax abatement agreements for the purpose of attracting or retaining business. The School District participates on a review board of those abatements and has entered into an agreement with the City of North Ridgeville to share in the income tax revenues generated by the incremental payroll associated with the business expansion. The School District receives 50% of the incremental income tax (less a 2.5% administration fee). In addition, the School District also receives contractual cash donations directly from these business entities for a period of time to compensate for the loss of real estate tax revenues.

For fiscal year 2024, the School District received \$858,749 in payments from the City and the business entities.

NOTE 19 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2024, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

REQUIRED SUPPLEMENTARY INFORMATION

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - over (under) Actual Amounts
	Original	Final		
Budgetary revenues and other financing sources	\$ 51,680,119	\$ 51,680,119	\$ 53,038,505	\$ 1,358,386
Budgetary expenditures and other financing uses	55,924,804	56,424,804	54,077,987	(2,346,817)
Net change in fund balance	(4,244,685)	(4,744,685)	(1,039,482)	3,705,203
Budgetary fund balance at beginning of year	27,266,954	27,266,954	27,266,954	-
Prior year encumbrances appropriated	224,804	224,804	224,804	-
Budgetary fund balance at end of year	<u>\$ 23,247,073</u>	<u>\$ 22,747,073</u>	<u>\$ 26,452,276</u>	<u>\$ 3,705,203</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.208359300%	\$ 11,512,925	\$ 8,690,052	132.48%	76.06%
2023	0.213191200%	11,531,038	7,683,516	150.08%	75.82%
2022	0.197561600%	7,289,450	7,157,538	101.84%	82.86%
2021	0.208110400%	13,764,860	7,213,743	190.81%	68.55%
2020	0.192123900%	11,495,110	6,629,878	173.38%	70.85%
2019	0.188238500%	10,780,768	6,127,403	175.94%	71.36%
2018	0.167839700%	10,028,051	5,547,731	180.76%	69.50%
2017	0.165971000%	12,147,546	4,830,729	251.46%	62.98%
2016	0.164746000%	9,400,555	5,006,874	187.75%	69.16%
2015	0.156627000%	7,926,803	4,301,659	184.27%	71.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 1,460,419	\$ (1,460,419)	\$ -	\$ 10,431,564	14.00%
2023	1,216,607	(1,216,607)	-	8,690,050	14.00%
2022	1,075,692	(1,075,692)	-	7,683,514	14.00%
2021	1,002,055	(1,002,055)	-	7,157,536	14.00%
2020	1,009,924	(1,009,924)	-	7,213,743	14.00%
2019	895,034	(895,034)	-	6,629,881	13.50%
2018	827,199	(827,199)	-	6,127,400	13.50%
2017	776,682	(776,682)	-	5,547,729	14.00%
2016	676,302	(676,302)	-	4,830,729	14.00%
2015	659,906	(659,906)	-	5,006,874	13.18%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.182821050%	\$ 39,370,399	\$ 25,409,727	154.94%	80.02%
2023	0.182000160%	40,458,865	24,114,117	167.78%	78.88%
2022	0.017432371%	22,288,853	21,372,274	104.29%	87.78%
2021	0.171412040%	41,475,614	21,542,525	192.53%	75.48%
2020	0.161897200%	35,802,593	19,886,347	180.04%	77.40%
2019	0.156344850%	34,376,722	18,194,072	188.94%	77.31%
2018	0.153480390%	36,459,596	17,283,680	210.95%	75.30%
2017	0.149514460%	50,046,997	15,950,269	313.77%	66.80%
2016	0.146608000%	40,518,296	15,500,075	261.41%	72.10%
2015	0.143428000%	34,886,626	14,988,223	232.76%	74.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 3,702,134	\$ (3,702,134)	\$ -	\$ 26,443,814	14.00%
2023	3,557,362	(3,557,362)	-	25,409,729	14.00%
2022	3,375,976	(3,375,976)	-	24,114,114	14.00%
2021	2,992,118	(2,992,118)	-	21,372,271	14.00%
2020	3,015,954	(3,015,954)	-	21,542,529	14.00%
2019	2,784,089	(2,784,089)	-	19,886,350	14.00%
2018	2,547,170	(2,547,170)	-	18,194,071	14.00%
2017	2,419,715	(2,419,715)	-	17,283,679	14.00%
2016	2,233,037	(2,233,037)	-	15,950,264	14.00%
2015	2,170,012	(2,170,012)	-	15,500,086	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School District's Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.213746800%	\$ 3,521,361	\$ 8,690,052	40.52%	30.02%
2023	0.217828200%	3,058,331	7,683,516	39.80%	30.34%
2022	0.203105100%	3,843,930	7,157,538	53.70%	24.08%
2021	0.211369400%	4,593,749	7,213,743	63.68%	18.17%
2020	0.196714400%	4,946,953	6,629,878	74.62%	15.57%
2019	0.190805500%	5,293,460	6,127,403	86.39%	13.57%
2018	0.170048400%	4,563,652	5,547,731	82.26%	12.46%
2017	0.167637500%	4,778,289	4,830,729	98.91%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 149,796	\$ (149,796)	\$ -	\$ 10,431,564	1.44%
2023	152,715	(152,715)	-	8,690,050	1.76%
2022	141,428	(141,428)	-	7,683,514	1.84%
2021	127,678	(127,678)	-	7,157,536	1.78%
2020	114,096	(114,096)	-	7,213,743	1.58%
2019	152,398	(152,398)	-	6,629,881	2.30%
2018	132,997	(132,997)	-	6,127,400	2.17%
2017	91,430	(91,430)	-	5,547,729	1.65%
2016	82,440	(82,440)	-	4,830,729	1.71%
2015	41,056	(41,056)	-	5,006,874	0.82%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	School District's Proportion of the Net OPEB Liability/(Asset)	School District's Proportionate Share of the Net OPEB Liability/(Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.182821050%	\$ (3,555,617)	\$ 25,409,727	13.99%	168.52%
2023	0.182000160%	(4,712,590)	24,114,117	19.54%	230.73%
2022	0.174323710%	(3,675,472)	21,372,274	17.20%	174.73%
2021	0.171412040%	(3,012,563)	21,542,525	13.98%	182.10%
2020	0.161897200%	(2,681,406)	19,886,347	13.48%	174.74%
2019	0.156344850%	(2,512,302)	18,194,072	13.81%	176.00%
2018	0.153480390%	5,988,238	17,283,680	34.65%	47.10%
2017	0.149514460%	7,996,074	15,950,269	50.13%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ 26,443,814	0.00%
2023	-	-	-	25,409,729	0.00%
2022	-	-	-	24,114,114	0.00%
2021	-	-	-	21,372,271	0.00%
2020	-	-	-	21,542,529	0.00%
2019	-	-	-	19,886,350	0.00%
2018	-	-	-	18,194,071	0.00%
2017	-	-	-	17,283,679	0.00%
2016	-	-	-	15,950,264	0.00%
2015	155,001	(155,001)	-	15,500,086	1.00%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - BUDGETARY PROCESS

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (1,039,482)
Net adjustment for revenue and other source accruals	(730,942)
Net adjustment for expenditure and other use accrual:	(3,248,597)
Funds budgeted elsewhere	31,308
Adjustments for encumbrances	<u>576,450</u>
GAAP Basis	<u>\$ (4,411,263)</u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the special trust fund, uniform school supplies fund, public school support fund, unclaimed monies fund, and employee health fund.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.
- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

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**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<i>Passed Through the Ohio Department of Education and Workforce:</i>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$68,135
National School Lunch Program	10.555	436,186
COVID-19 National School Lunch Program	10.555	122,310
National School Lunch Program- Non-Cash Assistance	10.555	191,622
Total National School Lunch Program		750,118
Total Child Nutrition Cluster		818,253
TOTAL U.S. DEPARTMENT OF AGRICULTURE		818,253
<u>U.S. DEPARTMENT OF EDUCATION</u>		
<i>Passed Through the Ohio Department of Education and Workforce:</i>		
Special Education Cluster:		
Special Education - Grants to States	84.027	1,094,669
Special Education - Preschool Grants	84.173	33,207
Total Special Education Cluster		1,127,876
Title I Grants to Local Educational Agencies	84.010	47,340
Total Title I Grants to Local Educational Agencies		345,341
Student Support and Academic Enrichment Program	84.424	25,544
Total Student Support and Academic Enrichment Program		26,358
Supporting Effective Instruction State Grants	84.367	51,902
		2,064
		82,051
		885
Total Supporting Effective Instruction State Grants		85,000
COVID-19 Education Stabilization Fund	84.425U	90,537
		219,290
		9,516
		179,484
Total Education Stabilization Fund		498,827
<i>Passed Through the Educational Service Center of Lorain County:</i>		
English Language Acquisition State Grants	84.365	2,274
TOTAL U.S. DEPARTMENT OF EDUCATION		2,158,560
<u>U.S. DEPARTMENT OF TREASURY</u>		
<i>Passed Through the Ohio Facilities Construction Commission:</i>		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - OH K-12 School Safety	21.027	233,880
TOTAL U.S. DEPARTMENT OF TREASURY		233,880
TOTALS		\$3,210,693

The accompanying notes are an integral part of this schedule.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of North Ridgeville City School District (the District) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER

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

North Ridgeville City School District
Lorain County
34620 Bainbridge Road
North Ridgeville, Ohio 44039

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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 North Ridgeville City School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 16, 2025 wherein we noted the District restated the June 30, 2023 net position of its Governmental Activities to reflect adjustments made to compensated absences, capital assets, and accretion on capital appreciation bonds. Additionally, we noted the District changed the classification of both the Bond Retirement Fund and Building Fund from nonmajor to major in 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

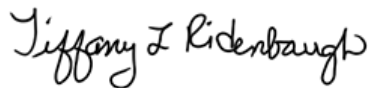
District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 16, 2025

OHIO AUDITOR OF STATE KEITH FABER

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

North Ridgeville City School District
Lorain County
34620 Bainbridge Road
North Ridgeville, Ohio 44039

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited North Ridgeville City School District's, Lorain County, Ohio (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of North Ridgeville City School District's major federal programs for the year ended June 30, 2024. North Ridgeville City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, North Ridgeville City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each of the major federal programs. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

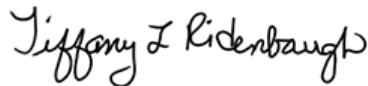
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 16, 2025

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**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

(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)?	Yes
(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)?	No
(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):	<ul style="list-style-type: none"> • Special Education Cluster • Child Nutrition Cluster
(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?	No

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

FINDING 2024-001

Material Weakness – Financial Statement Errors

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

The District is responsible for ensuring capital asset balances are complete and accurate, including having procedures in place to capture additions at the appropriate amount, functional category, asset class, and include all costs required to get the capital asset into use; removing items that are sold or no longer being used; depreciating capital assets based on salvage value, useful life, and the appropriate method, such as straight-line, the District establishes; and maintaining a detailed capital asset listing.

The District uses the EIS system to maintain a detailed listing of individual capital assets, and the system captures all critical data elements. However, due to insufficient internal controls, various depreciable capital assets did not have a useful life entered into EIS and therefore were not properly depreciated. We noted one asset that was being depreciated at a rate higher than intended by its useful life. As a result, depreciable capital assets net of accumulated depreciation in the Governmental Activities were overstated by \$2,931,024, net position at the beginning of the year was overstated by \$2,479,767, and regular, instructional staff, operations and maintenance, and facilities acquisition and construction expenses were each understated by \$344,795, \$2,944, \$2,541, and \$100,977, respectively. These errors were adjusted to the financial statements by management.

The District also restated the June 30, 2023 net position of its Governmental Activities to reflect necessary adjustments of \$727,056 and (\$2,504,899) to correctly report compensated absences and accretion on capital appreciation bonds, respectively.

In addition to the adjustments listed above, we also identified additional immaterial misstatements as follows that we have brought to the District's attention:

- Capital assets totaling \$434,544 and related depreciation were classified as furniture and equipment and should have been classified as vehicles.
- Capital assets totaling \$107,400 and related depreciation were classified as buildings and improvements and should have been classified as furniture and equipment.

Failure to accurately report capital asset details and other transactions and/or balances could lead to inaccurate financial reporting and material financial statement misstatements in the future.

FINDING 2024-001 (Continued)

Material Weakness – Financial Statement Errors (Continued)

The District should exercise due care when analyzing, posting, computing and accounting for revenue, expenses, assets, liabilities and equity to help ensure transactions are correct and posted in the proper amounts, funds and accounts. The District should periodically review the capital asset master listing to ensure all items are recorded in the proper period, at proper amounts and with proper useful lives and otherwise meet the District's criteria for capitalization. Management should also review the draft journal entries and financial statements to help ensure they are supported by sufficient documentation, reconciled to the trial balances, free of obvious errors and omissions, and consistent with their financial expectations. These procedures should help avoid financial statement errors and help ensure more accurate financial reporting

Officials' Response: See Corrective Action Plan

3. FINDINGS FOR FEDERAL AWARDS

None

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North Ridgeville City Schools

North Ridgeville City Schools
34620 Bainbridge Road
North Ridgeville, OH 44039

Treasurer/CFO: Wendy Fanta
Phone: 440-353-1145
Fax: 440-230-8363

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

June 30, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Material Weakness and Noncompliance The District overstated their reported free, reduced, and paid lunches and breakfasts resulting in over-reimbursement.	Fully Corrected	

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North Ridgeville City Schools

North Ridgeville City Schools
34620 Bainbridge Road
North Ridgeville, OH 44039

Treasurer/CFO: Wendy Fanta
Phone: 440-353-1145
Fax: 440-230-8363

CORRECTIVE ACTION PLAN

2 CFR § 200.515

Finding Number: 2024-001

Planned Corrective Action:

The audit identified financial statement errors due to incorrect depreciation and misclassification of certain capital assets. Some of the errors were traced to data and configuration issues within the District's Equipment Inventory System (EIS), which resulted in incorrect depreciation calculations.

Correction:

- 1) The SSDT (State Software Development Team) had to revert the files back to when they were originally entered and correct the depreciation going forward until the current fiscal year (FY24).
- 2) We worked with our ITC to find any items that did not have a useful life and applied one.
- 3) Julian and Grube made corrections to annual financial statements.

Anticipated Completion Date:

The errors were found in October of 2024 and were immediately corrected so that the correct depreciation could be ran. Currently in October of 2025 we are working with our ITC to verify that all data in the system is correct to the best of our knowledge for FY25 and forward. Also as part of that process, we are working to cross train staff and create a process for more efficient, thorough and timely input and review of the data.

Responsible Contact Person: Wendy Fanta, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



NORTH RIDGEVILLE CITY SCHOOL DISTRICT

LORAIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/21/2025

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

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