

**NORTHMONT CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2024



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Board of Education
Northmont City School District
1150 West National Road
Clayton, Ohio 45315

We have reviewed the *Independent Auditor's Report* of the Northmont City School District, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 04, 2025

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INDEPENDENT AUDITORS' REPORT

Board of Education
Northmont City School District
4001 Old Salem Road
Englewood, Ohio 45322

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 the Northmont City School District (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 the District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

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.

Auditors' 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 auditors' 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, the budgetary comparison schedule and schedules of the District's pension and OPEB amounts and contributions, as listed in the table of contents, 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 GAAS, 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* 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 GAAS. 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 also issued our report dated December 30, 2024 on our consideration of the District's internal control over financial reporting and on 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 District's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 30, 2024

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Northmont City School District, Ohio

Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2024

(Unaudited)

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

Financial Highlights

- At June 30, 2024, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$464,340, which is an increase from the \$882,922 deficit net position reported at the end of the prior year.
- For fiscal year 2024, the District's net position increased by \$1.3 million, compared with the \$6.4 million decrease in net position for fiscal year 2023, as a result of increased revenues and decreased expenses reported for the current fiscal year.
- As of the close of the current fiscal year, the combined governmental fund balances of the District were \$34.0 million; which was a \$898,943 increase from the combined fund balance reported for the prior year. This increase resulted from higher revenues received for the current year versus those received during the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund, the District's operating fund, was \$21.2 million or 32.8% of total general fund expenditures.

Using this Annual Financial Report

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

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting prescribed for governmental entities. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position providing the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

Northmont City School District, Ohio

Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2024

(Unaudited)

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's reports only one type of funds, governmental, which uses a different accounting approach as further described in the notes to the financial statements. As previously mentioned, the focus of the fund financial statements is on the most significant ("major") funds, therefore information is provided separately for funds deemed to be major funds. For fiscal year 2024, the District reported two major funds; the General Fund and the Permanent Improvement Fund. The financial information for all of the remaining funds is combined and reported in one column titled Non-Major Governmental Funds.

Governmental Funds

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

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. These notes to the basic financial statements can be found after the basic financial statements.

Required Supplementary Information

The Governmental Accounting Standards Board (GASB) requires that certain information be presented to supplement the basic financial statements to place the basic financial statements in the appropriate operational, economic, or historical context. This required information is presented after the notes to the basic financial statements and contains the budgetary schedule for the General Fund, schedules of the District's proportionate share of the net pension liability and the net OPEB asset/liability, schedules of the District's contributions to the pension and OPEB plans, and the notes to the required supplemental information.

Northmont City School District, Ohio

Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2024

(Unaudited)

The District as a Whole

The statement of net position provides the perspective of the District as a whole. A comparative analysis of fiscal year 2024 to 2023 follows:

TABLE 1
NET POSITION JUNE 30

| | 2024 | Revised ** 2023 |
|---|--------------------|--------------------|
| Assets: | | |
| Current and Other Assets | \$ 77,246,830 | 73,628,501 |
| Net OPEB Asset | 4,732,983 | 6,361,588 |
| Capital Assets | 82,285,888 | 84,387,122 |
| Total Assets | 164,265,701 | 164,377,211 |
| Deferred Outflows of Resources: | | |
| Pension and OPEB | 16,798,504 | 19,440,393 |
| Deferred Loss on Refunding | 2,104,903 | 2,191,815 |
| Total Deferred Outflows of Resources | 18,903,407 | 21,632,208 |
| Liabilities: | | |
| Current Liabilities | 9,259,900 | 9,603,830 |
| Noncurrent Liabilities: | | |
| Due Within One Year | 1,353,548 | 2,047,999 |
| Due in More than One Year: | | |
| Net Pension Liability | 67,340,909 | 69,284,483 |
| Net OPEB Liability | 4,580,160 | 3,895,688 |
| Other Obligations | 54,827,119 | 55,823,931 |
| Total Liabilities | 137,361,636 | 140,655,931 |
| Deferred Inflows of Resources: | | |
| Pension and OPEB | 11,960,662 | 15,593,906 |
| Other | 33,382,470 | 30,642,504 |
| Total Deferred Inflows of Resources | 45,343,132 | 46,236,410 |
| Net Position: | | |
| Net Investment in Capital Assets | 34,421,721 | 35,783,964 |
| Restricted | 14,103,663 | 15,652,178 |
| Unrestricted | (48,061,044) | (52,319,064) |
| Total Net Position | \$ 464,340 | (882,922) |

** - 2023 net position reclassified to report restricted for OPEB.

The net pension liability (NPL) is reported pursuant to GASB 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27", and the net OPEB asset/liability 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

Northmont City School District, Ohio

Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2024

(Unaudited)

understanding of the 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 net OPEB asset and deferred outflows related to pension and OPEB.

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

GASB 68 and GASB 75 required the net pension liability and the net OPEB liability/asset to equal the 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 District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Northmont City School District, Ohio

Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2024

(Unaudited)

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 assets/liabilities but are outside the control of the local government. In the event the contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the 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 asset/liability, respectively, not accounted for as deferred inflows/outflows.

As noted earlier, increases or decreases in net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources resulting in \$464,340 net position balance at the close of the most recent fiscal year compared with the \$882,922 deficit net position reported one year prior. If the effects of the pension and OPEB allocations are eliminated from the financial statement, the District's net position would be \$62.8 million instead of the \$464,340 reported at the end of the current fiscal year. We feel this is important to mention as the management of the District has no control over the management of the State-wide pension or OPEB plans or the benefits offered; both of which control the net pension and OPEB assets/liabilities amounts which have a significant effect on the District's financial statements.

Total assets of the District decreased slightly, less than 1.0%, from June 30, 2023 to June 30, 2024. Capital assets decreased by \$2.1 million (2.5%) as the District's current year depreciation expense exceeded capital asset additions reported for the year. At year end, capital assets represented 50.1% of total assets. Current and other asset accounts increased \$3.6 million (4.9%) during the year due primarily to the increase in pooled cash and investment balances resulting higher revenue levels reported for the current fiscal year.

Total liabilities reported at June 30, 2024 decreased by \$3.3 million (2.3%) from those reported at the beginning of the year. Net pension and OPEB liabilities decreased \$1.3 million during the year based on annual financial activity reported by the retirement systems and represent approximately 52.4% of the total liabilities reported by the District. Total other long-term liabilities decreased by \$1.7 million during the year as scheduled debt service payments were made by the District. Total current liabilities decreased by 3.6% as accounts payable amount at the end of the current year was less than those of the prior year.

The change in the deferred inflows and outflows of resources categories fluctuate with the results reported for the measurement year by the pension and OPEB plans. Actual results differing from anticipated results are captured as deferred inflows or outflows of resources and amortized as pension and OPEB expense over time.

Northmont City School District, Ohio

Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2024

(Unaudited)

Net position at June 30, 2024 was \$1.3 million more than the \$882,922 deficit balance reported for the beginning of the year. Net investment in capital assets decreased 3.8% as depreciation expense exceeded capital asset additions plus principal payments on capital related debt for the year. Restricted net position decreased (9.9%) as amounts restricted for postemployment benefits decreased over those reported one-year prior. Unrestricted net position increased by 8.1%, or \$4.3 million, as the effects of the pension and OPEB plan adjustments, which are closed through the unrestricted net position account, were not as significant as they have been in prior years.

A comparative analysis of change in net position for fiscal years 2024 and 2023 follows:

TABLE 2
CHANGE IN NET POSITION, JUNE 30

| | 2024 | 2023 |
|---|-------------------|--------------------|
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ 5,358,769 | 4,758,207 |
| Operating Grants and Contributions | 7,371,167 | 9,041,922 |
| General Revenues: | | |
| Property Taxes | 33,640,959 | 29,868,645 |
| Grants and Entitlements | 29,870,332 | 27,616,520 |
| Other | 2,692,106 | 2,093,582 |
| Total Revenues | <u>78,933,333</u> | <u>73,378,876</u> |
| Expenses: | | |
| Instruction | 46,267,945 | 47,943,350 |
| Support Services: | | |
| Pupils and Instructional Staff | 7,674,202 | 8,488,882 |
| Board of Education, Administration | | |
| Fiscal and Business | 6,930,363 | 6,890,116 |
| Operation and Maintenance of Plant | 4,590,259 | 4,995,772 |
| Pupil Transportation | 3,648,897 | 3,538,491 |
| Central | 530,200 | 516,372 |
| Operation of Non-Instructional Services | 4,497,172 | 4,188,029 |
| Extracurricular Activities | 1,895,080 | 1,681,708 |
| Interest and Fiscal Charges | 1,551,953 | 1,549,206 |
| Total Expenses | <u>77,586,071</u> | <u>79,791,926</u> |
| Change in Net Position | 1,347,262 | (6,413,050) |
| Net Position, Beginning of Year | (882,922) | 5,530,128 |
| Net Position, End of Year | \$ 464,340 | (882,922) |

Northmont City School District, Ohio

Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2024

(Unaudited)

Governmental Activities

The net position of the District's governmental activities increased during fiscal year 2024 with total net position reported at June 30, 2024 being \$464,340 compared with the \$882,922 deficit balance reported one year prior. Total governmental expenses of \$77.6 million exceeded program revenues of \$12.7 million, leaving the remaining \$64.9 million to be covered by general revenues. Program revenues supported 16.4% of the total governmental expenses. The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements which are reported as general revenues. These two revenue sources represent 80.5% of total governmental revenue for fiscal year 2024.

The property tax laws in Ohio create the need to periodically seek voter approval for additional operating funds. In general, tax revenues generated from a levy do not increase as a result of inflation. An operating levy is approved for a fixed millage rate, but the rate is reduced for inflation with the effect of providing the District the same amount of tax dollars as originally approved. Therefore, school districts must periodically return to the ballot and ask voters for additional resources to maintain current programs. Property tax revenue for the current year increased by \$3.8 million due to an increase in the amount available for advance at year-end as well as a 35.5% increase in assessed property values reported for the current year compared with those reported for the prior year.

Overall, program revenue reported for fiscal year 2024 was \$1.1 million less than the prior year. The decrease was due to continuing reductions in COVID related funding compared with prior years offsetting increases in charges for services. Increased tuition and fees associated with excess cost reimbursements for the current year accounted for the majority of the increase in charges for services.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. General revenues including tax revenue, investment earnings and unrestricted State entitlements must support the net cost of program services. Comparisons to 2023 are as follows:

TABLE 3
TOTAL AND NET COST OF PROGRAM SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30,

| | 2024 | | 2023 | |
|---|-----------------------|---------------------|-----------------------|---------------------|
| | Total Cost of Service | Net Cost of Service | Total Cost of Service | Net Cost of Service |
| Instruction | \$ 46,267,945 | (40,405,466) | 47,943,350 | (41,671,925) |
| Support Services | 23,373,921 | (22,077,809) | 24,429,633 | (22,172,567) |
| Operation of Non-Instructional Services | 4,497,172 | (76,755) | 4,188,029 | 13,352 |
| Extracurricular Activities | 1,895,080 | (744,152) | 1,681,708 | (611,451) |
| Interest and Fiscal Charges | 1,551,953 | (1,551,953) | 1,549,206 | (1,549,206) |
| Total Expenses | \$ 77,586,071 | (64,856,135) | 79,791,926 | (65,991,797) |

Northmont City School District, Ohio

Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2024

(Unaudited)

The largest expense of the District, instructional programs, total \$46.3 million or 59.6% of the total governmental expenses reported for fiscal year 2024 compared with 60.1% reported for the prior year. Total expenses reported for fiscal year 2024 decreased by \$2.2 million compared with those reported for the prior year. Decreases in expenses for the current year resulted from the Board of Education's decision to reduce the overall personnel levels as well as the closure of one school building to reduce the strain on the operating budget for the current year. These cuts in operating expenses were somewhat offset by a 2.5% cost-of-living increase for remaining employees, which combined with annual step increase, resulted in a 4.5% to 5.0% increase in personnel costs for the current year. Another contributing factor to the reduction in total expenses is associated with the annual adjustments necessary to record the District's proportionate share of pension and OPEB obligations. For the current year, these adjustments resulted in the reduction of reported expenses by \$0.6 million as compared with the \$0.3 reduction reported for the prior year.

The District continues to be heavily reliant on property tax and unrestricted grants and entitlements (State Foundation) revenues to fund services provided to the students and community. During fiscal year 2024, these two revenue sources accounted for 95.9% of the District's general revenues which represent 83.9% of the District's total revenue received during the fiscal year. The non-instructional service, primarily food service operations, has historically been the only functional area which generates program revenues to cover all, or most of, the functional expenses reported.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$78.6 million and expenditures of \$77.8 million. Overall fund balance of governmental funds increased \$898,943 over those at June 30, 2023.

The general fund is the primary operating fund of the District. The general fund balance increased by \$1.2 million during the year compared with a \$5.7 million decrease reported in the prior year. General fund revenues increased 12.0%, from those reported in fiscal year 2023 due to increases reported for property taxes, intergovernmental, interest, as well as tuition and fees. Property tax revenues increase due to the increase in assessed valuation for the year as well as increases in the amount reported as available for advance at year end. Intergovernmental increased due to continued implementation of the new State funding formula. Interest earnings increased as higher earning rates were realized along with larger balances available to invest. Tuition and fees increased as "excess costs" reimbursements were realized during the current year. Expenditures of the fund increased by less than 1.0% due to management's efforts to reduce operating costs as noted above. The ending unassigned fund balance of the general fund at June 30, 2024 (\$21.2 million) represents 32.8% of the total expenditures reported by the general fund for the year then ended compared with the 27.4% at the end of the prior year.

The District's other major fund, the permanent improvement fund, is used to account for all transactions related to major capital acquisitions or construction. For fiscal year 2024, the fund balance decreased by \$39,687, ending at \$6.1 million. Capital expenditure levels are limited on an annual basis to the resources provided by the permanent improvement property tax levy.

Northmont City School District, Ohio

Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2024

(Unaudited)

General Fund Budget Information

The District increased the general fund's budgeted revenues (including other financing sources) by 4.2% during fiscal year 2024; accounting for increases in intergovernmental, interest receipts, and return of advances from those originally anticipated at the beginning of the year. For budgeted expenditures, the District reduced planned expenditures during the year as actual spending patterns emerged, including reduction in personnel and the closure of an elementary school building during the year. As a result, the ending budgeted expenditures (including other financing uses) were 2.2% less than the expenditure amounts estimated at the beginning of the year.

Overall, the District anticipated an ending budgetary fund balance of \$21.5 million at the start of fiscal year 2024 and the actual ending budgetary balance for the fund was \$27.1 million, or 26.3% higher than what was originally estimated, as receipts came in higher than anticipated and expenditures were less than originally anticipated due to management's effort to reduce operating expenditures.

The ending unencumbered cash fund balance of the general fund at June 30, 2024 represents 41.2% of the total actual budgetary expenditures and other financing uses reported of the Fund for the year ended June 30, 2024.

Capital Assets

At the end of the fiscal year 2024, the District had \$82.3 million invested in land, buildings, building improvements, furniture, equipment and vehicles, and infrastructure.

During the year, the District reported depreciation expense of \$2.9 million compared with capital asset additions of \$977,825. Significant capital asset additions for the year included acquisition of four school busses, two maintenance vehicles, and various food service equipment.

Table 4 shows the fiscal year 2024 balances compared to fiscal year 2023.

TABLE 4
CAPITAL ASSETS, JUNE 30

| | <u>2024</u> | <u>2023</u> |
|---------------------------------|-----------------------------|--------------------------|
| Land | \$ 1,974,408 | 1,899,853 |
| Buildings and Improvements | 75,099,523 | 77,191,826 |
| Furniture and Equipment | 2,898,733 | 3,001,078 |
| Vehicles | 2,201,088 | 2,179,109 |
| Infrastructure | <u>112,136</u> | <u>115,256</u> |
| Total Net Capital Assets | \$ <u>82,285,888</u> | <u>84,387,122</u> |

Additional information regarding capital assets can be found in Note 8 of this report.

Northmont City School District, Ohio

Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2024

(Unaudited)

Debt Administration

At June 30, 2024, the District had \$52.0 million in outstanding general obligation bonds, including \$2.1 million of accreted interest on capital appreciation bonds and \$3.6 million of unamortized premiums on bonds issued. The District paid \$1.1 million in principal and accreted interest on bonds during fiscal year 2024 and another \$1.2 million of principal is due to mature within one year.

During the current fiscal year, the District made the final \$785,414 payment on a financed purchase agreement used to acquire notebook tablets for all students in a prior fiscal year.

Detailed information regarding long term debt obligations is included in Note 9 to the basic financial statements.

Contacting the District

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the District's financial position and to show the District's accountability for the funds it receives. Should you have any questions about this report or any other financial matter, please contact the Treasurer's Office by calling 937-832-5008. Please note the mailing address for the administrative offices of the District has changed effective November 18, 2024 to Northmont City School District, 1150 West National Road, Clayton, Ohio 45315.

Northmont City School District, Ohio

Statement of Net Position
June 30, 2024

| | Governmental Activities |
|---|----------------------------|
| ASSETS: | |
| Equity in Pooled Cash and Investments | \$ 42,070,941 |
| Intergovernmental Receivable | 1,230,045 |
| Property and Other Local Taxes Receivable | 33,945,844 |
| Net OPEB Asset | 4,732,983 |
| Land | 1,974,408 |
| Depreciable Capital Assets, net | <u>80,311,480</u> |
| <i>Total Assets</i> | <u>164,265,701</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | |
| Deferred Loss on Refunding | 2,104,903 |
| Pension and OPEB | <u>16,798,504</u> |
| <i>Total Deferred Outflows of Resources</i> | <u>18,903,407</u> |
| LIABILITIES: | |
| Accounts Payable | 158,240 |
| Accrued Wages and Benefits | 7,683,263 |
| Intergovernmental Payable | 1,204,334 |
| Claims Payable | 26,962 |
| Matured Compensated Absences Payable | 89,047 |
| Accrued Interest Payable | 98,054 |
| Long-Term Liabilities: | |
| Due Within One Year | 1,353,548 |
| Due in More Than One Year: | |
| Net Pension Liability | 67,340,909 |
| Net OPEB Liability | 4,580,160 |
| Other Amounts Due in More Than One Year | <u>54,827,119</u> |
| <i>Total Liabilities</i> | <u>137,361,636</u> |
| DEFERRED INFLOWS OF RESOURCES: | |
| Property Taxes not Levied to Finance Current Year Operations | 32,717,734 |
| Payments in Lieu of Taxes not Intended to Finance Current Year Operations | 597,442 |
| Deferred Gain on Refunding | 67,294 |
| Pension and OPEB | <u>11,960,662</u> |
| <i>Total Deferred Inflows of Resources</i> | <u>45,343,132</u> |
| NET POSITION: | |
| Net Investment in Capital Assets | 34,421,721 |
| Restricted for Debt Service | 1,024,836 |
| Restricted for Postemployment benefits | 4,732,983 |
| Restricted for Capital Outlay | 6,154,428 |
| Restricted for Classroom Facilities Maintenance | 460,639 |
| Restricted for Student Activities | 552,425 |
| Restricted for Federal and State Educational Grants | 166,224 |
| Restricted for Food Service Operation | 964,749 |
| Restricted for Other Purposes | 47,379 |
| Unrestricted | <u>(48,061,044)</u> |
| <i>Total Net Position</i> | <u>\$ 464,340</u> |

The notes to the financial statements are an integral part of this statement.

Northmont City School District, Ohio

Statement of Activities
For the Fiscal Year Ended June 30, 2024

| | | | | | Net (Expense) Revenue and Change in Net Position |
|---|----------------------|---------------------|-----------------------------------|---------------------------------------|---|
| | | Program Revenues | | | |
| | | Expenses | Charges for Services and Sales | Operating Grants and Contributions | Total Governmental Activities |
| <i>Governmental Activities:</i> | | | | | |
| Instruction: | | | | | |
| Regular | \$ 30,939,041 | \$ 2,308,667 | \$ 671,776 | \$ (27,958,598) | |
| Special | 14,765,032 | 141,493 | 2,705,687 | (11,917,852) | |
| Vocational | 354,102 | - | 34,856 | (319,246) | |
| Other | 209,770 | - | - | (209,770) | |
| Support Services: | | | | | |
| Pupils | 6,226,396 | - | 119,513 | (6,106,883) | |
| Instructional Staff | 1,447,806 | - | 364,556 | (1,083,250) | |
| Board of Education | 100,581 | - | - | (100,581) | |
| Administration | 4,592,241 | - | - | (4,592,241) | |
| Fiscal | 1,846,878 | - | - | (1,846,878) | |
| Business | 390,663 | - | - | (390,663) | |
| Operation and Maintenance of Plant | 4,590,259 | 35,009 | 393,558 | (4,161,692) | |
| Pupil Transportation | 3,648,897 | - | 369,447 | (3,279,450) | |
| Central | 530,200 | - | 14,029 | (516,171) | |
| Operation of Non-Instructional Services | 4,497,172 | 1,966,402 | 2,454,015 | (76,755) | |
| Extracurricular Activities | 1,895,080 | 907,198 | 243,730 | (744,152) | |
| Interest and Fiscal Charges | 1,551,953 | - | - | (1,551,953) | |
| <i>Total Governmental Activities</i> | <u>\$ 77,586,071</u> | <u>\$ 5,358,769</u> | <u>\$ 7,371,167</u> | <u>(64,856,135)</u> | |
| <i>General Revenues:</i> | | | | | |
| Grants and Entitlements not Restricted to Specific Programs | | | | 29,870,332 | |
| Investment Earnings | | | | 1,786,141 | |
| Payments in Lieu of Taxes | | | | 597,442 | |
| Miscellaneous | | | | 308,523 | |
| Property Taxes Leved for: | | | | | |
| General Purposes | | | | 30,428,921 | |
| Debt Service | | | | 2,267,309 | |
| Capital Projects | | | | 667,358 | |
| Classroom Facilities Maintenance | | | | 277,371 | |
| <i>Total General Revenues</i> | | | | <u>66,203,397</u> | |
| <i>Change in Net Position</i> | | | | <u>1,347,262</u> | |
| <i>Net Position - Beginning of Year</i> | | | | <u>(882,922)</u> | |
| <i>Net Position - End of Year</i> | | | | <u>\$ 464,340</u> | |

The notes to the financial statements are an integral part of this statement.

Northmont City School District, Ohio

Balance Sheet
Governmental Funds
June 30, 2024

| | General Fund | Permanent Improvement | Non-Major Governmental Funds | Total Governmental Funds |
|---|-----------------------------|----------------------------|------------------------------|-----------------------------|
| ASSETS: | | | | |
| Equity in Pooled Cash and Investments | \$ 29,883,148 | \$ 6,077,183 | \$ 6,110,610 | \$ 42,070,941 |
| Receivables (Net): | | | | |
| Taxes | 30,755,782 | 935,619 | 2,254,443 | 33,945,844 |
| Intergovernmental | 226,601 | 597,442 | 406,002 | 1,230,045 |
| Interfund | <u>420,922</u> | <u>-</u> | <u>-</u> | <u>420,922</u> |
| <i>Total Assets</i> | <u><u>\$ 61,286,453</u></u> | <u><u>\$ 7,610,244</u></u> | <u><u>\$ 8,771,055</u></u> | <u><u>\$ 77,667,752</u></u> |
| LIABILITIES: | | | | |
| Accounts Payable | \$ 118,388 | \$ 3,904 | \$ 35,948 | \$ 158,240 |
| Accrued Wages and Benefits | 6,990,543 | - | 692,720 | 7,683,263 |
| Interfund Payable | - | - | 420,922 | 420,922 |
| Intergovernmental Payable | 1,121,374 | - | 82,960 | 1,204,334 |
| Matured Compensated Absences Payable | 89,047 | - | - | 89,047 |
| Claims Payable | <u>26,962</u> | <u>-</u> | <u>-</u> | <u>26,962</u> |
| <i>Total Liabilities</i> | <u><u>8,346,314</u></u> | <u><u>3,904</u></u> | <u><u>1,232,550</u></u> | <u><u>9,582,768</u></u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Property Taxes not Levied to Finance | | | | |
| Current Year Operations | 29,645,400 | 901,115 | 2,171,219 | 32,717,734 |
| Payments in Lieu of Taxes not Intended to | | | | |
| Finance Current Year Operations | - | 597,442 | - | 597,442 |
| Unavailable Revenue | <u>363,315</u> | <u>11,468</u> | <u>421,749</u> | <u>796,532</u> |
| <i>Total Deferred Inflows of Resources</i> | <u><u>30,008,715</u></u> | <u><u>1,510,025</u></u> | <u><u>2,592,968</u></u> | <u><u>34,111,708</u></u> |
| FUND BALANCES: | | | | |
| Restricted: | | | | |
| Capital Outlay | - | 6,096,315 | 46,645 | 6,142,960 |
| Debt Service | - | - | 3,176,883 | 3,176,883 |
| Facilities Maintenance | - | - | 483,969 | 483,969 |
| Student Activities | - | - | 552,425 | 552,425 |
| Educational Grant Programs | - | - | 53,608 | 53,608 |
| Food Service Operation | - | - | 1,110,878 | 1,110,878 |
| Other Purposes | - | - | 52,647 | 52,647 |
| Assigned: | | | | |
| School Supported Activities | 1,014,965 | - | - | 1,014,965 |
| Future Purchase Commitments | 715,730 | - | - | 715,730 |
| Unassigned (Deficit) | <u>21,200,729</u> | <u>-</u> | <u>(531,518)</u> | <u>20,669,211</u> |
| <i>Total Fund Balances</i> | <u><u>22,931,424</u></u> | <u><u>6,096,315</u></u> | <u><u>4,945,537</u></u> | <u><u>33,973,276</u></u> |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i> | <u><u>\$ 61,286,453</u></u> | <u><u>\$ 7,610,244</u></u> | <u><u>\$ 8,771,055</u></u> | <u><u>\$ 77,667,752</u></u> |

The notes to the financial statements are an integral part of this statement.

Northmont City School District, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2024*

| | |
|--|--------------------|
| Total Governmental Fund Balances | \$ 33,973,276 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. | 82,285,888 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds. | |
| Taxes | 402,801 |
| Intergovernmental Receivable | 393,731 |
| Deferred gains and losses on refundings are recorded in the funds when the refunding transaction occurs; however in the government-wide statements they are accrued and amortized over the life of the bonds: | |
| Deferred Outflows - Deferred Loss on Refunding | 2,104,903 |
| Deferred Inflows - Deferred Gain on Refunding | (67,294) |
| The net OPEB asset is not a current asset and the net pension and OPEB liabilities are not due and payable in the current period; therefore the assets and liabilities, as well as the related deferred outflows/inflows are not reported in governmental funds. | |
| Net OPEB Asset | 4,732,983 |
| Deferred Outflows - Pension and OPEB | 16,798,504 |
| Deferred Inflows - Pension and OPEB | (11,960,662) |
| Net Pension Liability | (67,340,909) |
| Net OPEB Liability | (4,580,160) |
| Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | |
| General Obligation Bonds | (46,317,772) |
| Accreted Interest on Capital Appreciation Bonds | (2,082,011) |
| Unamortized Bond Premium | (3,584,004) |
| Accrued Interest on Long-Term Debt | (98,054) |
| Compensated Absences | <u>(4,196,880)</u> |
| Net Position of Governmental Activities | <u>\$ 464,340</u> |

The notes to the financial statements are an integral part of this statement.

Northmont City School District, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

| | General Fund | Permanent Improvement | Non-Major Governmental Funds | Total Governmental Funds |
|---|----------------------|-----------------------|------------------------------|--------------------------|
| REVENUES: | | | | |
| Property and Other Local Taxes | \$ 30,496,014 | \$ 670,043 | \$ 2,552,344 | \$ 33,718,401 |
| Intergovernmental | 30,324,940 | 96,927 | 6,147,794 | 36,569,661 |
| Interest | 1,746,953 | - | 39,188 | 1,786,141 |
| Tuition and Fees | 2,456,440 | - | - | 2,456,440 |
| Rent | 132,400 | - | - | 132,400 |
| Extracurricular Activities | 115,309 | - | 687,231 | 802,540 |
| Gifts and Donations | 153,008 | - | 125,099 | 278,107 |
| Customer Sales and Services | 987 | - | 1,966,402 | 1,967,389 |
| Payments in Lieu of Taxes | - | 597,442 | - | 597,442 |
| Miscellaneous | 258,307 | - | 26,795 | 285,102 |
| <i>Total Revenues</i> | <i>65,684,358</i> | <i>1,364,412</i> | <i>11,544,853</i> | <i>78,593,623</i> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 28,093,862 | - | 596,873 | 28,690,735 |
| Special | 12,816,741 | - | 2,024,618 | 14,841,359 |
| Vocational | 324,248 | - | - | 324,248 |
| Other | 167,629 | - | 40,950 | 208,579 |
| Support Services: | | | | |
| Pupils | 6,214,698 | - | 68,571 | 6,283,269 |
| Instructional Staff | 918,210 | - | 504,566 | 1,422,776 |
| Board of Education | 99,000 | - | - | 99,000 |
| Administration | 4,538,231 | - | 55,100 | 4,593,331 |
| Fiscal | 1,887,082 | 15,002 | 38,180 | 1,940,264 |
| Business | 351,113 | - | 42,657 | 393,770 |
| Operation and Maintenance of Plant | 3,824,766 | - | 840,009 | 4,664,775 |
| Pupil Transportation | 3,414,306 | - | - | 3,414,306 |
| Central | 522,852 | - | 14,029 | 536,881 |
| Operation of Non-Instructional Services | 104,723 | - | 4,422,087 | 4,526,810 |
| Extracurricular Activities | 1,096,466 | - | 685,013 | 1,781,479 |
| Capital Outlay | 216,542 | 603,683 | - | 820,225 |
| Debt Service: | | | | |
| Principal | - | 785,414 | 1,130,000 | 1,915,414 |
| Interest | - | - | 1,392,459 | 1,392,459 |
| <i>Total Expenditures</i> | <i>64,590,469</i> | <i>1,404,099</i> | <i>11,855,112</i> | <i>77,849,680</i> |
| <i>Excess of Revenues Over/(Under) Expenditures</i> | <i>1,093,889</i> | <i>(39,687)</i> | <i>(310,259)</i> | <i>743,943</i> |
| OTHER FINANCING SOURCES AND USES: | | | | |
| Sale of Capital Assets | 155,000 | - | - | 155,000 |
| Transfers In | - | - | 8,043 | 8,043 |
| Transfers Out | (8,043) | - | - | (8,043) |
| Total Other Financing Sources and Uses | 146,957 | - | 8,043 | 155,000 |
| <i>Net Change in Fund Balances</i> | <i>1,240,846</i> | <i>(39,687)</i> | <i>(302,216)</i> | <i>898,943</i> |
| <i>Fund Balance at Beginning of Year</i> | <i>21,690,578</i> | <i>6,136,002</i> | <i>5,247,753</i> | <i>33,074,333</i> |
| <i>Fund Balance at End of Year</i> | <i>\$ 22,931,424</i> | <i>\$ 6,096,315</i> | <i>\$ 4,945,537</i> | <i>\$ 33,973,276</i> |

The notes to the financial statements are an integral part of this statement.

Northmont City School District, 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 | \$ 898,943 |
|--|------------|

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 expense. This is the amount by which depreciation exceeded capital outlay in the current period.

| | |
|--|-------------|
| Capital asset additions used in governmental activities | 977,825 |
| Depreciation expense | (2,938,730) |
| Carrying value of capital assets disposed of during year | (140,329) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 316,289

The issuance of long-term debt (e.g., bonds, notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts, deferred loss or gain on refundings when debt is first issued, whereas these amounts are amortized in the statement of activities.

| | |
|--|-----------|
| Repayment of long-term bonds and notes payable | 1,915,414 |
| Current year amortization of bond premium | 181,743 |
| Current year amortization of deferred loss on refunding | (86,912) |
| Current year amortization of deferred gain on refunding | 5,828 |
| Current year accretion of interest on capital appreciation bonds | (261,387) |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

| | |
|--------------------------|-----------|
| Accrued interest payable | 1,233 |
| Compensated absences | (144,507) |

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

| | |
|---------|-----------|
| Pension | 6,029,481 |
| OPEB | 180,920 |

Except for amounts reported as deferred outflows/inflows, changes in the net pension and OPEB assets/liabilities are reported as expenses among the functions in the statement of activities.

| | |
|-------------------------|----------------|
| Pension | (6,047,133) |
| OPEB (negative expense) | <u>458,584</u> |

Change in Net Positon of Governmental Activities \$ 1,347,262

The notes to the financial statements are an integral part of this statement.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

1. Description of the District and Reporting Entity

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

The District was established in 1957 through the consolidation of existing land areas and school districts. The District serves an area of approximately 44 square miles. It is located in Montgomery County, and includes all of the Cities of Clayton, Union, Englewood and the Village of Phillipsburg and Clay Township.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading.

The primary government consists of all funds and departments, which provide various services including instruction, student guidance, extracurricular activities, food service, pre-school, educational media and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing body and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations for which the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of these criteria, there are no entities that meet the definition of a component unit for the District.

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

Northmont Education Foundation – The District’s Board is responsible for appointing one nonvoting member of the Board of Trustees to the Northmont Education Foundation. The District’s accountability does not extend beyond making this appointment, therefore, the Northmont Education Foundation is not considered a related organization.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

1. Description of the District and Reporting Entity (continued)

Other Organizations – The District is associated with two organizations, which are defined as jointly governed organizations and one public entity shared risk pool. The jointly governed organizations include the Southwestern Ohio Educational Purchasing Council (SOEPC) and META Solutions. These organizations are presented in Note 17 to the basic financial statements. The public entity shared risk pool is the Southwestern Ohio Educational Purchasing Council. The organization is presented in Note 16.

2. Summary of Significant Accounting Policies

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

a. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All of the District's funds are classified as governmental funds.

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

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

Permanent Improvement Fund - The permanent improvement fund is used to account for all transactions related to the acquiring, construction, or improving of such permanent improvements authorized by Chapter 5705, Ohio Revised Code.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

2. **Summary of Significant Accounting Policies** (continued)

Other governmental funds of the District may be used to account for specific resources that are restricted or committed to specified purposes.

b. **Basis of Presentation**

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The government-wide statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and liabilities, as well as deferred inflows of resources, are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current fund balances. Like the government-wide statements, fiduciary funds are accounted for on a flow of economic resources measurement focus.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (continued)

c. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The governmental fund financial statements are prepared using the modified accrual basis.

Revenues, Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the District is sixty days after year end.

Non-exchange transactions, in which the 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 met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, grants and intergovernmental funding.

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 District, deferred outflows of resources are reported on the government-wide statement of net position for deferred loss on refunding, pension, and OPEB. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained further in Notes 11 and 12.

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 as an inflow of resources until that time. For the District, deferred inflows of resources include property taxes (including payments in lieu of taxes), unavailable revenue, deferred gain on refunding, pension, and OPEB.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (continued)

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 District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 11 and 12).

Expenditures/Expenses

The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities to the extent that payments come due each period upon the occurrence of employee resignations and retirements. Allocation of costs, such as depreciation and amortization, are not recognized in governmental funds.

The accrual basis of accounting utilized by the government-wide financial statements recognize revenues when they are earned, and expenses are recognized at the time they are incurred.

d. Cash and Investments

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements. Except for nonparticipating investment contracts, investments are reported at fair value. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2024. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, "Certain External Investment Pools and Participants". The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides the NAV per share that approximates fair value.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (continued)

There are no limitations or restrictions on any withdrawals from these investments due to redemption notice periods, liquidity fees, or redemption gates. STAR Ohio does request that notice be given 24 hours in advance for all deposits or 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 STAR Ohio investors will be combined for these purposes.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue reported the general fund for fiscal year 2024 amounted to \$1,746,953; including \$541,157 assigned from other District funds.

e. Capital Assets and Depreciation

General capital assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of five thousand dollars (\$5,000). Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, with the exception of land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Useful Life</u> |
|----------------------------|---------------------------|
| Buildings and Improvements | 20-50 years |
| Furniture and Equipment | 5-20 years |
| Vehicles | 8 years |
| Infrastructure | 50 years |

f. Interfund Balances

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flow 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 from them are not presented on the financial statements.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (continued)

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. Due to and due from other funds represents temporary advances of resources from the general fund to non-major grant funds to cover deficit cash balances at year-end. These amounts are eliminated in the statement of net position.

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide state of activities. The interfund services provided and uses are not eliminated in the process of consolidation.

g. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer 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 the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The criteria for determining the vacation and sick leave liability is derived from Board policy, negotiated agreements, and state laws. The liability is based upon pay rates in effect at the balance sheet date.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

h. Accrued Liabilities and Long-term Obligations

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

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (continued)

i. Pensions/Other Postemployment Benefits (OPEB)

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

j. Fund Balance

The District reports classifications of fund balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted – amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District's highest level of decision-making authority, the Board of Education.

Assigned – amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned – residual fund balance within the general fund that is in spendable form that is not restricted, committed or assigned. 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 District applies restricted resources first when an expenditure is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

2. Summary of Significant Accounting Policies (continued)

k. Net Position

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the District's \$14,103,663 in restricted net position, none was restricted by enabling legislation.

l. Unamortized Bond Premium

On government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as current period expense when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

m. Estimates

The preparation of financial statements in conformity with GAAP 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.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

3. Accountability – Deficit Fund Balances

Individual fund deficits reported at June 30, 2024 include the following:

| Non-Major Funds | Deficit |
|---|------------|
| Elementary & Secondary Emergency Relief | \$ 156,952 |
| Title VI-B Grant | 206,026 |
| Title I Grant | 115,678 |
| Title IV Grant | 14,269 |
| IDEA Preschool Grant | 7,167 |
| Title VI-R Grant | 20,137 |
| Local and Other Grants | 5,268 |
| Miscellaneous Federal Grants | 6,021 |

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

4. Deposits and Investments

State statutes require the classification of monies held by the District into three categories.

Active Monies - Those monies required to be kept in a "cash" or "near-cash" status for immediate use by the district. Such monies must be maintained either as cash in the District Treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Monies - Those monies not required for use within the current five-year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim Monies - 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. Ohio law permits interim monies to be invested in legal securities (see Note 2d).

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

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;

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;

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

4. **Deposits and Investments** (continued)

Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;

Bonds and other obligations of the State of Ohio;

No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

The State Treasurer's investment pool (STAR Ohio);

Certain banker's acceptance and commercial paper notes for a period not to exceed 180 days and 270 days, respectively, from purchase date in an amount not to exceed 40% of the interim monies available for investment at any one time, and under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or collateralized by the financial institution with pledged securities.

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 of or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits – At June 30, 2024, the carrying amount of all District deposits was \$30,862,249. Based on the criteria described in GASB Statement 40, "Deposits and Investment Risk Disclosures", \$30,527,902 of the District's bank balance of \$31,277,902 was exposed to custodial risk as discussed below, while \$750,000 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. The District's policy for deposits is that any balance not covered by depository insurance will be collateralized by the financial institution with pledged securities. Ohio law requires that deposits either be insured or be protected by:

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

4. Deposits and Investments (continued)

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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 to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments - As of June 30, 2024, the District had the following investments and maturities:

| Investment Type | Measurement | Weighted Average |
|-------------------------------------|----------------------|-------------------------|
| | Value | Maturity (Years) |
| Money Market Mutual Fund | \$ 1,357,896 | 0.00 |
| US Treasury Notes | 861,682 | 3.68 |
| US Government Agency Notes | 993,990 | 2.36 |
| Negotiable Certificates of Deposit | 5,486,123 | 1.38 |
| Commercial Paper | 803,938 | 0.24 |
| STAROhio | <u>1,705,063</u> | 0.13 |
| Total | <u>\$ 11,208,692</u> | |
| Portfolio Weighted Average Maturity | | 1.20 |

Interest Rate Risk

In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the average maturity of its investment portfolio to two years, with none to exceed five years.

Credit Risk

It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments, which have the highest credit quality rating issued by nationally recognized statistical rating organizations.

Investments in STAROhio and the Money Market Mutual Funds were rated AAA by Standard and Poor's. \$145,493 of the commercial paper held by the District was rated P-1 by Moody's and A-1+ by Standard and Poor's, with the remaining \$658,445 rated P-1 and A-1 by Moody's and Standard and Poor's, respectively. The negotiable certificates of deposit are unrated, however are entirely covered by FDIC. US Government Agency Notes are rated AA+ by Standard and Poor's.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

4. Deposits and Investments (continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to those investments permitted by the ORC. Requirements in State statute prohibit payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk

The District's investment policy places no limit on the amount that may be invested in any one issuer beyond the requirements contained within the Ohio Revised Code. The following table includes the percentage of each investment type held by the District at June 30, 2024:

| <u>Investment Type</u> | <u>% of Portfolio</u> |
|------------------------------------|-----------------------|
| Money Market Mutual Fund | 12.12% |
| US Treasury Notes | 7.69% |
| US Government Agency Notes | 8.87% |
| Negotiable Certificates of Deposit | 48.94% |
| Commercial Paper | 7.17% |
| STAROhio | <u>15.21%</u> |
| Total | <u>100.00%</u> |

Fair Value Measurement - The District's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets.

Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the transparency of the instrument and should not be perceived as the particular investment's risk. The District's investments in the money market mutual fund, US Treasury notes, US Government Agency notes, negotiable CD's, and commercial paper are classified as a level 2 (observable inputs) reoccurring fair value measurement. Investments classified in level 2 of the fair value hierarchy are valued using pricing sources as provided by the investment manager.

Investments of the District also include STAR Ohio and repurchase agreements. These investments are measured at NAV and amortized cost, respectively; and therefore, these investments are not classified based on the hierarchy provided above.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

5. Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility tangible personal property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes.

Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true 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 regular payable June 20. Under certain circumstances, State statute permits alternate payment dates to be established. The District receives property taxes from Montgomery, Miami, and Darke Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility tangible personal property taxes that became measurable as of June 30, 2024. Although the total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2024 was \$614,715, \$45,526, and \$19,037 for the General, Permanent Improvement, and Other Governmental Funds, respectively, and is recognized as revenue in Governmental Funds.

On the full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on the modified accrual basis, has been deferred. The assessed values upon which fiscal year 2024 taxes were collected are:

| | 2024 First Half Collections | 2023 Second Half Collections |
|--|--|---|
| Real Estate | | |
| Residential /Agricultural and Other Real Estate | \$ 978,325,500 | \$ 719,231,360 |
| Public Utility Property | <u>22,943,070</u> | <u>19,997,540</u> |
| Total | <u><u>\$ 1,001,268,570</u></u> | <u><u>\$ 739,228,900</u></u> |

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

6. Receivables

Receivables at June 30, 2024, consisted of taxes, accounts, and intergovernmental grants and interfund. 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 intergovernmental receivables is as follows:

| <u>Governmental Activities:</u> | <u>Amount</u> |
|--|----------------------|
| Due from State of Ohio | \$ 226,601 |
| Payments in Lieu of Taxes | 597,442 |
| Food Service Reimbursements | 12,271 |
| Elementary & Secondary School Relief | 221,243 |
| Title IIA | 20,138 |
| Competency Literacy Development Grant | 20,407 |
| IDEA Preschool | 7,166 |
| Other Federal Grant Programs | <u>124,777</u> |
| Total | <u>\$ 1,230,045</u> |

7. Interfund Transactions

During fiscal year 2024, the general fund provided operating transfers of \$8,043 to the District managed student activities fund (non-major governmental fund) to provide support for certain activities and programs.

At June 30, 2024, the District's interfund receivables and payables consisted for the following:

| Fund | Receivable | Payable |
|---|-------------------|-------------------|
| General Fund | <u>\$ 420,922</u> | |
| Other Governmental Funds: | | |
| Other Local Grants Fund | | \$ 17,750 |
| Elementary & Secondary Emergency Relief Grant | | 211,678 |
| Title IV Academic Achievement Grant | | 13,955 |
| Miscellaneous Federal Grants Fund | | <u>177,539</u> |
| | <u>\$ 420,922</u> | <u>\$ 420,922</u> |

These represent operating resources provided to the grant funds until additional funding is received from the funding source.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

8. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

| | <u>Balance at 7/1/2023</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance at 6/30/2024</u> |
|--|--------------------------------|------------------------------|--------------------------|---------------------------------|
| <u>Capital Assets, not being depreciated:</u> | | | | |
| Land | \$ 1,899,853 | \$ 74,555 | \$ - | \$ 1,974,408 |
| <u>Capital Assets, being depreciated:</u> | | | | |
| Building and Improvements | 103,632,897 | 164,612 | 827,121 | 102,970,388 |
| Furniture and Equipment | 7,247,944 | 229,281 | 294,195 | 7,183,030 |
| Vehicles | 5,646,052 | 509,377 | 286,632 | 5,868,797 |
| Infrastructure | <u>156,031</u> | <u>-</u> | <u>-</u> | <u>156,031</u> |
| | <u>116,682,924</u> | <u>903,270</u> | <u>1,407,948</u> | <u>116,178,246</u> |
| <u>Less: Accumulated Depreciation:</u> | | | | |
| Building and Improvements | 26,441,071 | 2,135,193 | 705,399 | 27,870,865 |
| Furniture and Equipment | 4,246,866 | 321,769 | 284,338 | 4,284,297 |
| Vehicles | 3,466,943 | 478,648 | 277,882 | 3,667,709 |
| Infrastructure | <u>40,775</u> | <u>3,120</u> | <u>-</u> | <u>43,895</u> |
| | <u>34,195,655</u> | <u>2,938,730</u> | <u>*</u> | <u>1,267,619</u> |
| Capital Assets, being depreciated, net | <u>82,487,269</u> | <u>(2,035,460)</u> | <u>140,329</u> | <u>80,311,480</u> |
| Total Capital Assets, net | <u>\$ 84,387,122</u> | <u>\$ (1,960,905)</u> | <u>\$ 140,329</u> | <u>\$ 82,285,888</u> |

* - Depreciation expense was charged to governmental functions as follows:

Instruction:

| | |
|------------|--------------|
| Regular | \$ 2,224,384 |
| Special | 186 |
| Vocational | 27,059 |

Support Services:

| | |
|------------------------------------|----------------|
| Pupil Support | 266 |
| Instructional Support | 28,092 |
| Board of Education | 1,659 |
| Business | 664 |
| Operation and Maintenance of Plant | 30,657 |
| Pupil Transportation | 482,186 |
| Non-Instructional Services | 18,502 |
| Extracurricular Activities | <u>125,075</u> |

Total Depreciation Expense \$ 2,938,730

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

9. Long-Term Obligations

The activity of the District's long-term obligations during fiscal year 2024 was as follows:

| | Balance 7/1/2023 | Increase | Decrease | Balance 6/30/2024 | Amount |
|------------------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| | | | | | Due Within One Year |
| Governmental Activities: | | | | | |
| 2017 Refunding Bonds: | | | | | |
| Serial Bonds | \$ 195,000 | \$ - | \$ - | \$ 195,000 | \$ - |
| Term Bonds | 9,005,000 | - | - | 9,005,000 | - |
| Capital Appreciation Bonds | 826,104 | - | (278,332) | 547,772 | 223,212 |
| Accretion of Interest | 1,918,348 | 60,831 | (491,668) | 1,487,511 | 511,788 |
| 2019 Refunding Bonds: | | | | | |
| Serial Bonds | 7,605,000 | - | (185,000) | 7,420,000 | 290,000 |
| 2020 Refunding Bonds: | | | | | |
| Serial Bonds | 3,645,000 | - | (175,000) | 3,470,000 | 185,000 |
| Term Bonds | 25,105,000 | - | - | 25,105,000 | - |
| Capital Appreciation Bonds | 575,000 | - | - | 575,000 | - |
| Accretion of Interest | 393,944 | 200,556 | - | 594,500 | - |
| Premium on Bonds | <u>3,765,747</u> | <u>-</u> | <u>(181,743)</u> | <u>3,584,004</u> | <u>-</u> |
| Total General Obligation Bonds | 53,034,143 | 261,387 | (1,311,743) | 51,983,787 | 1,210,000 |
| Net Pension Liability: | | | | | |
| STRS | 54,615,960 | - | (2,208,882) | 52,407,078 | - |
| SERS | 14,668,523 | 265,308 | - | 14,933,831 | - |
| Total Net Pension Liability | 69,284,483 | 265,308 | (2,208,882) | 67,340,909 | - |
| Net OPEB Liability: | | | | | |
| SERS | 3,895,688 | 684,472 | - | 4,580,160 | - |
| Other Long-Term Obligations: | | | | | |
| Financed Purchases - Notes Payable | 785,414 | - | (785,414) | - | - |
| Compensated Absences | 4,052,373 | 277,092 | (132,585) | 4,196,880 | 143,548 |
| Total Governmental Activities | <u>\$131,052,101</u> | <u>\$ 1,488,259</u> | <u>\$ (4,438,624)</u> | <u>\$128,101,736</u> | <u>\$ 1,353,548</u> |

Compensated absences and required pension and OPEB plan contributions will be paid from the fund from which the person is paid. All long-term bond payments will be paid out of the debt service fund. Payments on the notes payable from financed purchases are made out from the permanent improvement fund.

General Obligation Bonds:

On December 28, 2017, the District issued \$11,786,104 in general obligation (Series 2017 School Improvement Refunding) bonds to refund a portion of the 2012A general obligation bonds. The amount of 2012A refunded was \$11,790,000 which was called on November 1, 2021. The 2017 refunding issue consisted of \$1,955,000 of serial interest bonds (rates 2.0%-2.5%) which fully mature in fiscal year 2028, \$9,005,000 current interest term bonds (rates 3.375%-4.0%) which fully mature in fiscal year 2049, and \$826,104 capital appreciation bonds which mature in fiscal years 2024 to 2027.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

9. Long-Term Obligations (continued)

The capital appreciation bonds have a total maturity value of \$2,885,000 (\$770,000 in fiscal year 2024, \$735,000 in fiscal year 2025, \$705,000 in fiscal year 2026, and \$675,000 in fiscal year 2027) and were issued at \$2,399,283. These bonds are not subject to redemption prior to scheduled maturity. Accretion on the capital appreciation bonds for the current fiscal year amounted to \$60,831.

On November 1, 2019, the District issued \$7,905,000 in general obligation (Series 2019 School Improvement Refunding) bonds to refund the remaining 2012B general obligation bonds. The 2019 refunding issue consisted of serial term interest bonds having interest rates ranging from 3.00 to 4.00 percent and fully maturing on November 1, 2035.

On July 22, 2020, the District issued \$30,120,000 in general obligation (Series 2020 School Improvement Refunding) bonds to refund a portion of the 2012A general obligation bonds. The amount of 2012A refunded was \$30,130,000 which was called on November 1, 2021. The 2020 refunding issue consisted of \$4,440,000 of serial interest bonds (rates 2.6%-4.0%) which fully mature in fiscal year 2036, \$25,105,000 current interest term bonds (rates 2.72%-2.95%) which fully mature in fiscal year 2047, and \$575,000 capital appreciation bonds which mature in fiscal years 2028 to 2032.

The capital appreciation bonds have a total maturity value of \$3,075,000; \$625,000 in fiscal year 2028, \$630,000 in fiscal year 2029, \$620,000 in fiscal year 2030, \$610,000 in fiscal year 2031, and \$590,000 in fiscal year 2032. These bonds are not subject to redemption prior to scheduled maturity. Accretion on the capital appreciation bonds for the current fiscal year amounted to \$200,556.

A summary of the principal and interest requirements of general obligation debt outstanding is:

| Fiscal Year | General Obligation Bonds | | | Capital Appreciation Bonds | | |
|-------------|--------------------------|---------------------|---------------------|----------------------------|--------------------|--------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2025 | \$ 475,000 | \$ 1,375,759 | \$ 1,850,759 | \$ 223,212 | \$ 511,788 | \$ 735,000 |
| 2026 | 515,000 | 1,355,959 | 1,870,959 | 179,874 | 525,126 | 705,000 |
| 2027 | 570,000 | 1,334,259 | 1,904,259 | 144,686 | 530,314 | 675,000 |
| 2028 | 725,000 | 1,309,822 | 2,034,822 | 160,000 | 465,000 | 625,000 |
| 2029 | 745,000 | 1,281,784 | 2,026,784 | 135,000 | 495,000 | 630,000 |
| 2030-2034 | 5,905,000 | 5,886,022 | 11,791,022 | 280,000 | 1,540,000 | 1,820,000 |
| 2035-2039 | 9,675,000 | 4,714,333 | 14,389,333 | - | - | - |
| 2040-2044 | 12,010,000 | 3,172,489 | 15,182,489 | - | - | - |
| 2045-2049 | 14,575,000 | 1,238,517 | 15,813,517 | - | - | - |
| Total | <u>\$45,195,000</u> | <u>\$21,668,944</u> | <u>\$66,863,944</u> | <u>\$1,122,772</u> | <u>\$4,067,228</u> | <u>\$5,190,000</u> |

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

9. Long-Term Obligations (continued)

Financed Purchases – Notes Payable:

During a prior fiscal year, the District entered into an agreement to provide notebook computers for all students at a total cost of \$2,356,242. The agreement requires the District to make three annual payments of \$785,414 (at zero percent interest) beginning in fiscal year 2022. The notebook computers acquired through the agreement do not meet the District's capitalization policy and therefore are not capitalized within these statements. The final payment of \$785,414 was due and paid during fiscal year 2024.

10. Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts, theft or, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2024, the District contracted with Southwestern Ohio Educational Purchasing Cooperative Liability, Fleet & Property Program (LFP) and Ambridge Partners, LLC for property, general liability, professional and fleet insurance. Coverage provided by the LFP is as follows:

| | |
|---|-----------------------------|
| Building and Contents – replacement cost (\$5,000 deductible) | \$400,000,000 Blanket limit |
| Boiler and Machinery (\$3,500 deductible) | 250,000,000 |
| Automobile Liability (\$1,000 deductible) | 1,000,000 |
| Professional Liability (\$10,000 deductible) Single Occurrence and Total per year (per member) | 1,000,000 |
| General Liability (no deductible) Per Occurrence | 1,000,000 |
| Total per year (per member) | 3,000,000 |
| Excess Liability/Umbrella (no deductible) Per Occurrence | 1,000,000 |
| Total per year (per member) | 4,000,000 |
| Pollution Legal Liability (\$25,000 deductible) Per Occurrence | 1,000,000 |
| Total Aggregate Limit | 5,000,000 |

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

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

10. Risk Management (continued)

Workers' Compensation

The District is self-insured for its workers' compensation costs. The District contracts with Hunter Consultants for the service. Expenses for claims are recorded on the current basis based on an actuarially determined charge per employee. The District accounts for the activities of the program within the General fund in accordance with GASB Statement No. 10. A summary of the changes in self-insurance workers' compensation claims liability is as follows:

| Fiscal Year | Beginning | | Claims | | Ending | |
|-------------|-----------|---------|------------|---------|------------|----------------|
| | Claims | Payable | Current | Claims | Payments | Claims Payable |
| 2024 | \$ 12,204 | | \$ 146,819 | | \$ 132,061 | \$ 26,962 |
| 2023 | | 19,636 | | 114,413 | | 121,845 12,204 |

11. Defined Benefits Pension Plans

Net Pension Liability

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

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

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

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

11. Defined Benefits Pension Plans (continued)

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

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

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

| | <u>Eligible to retire on or before August 1, 2017 **</u> | <u>Eligible to retire on or after August 1, 2017</u> |
|------------------------------|--|---|
| 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 year of service; 2.2% for the first 30 years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

11. Defined Benefits Pension Plans (continued)

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, and Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund and Medicare B Fund).

The District's contractually required contribution to SERS was \$1,491,508 for fiscal year 2024. Of this amount, \$194,601 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (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. The calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. For members who were eligible to retire on July 1, 2015, the annual benefit is the greater of the benefit amount calculated upon retirement under the new benefit formula or the frozen benefit amount as of July 1, 2015. Effective August 1, 2021 to July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective August 1, 2023 to July 1, 2028, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit at age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective on or after August 1, 2028, any member can retire with unreduced benefits with 35 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age or 5 years of service credit and age 60.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

11. Defined Benefits Pension Plans (continued)

The DC Plan allows members to place all their member contributions and 11.09% 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 Ohio. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liabilities. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate is deposited into the member's DC account 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 CO Plan payment is payable to a member on or after age 60 with 5 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 at age 50 and after termination of employment.

New members who choose the DC Plan or CO 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 Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CO Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DB or CO 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 10 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.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2024, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2024 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$4,537,973 for fiscal year 2024. Of this amount, \$741,256 is reported as an intergovernmental payable.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

11. Defined Benefits Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for 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 District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | SERS | STRS | Total |
|--|---------------|---------------|---------------|
| Proportionate share of the net pension liability | \$ 14,933,831 | \$ 52,407,078 | \$ 67,340,909 |
| Proportion of the net pension liability | 0.270270% | 0.243358% | |
| Change in proportionate share | -0.000928% | -0.002326% | |
| Pension expense | \$ 1,419,384 | \$ 4,627,749 | \$ 6,047,133 |

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

| | SERS | STRS | Total |
|--|----------------------------|-----------------------------|-----------------------------|
| <u>Deferred Outflows of Resources:</u> | | | |
| Differences between expected and actual experience | \$ 641,890 | \$ 1,910,650 | \$ 2,552,540 |
| Change in assumptions | 105,785 | 4,316,006 | 4,421,791 |
| Difference between employer contributions and proportionate share of contributions | - | 843,599 | 843,599 |
| District contributions subsequent to the measurement date | 1,491,508 | 4,537,973 | 6,029,481 |
| Total | <u>\$ 2,239,183</u> | <u>\$ 11,608,228</u> | <u>\$ 13,847,411</u> |
| <u>Deferred Inflows of Resources:</u> | | | |
| Differences between expected and actual experience | \$ - | \$ 116,294 | \$ 116,294 |
| Net difference between projected and actual earnings on pension plan investments | 209,907 | 157,066 | 366,973 |
| Change in assumptions | - | 3,248,712 | 3,248,712 |
| Difference between employer contributions and proportionate share of contributions | 64,327 | 383,319 | 447,646 |
| Total | <u>\$ 274,234</u> | <u>\$ 3,905,391</u> | <u>\$ 4,179,625</u> |

\$6,029,481 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

11. Defined Benefits Pension Plans (continued)

| | SERS | STRS | Total |
|-----------------------------|-------------------|---------------------|---------------------|
| Fiscal Year Ending June 30: | | | |
| 2025 | \$ 77,259 | \$ (96,107) | \$ (18,848) |
| 2026 | (574,176) | (1,471,793) | (2,045,969) |
| 2027 | 959,233 | 5,109,634 | 6,068,867 |
| 2028 | 11,125 | (376,870) | (365,745) |
| | <u>\$ 473,441</u> | <u>\$ 3,164,864</u> | <u>\$ 3,638,305</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 termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Inflation:

| | |
|----------------------------|--------------|
| Current measurement period | 2.40 percent |
| Prior measurement period | 2.40 percent |

Future salary increases, including inflation

| | |
|----------------------------|-------------------------------|
| Current measurement period | 3.25 percent to 13.58 percent |
| Prior measurement period | 3.25 percent to 13.58 percent |

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

11. Defined Benefits Pension Plans (continued)

| | |
|----------------------------|---|
| COLA or Ad Hoc COLA | |
| Current measurement period | 2.00 percent, on and after 4/1/2018, COLA's for future retirees will be delayed for 3 years following retirement. |
| Prior measurement period | 2.00 percent, on and after 4/1/2018, COLA's for future retirees will be delayed for 3 years following retirement. |
| Investment rate of return | |
| Current measurement period | 7.00 percent net of investment expense, including inflation |
| Prior measurement period | 7.00 percent net of investment expense, including inflation |
| Actuarial cost method | Entry Age Normal |

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health 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. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighed 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. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------|-------------------|--|
| Cash | 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 | <u>5.00%</u> | 5.64% |
| Total | <u>100.00%</u> | |

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

11. Defined Benefits Pension Plans (continued)

Discount Rate – Total pension liability was calculated using the discount rate of 7.0%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.0%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.0%, 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 (6.0%), or one percentage point higher (8.0%) than the current rate.

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|------------------------|-------------------------------------|------------------------|
| District's proportionate share of the net pension liability | \$ 22,041,571 | \$ 14,933,831 | \$ 8,946,913 |

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:

| | |
|----------------------------|-------|
| Current measurement period | 2.50% |
| Prior measurement period | 2.50% |

Salary increases:

| | |
|----------------------------|-------------------------------------|
| Current measurement period | Varies by service from 2.5% to 8.5% |
| Prior measurement period | Varies by service from 2.5% to 8.5% |

Payroll increases

| | |
|----------------------------|-------|
| Current measurement period | 3.00% |
| Prior measurement period | 3.00% |

Investment rate of return, including inflation:

| | |
|----------------------------|-----------------------------------|
| Current measurement period | 7.00%, net of investment expenses |
| Prior measurement period | 7.00%, net of investment expenses |

Discount rate of return

| | |
|----------------------------|-------|
| Current measurement period | 7.00% |
| Prior measurement period | 7.00% |

Cost-of-living adjustments (COLA)

0.00%

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

11. Defined Benefits Pension Plans (continued)

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

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 Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

The actuarial assumptions used in the June 30, 2023 valuation are based on the results of the latest available actual 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:

| <u>Asset Class</u> | <u>Target Allocation *</u> | <u>Long-Term Expected Real Rate of Return **</u> |
|----------------------|----------------------------|--|
| 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 | <u>1.00%</u> | 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 does not include investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate – The discount rate used to measure the total pension liability was 7.0% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS'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 pension plan investments of 7.0% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

11. Defined Benefits Pension Plans (continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.0%) or one-percentage-point higher (8.0%) than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|------------------------|-------------------------------------|------------------------|
| District's proportionate share of the net pension liability | \$ 80,590,485 | \$ 52,407,078 | \$ 28,571,626 |

12. Post-employment Benefits Other than Pension (OPEB)

Net OPEB Liability (Asset)

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

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

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

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

12. Post-employment Benefits Other than Pension (OPEB) (continued)

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

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

School Employees Retirement System (SERS)

Health Care Plan Description—SERS' Health Care program provides health care 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. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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.

Funding Policy—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, the minimum compensation 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 District's surcharge obligation was \$180,920.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

12. Post-employment Benefits Other than Pension (OPEB) (continued)

State Teachers Retirement System (STRS)

Health Care Plan Description—The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing, multiple-employer health care plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS Board to offer this plan.

Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. 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, no employer allocation was made to the health care fund.

OPEB Liability (Asset), 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 used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

| | SERS | STRS | Total |
|---|--------------|--------------|--------------|
| Proportionate share of the net OPEB asset | \$ - | \$ 4,732,983 | \$ 4,732,983 |
| Proportionate share of the net OPEB liability | 4,580,160 | - | 4,580,160 |
| Proportion of the net OPEB asset/liability | 0.278016% | 0.243358% | |
| Change in proportionate share | 0.000547% | -0.002326% | |
| OPEB (negative) expense | \$ (235,845) | \$ (222,739) | \$ (458,584) |

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

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

12. Post-employment Benefits Other than Pension (OPEB) (continued)

| | SERS | STRS | Total |
|--|----------------------------|----------------------------|----------------------------|
| <u>Deferred Outflows of Resources:</u> | | | |
| Differences between expected and actual experience | \$ 9,542 | \$ 7,380 | \$ 16,922 |
| Net difference between projected and actual earnings on OPEB plan investments | 35,499 | 8,449 | 43,948 |
| Change in assumptions | 1,548,686 | 697,239 | 2,245,925 |
| Difference between employer contributions and proportionate share of contributions | 415,512 | 47,866 | 463,378 |
| District contributions subsequent to the measurement date | <u>180,920</u> | <u>-</u> | <u>180,920</u> |
| Total | <u>\$ 2,190,159</u> | <u>\$ 760,934</u> | <u>\$ 2,951,093</u> |
| <u>Deferred Inflows of Resources:</u> | | | |
| Differences between expected and actual experience | \$ 2,362,159 | \$ 721,896 | \$ 3,084,055 |
| Change in assumptions | 1,300,809 | 3,122,754 | 4,423,563 |
| Difference between employer contributions and proportionate share of contributions | 272,020 | 1,399 | 273,419 |
| Total | <u>\$ 3,934,988</u> | <u>\$ 3,846,049</u> | <u>\$ 7,781,037</u> |

\$180,920 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of, or addition to, the net OPEB liability (asset) in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | SERS | STRS | Total |
|------------------------------------|------------------------------|------------------------------|------------------------------|
| <i>Fiscal Year Ending June 30:</i> | | | |
| 2025 | \$ (583,411) | \$ (1,354,282) | \$ (1,937,693) |
| 2026 | (490,921) | (633,074) | (1,123,995) |
| 2027 | (334,494) | (240,676) | (575,170) |
| 2028 | (251,863) | (327,989) | (579,852) |
| 2029 | (188,893) | (300,757) | (489,650) |
| thereafter | <u>(76,167)</u> | <u>(228,337)</u> | <u>(304,504)</u> |
| | <u>\$ (1,925,749)</u> | <u>\$ (3,085,115)</u> | <u>\$ (5,010,864)</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.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

12. Post-employment Benefits Other than Pension (OPEB) (continued)

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

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

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

| | |
|--|--|
| Investment rate of return: | |
| Current measurement date | 7.00% of net investment expense, including inflation |
| Prior measurement date | 7.00% of net investment expense, including inflation |
| 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% |
| Municipal bond index rate: | |
| Current measurement date | 3.86% |
| Prior measurement date | 3.69% |
| Single equivalent interest rate, net of plan investment expense: | |
| Current measurement date | 4.27%, including price inflation |
| Prior measurement date | 4.08%, including price inflation |
| Medical Trend Assumption: | |
| Current measurement date | 6.75% - 4.40% |
| Prior measurement date | 7.00% - 4.40% |

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

12. Post-employment Benefits Other than Pension (OPEB) (continued)

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health 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. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighed 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. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------|-------------------|--|
| Cash | 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 | <u>5.00%</u> | 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 projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 1.5% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

12. Post-employment Benefits Other than Pension (OPEB) (continued)

Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2048 and the Municipal Bond Index rate of 3.86% as of June 30, 2023 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability calculated using the discount rate of 4.27%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27%) and one percentage point higher (5.27%) than the current rate.

| | 1% Decrease (3.27%) | Current Discount Rate (4.27%) | 1% Increase (5.27%) |
|---|------------------------|-------------------------------------|------------------------|
| District's proportionate share of the net OPEB liability | \$ 5,854,754 | \$ 4,580,160 | \$ 3,575,090 |

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (5.75% decreasing to 3.40%) and one percentage point higher (7.75% decreasing to 5.40%) than the current rates.

| | 1% Decrease (5.75% decreasing to 3.40%) | Current Trend Rate (6.75% decreasing to 4.40%) | 1% Increase (7.75% decreasing to 5.40%) |
|---|---|---|---|
| District's proportionate share of the net OPEB liability | \$ 3,364,885 | \$ 4,580,160 | \$ 6,190,563 |

Actuarial Assumptions - STRS

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

| | |
|--------------------------|-------------------------------------|
| Salary increases | |
| Current measurement date | Varies by service from 2.5% to 8.5% |
| Prior measurement date | Varies by service from 2.5% to 8.5% |
| Payroll increases: | |
| Current measurement date | 3.00% |
| Prior measurement date | 3.00% |

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

12. Post-employment Benefits Other than Pension (OPEB) (continued)

| Investment rate of return: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------------|---|----------|-------------------|----------|--|---------------------|--|-------------------|--|--|---------|----------|---------|----------|----------|--|--|--|--|--------------|-------|-------|-------|-------|----------|---------|-------|---------|-------|-------------------|--|--|--|--|--------------|---------|-------|-------|-------|----------|-------|-------|--------|-------|
| Current measurement date | 7.00%, net of investment expenses, including inflation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Prior measurement date | 7.00%, net of investment expenses, including inflation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Discount rate of return: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current measurement date | 7.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Prior measurement date | 7.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Health care cost trends: | <table><thead><tr><th></th><th colspan="2">Current Measurement</th><th colspan="2">Prior Measurement</th></tr><tr><th></th><th>Initial</th><th>Ultimate</th><th>Initial</th><th>Ultimate</th></tr></thead><tbody><tr><td>Medical:</td><td></td><td></td><td></td><td></td></tr><tr><td> Pre-Medicare</td><td>7.50%</td><td>4.14%</td><td>7.50%</td><td>3.94%</td></tr><tr><td> Medicare</td><td>-10.94%</td><td>4.14%</td><td>-68.78%</td><td>3.94%</td></tr><tr><td>Prescription Drug</td><td></td><td></td><td></td><td></td></tr><tr><td> Pre-Medicare</td><td>-11.95%</td><td>4.14%</td><td>9.00%</td><td>3.94%</td></tr><tr><td> Medicare</td><td>1.33%</td><td>4.14%</td><td>-5.47%</td><td>3.94%</td></tr></tbody></table> | | | | | Current Measurement | | Prior Measurement | | | Initial | Ultimate | Initial | Ultimate | Medical: | | | | | Pre-Medicare | 7.50% | 4.14% | 7.50% | 3.94% | Medicare | -10.94% | 4.14% | -68.78% | 3.94% | Prescription Drug | | | | | Pre-Medicare | -11.95% | 4.14% | 9.00% | 3.94% | Medicare | 1.33% | 4.14% | -5.47% | 3.94% |
| | Current Measurement | | Prior Measurement | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Initial | Ultimate | Initial | Ultimate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Medical: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Pre-Medicare | 7.50% | 4.14% | 7.50% | 3.94% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Medicare | -10.94% | 4.14% | -68.78% | 3.94% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Prescription Drug | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Pre-Medicare | -11.95% | 4.14% | 9.00% | 3.94% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Medicare | 1.33% | 4.14% | -5.47% | 3.94% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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 Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

The actuarial assumptions used in the June 30, 2023 valuation are based on the results of the latest available actual 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 | <u>1.00%</u> | 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 does not include investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

12. Post-employment Benefits Other than Pension (OPEB) (continued)

Discount Rate – The discount rate used to measure the total OPEB liability was 7.0% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on OPEB plan assets of 7.0% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

Sensitivity of the District's Proportionate Share of the Net OPEB (Asset) to Changes in the Discount Rate and the Health Care Cost Trend Rates – The following table presents the District's proportionate share of the net OPEB (asset) calculated using the current period discount rate assumption of 7.0%, as well as what the District's proportionate share of the net OPEB (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.0%) and one percentage point higher (8.0%) than the current rate. Also shown is the net OPEB (asset) as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) | | | |
|---|------------------------|-------------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|
| | | | | 1% Decrease In Trend Rates | Current Trend Rates | 1% Increase In Trend Rates |
| District's proportionate share of the net OPEB asset | \$ 4,005,852 | \$ 4,732,983 | \$ 5,366,240 | | | |
| District's proportionate share of the net OPEB asset | \$ 5,395,625 | \$ 4,732,983 | \$ 3,934,845 | | | |

13. Statutory Reserve

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

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

13. Statutory Reserve (continued)

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

| | <u>Capital Acquisition</u> |
|--|--------------------------------|
| Set-aside cash balance as of June 30, 2023 | \$ - |
| Current year set-aside requirements | 995,682 |
| Current year offset - PI Levy | <u>(1,107,815)</u> |
| Total | <u>\$ (112,133)</u> |
| Set-aside cash balance as of June 30, 2024 | <u>\$ -</u> |

Qualifying offsets related to permanent improvement levy during the year exceeded the amount required for the set aside. However, excess cannot be carried forward to offset future year's requirements.

14. Commitments - Encumbrances

At year end, the District's commitments for encumbrances in the governmental funds were as follows:

| <u>Fund Type</u> | <u>Year-End Encumbrances</u> |
|--------------------------|----------------------------------|
| General fund | \$ 965,969 |
| Permanent Improvement | 631,195 |
| Other governmental funds | <u>210,155</u> |
| Total | <u>\$ 1,807,319</u> |

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported as part of restricted, committed or assigned classifications of fund balance.

15. Contingencies

Grants

The 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 agreement and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits should become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2024, if applicable, cannot be determined at this time.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

15. Contingencies (continued)

Litigation

It is the opinion of management that any potential claim against the District, which would not be covered by insurance, would not materially affect the financial statements.

16. Public Entity Shared Risk Pool

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

17. Jointly Governed Organizations

Southwestern Ohio Educational Purchasing Council (SOEPC)

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One-year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2024, the District payments to SOEPC were limited to the premiums charged for employee health care benefits. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Kenneth Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Northmont City School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

17. Jointly Governed Organizations (Continued)

META Solutions

The District is a member of META Solutions which is an association of public entities throughout Ohio. Membership in META Solutions was due to the merger of the Metropolitan Dayton Educational Cooperative Association (MDECA) and META Solutions in January 2016. META Solutions was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts while providing an open marketplace where choice is not limited by geography.

The governing board of META Solutions consists of an eight-person Board of Directors, with each of the directors elected by a majority vote of all members within each county in META Solutions membership. Financial information can be obtained from David Varda, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302. The District paid \$322,671 to META Solutions during fiscal year 2024.

18. Tax Abatements

During fiscal year 2024, the District's property tax revenues were reduced by \$330,929 and \$796,283 under Community Reinvestment Area (CRA) and Enterprise Zone (EZ) agreements, respectively. The CRA agreements were entered into by the Cities of Englewood and Clayton, as well as the EZ agreement was entered into by the City of Clayton.

Under Ohio Revised Code Sections 3735 and 5709, municipalities may offer a property tax incentive to an individual or entity for improvements within certain targeted areas. The CRA program abates 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, which are administered as a reduction in the property tax bill. The EZ agreement extended abatement of property taxes to encourage property improvements and employment levels with an industrial equipment company. Commercial and industrial project abatements may not exceed 15 years for CRAs or 10 years for EZs.

During fiscal year 2024, the District received \$417,910 from the City of Clayton and \$179,532 from the City of Englewood related to property tax revenues lost under these abatement agreements.

Required Supplementary Information

Northmont City School District, Ohio

*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2024*

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|----------------------|----------------------|----------------------|-------------------------------|
| REVENUES: | | | | |
| Property Taxes | \$ 31,366,078 | \$ 31,366,078 | \$ 31,255,471 | \$ (110,607) |
| Intergovernmental | 29,191,170 | 29,724,232 | 30,328,621 | 604,389 |
| Interest | 443,887 | 1,628,663 | 1,657,321 | 28,658 |
| Tuition and Fees | 1,575,791 | 1,575,791 | 2,308,667 | 732,876 |
| Rent | 25,497 | 25,497 | 28,729 | 3,232 |
| Miscellaneous | 108,192 | 108,192 | 121,247 | 13,055 |
| <i>Total Revenues</i> | <i>62,710,615</i> | <i>64,428,453</i> | <i>65,700,056</i> | <i>1,271,603</i> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 31,428,850 | 27,250,038 | 28,388,111 | (1,138,073) |
| Special | 12,475,870 | 14,486,523 | 12,808,227 | 1,678,296 |
| Vocational | 312,000 | 370,000 | 323,235 | 46,765 |
| Other | 185,000 | 192,632 | 169,321 | 23,311 |
| Support Services: | | | | |
| Pupils | 6,059,100 | 6,275,276 | 6,211,033 | 64,243 |
| Instructional Staff | 802,000 | 654,466 | 1,111,585 | (457,119) |
| Board of Education | 106,600 | 17,000 | 99,000 | (82,000) |
| Administration | 4,598,330 | 4,814,194 | 4,715,785 | 98,409 |
| Fiscal | 1,330,100 | 1,418,300 | 1,890,280 | (471,980) |
| Business | 515,800 | 479,124 | 348,229 | 130,895 |
| Operation and Maintenance of Plant | 4,258,050 | 4,330,607 | 4,022,065 | 308,542 |
| Pupil Transportation | 2,932,950 | 3,126,754 | 3,459,056 | (332,302) |
| Central | 518,500 | 513,477 | 554,874 | (41,397) |
| Operation of Non-Instructional Services | - | - | 46,757 | (46,757) |
| Extracurricular Activities | 958,134 | 995,000 | 981,284 | 13,716 |
| Capital Outlay | 210,550 | 327,245 | 259,822 | 67,423 |
| <i>Total Expenditures</i> | <i>66,691,834</i> | <i>65,250,636</i> | <i>65,388,664</i> | <i>(138,028)</i> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <i>(3,981,219)</i> | <i>(822,183)</i> | <i>311,392</i> | <i>1,133,575</i> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from Sale of Capital Assets | - | - | 155,000 | 155,000 |
| Advances In | 589,100 | 1,552,527 | 1,552,527 | - |
| Refund of Prior Year Expenditures | 107,374 | 107,266 | 137,063 | 29,797 |
| Transfers Out | (17,315) | (17,315) | (8,043) | 9,272 |
| Advances Out | (90,000) | (102,400) | (420,922) | (318,522) |
| Other Financing Uses | (524,900) | (486,700) | - | 486,700 |
| <i>Total Other Financing Sources (Uses)</i> | <i>64,259</i> | <i>1,053,378</i> | <i>1,415,625</i> | <i>362,247</i> |
| <i>Net Change in Fund Balance</i> | <i>(3,916,960)</i> | <i>231,195</i> | <i>1,727,017</i> | <i>1,495,822</i> |
| Fund Balance, July 1 | 24,971,625 | 24,971,625 | 24,971,625 | - |
| Prior Year Encumbrances | 400,634 | 400,634 | 400,634 | - |
| Fund Balance, June 30 | \$ 21,455,299 | \$ 25,603,454 | \$ 27,099,276 | \$ 1,495,822 |

See accompanying notes to the required supplementary information.

Northmont City School District, Ohio

Required Supplementary Information
 Schedules of School District's Proportionate Share of the Net Pension Liability
 and School District Pension Contributions
 School Employees Retirement System of Ohio

| Measurement Date 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 |
|----------------------------------|---|--|-----------------------------------|---|--|
| 2015 | 0.260302% | \$ 13,173,736 | \$ 7,640,260 | 172.43% | 71.70% |
| 2016 | 0.258832% | 14,769,176 | 8,276,973 | 178.44% | 69.16% |
| 2017 | 0.261701% | 19,154,110 | 8,127,464 | 235.67% | 62.98% |
| 2018 | 0.257003% | 15,355,379 | 8,225,421 | 186.68% | 69.50% |
| 2019 | 0.240279% | 13,761,244 | 8,110,911 | 169.66% | 71.36% |
| 2020 | 0.248720% | 14,881,335 | 8,893,541 | 167.33% | 70.85% |
| 2021 | 0.268990% | 17,791,596 | 9,069,164 | 196.18% | 68.55% |
| 2022 | 0.272728% | 10,062,872 | 9,414,079 | 106.89% | 82.86% |
| 2023 | 0.271198% | 14,668,523 | 10,130,593 | 144.79% | 75.82% |
| 2024 | 0.270270% | 14,933,831 | 10,722,343 | 139.28% | 76.06% |

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

| Fiscal Year | Contributions in Relation to the Contractually Required Contributions | | | School District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-------------|---|--------------------------------------|----------------------------------|-----------------------------------|--|
| | Contractually Required Contributions | Contractually Required Contributions | Contribution Deficiency (Excess) | | |
| 2015 | \$ 1,090,905 | \$ (1,090,905) | \$ - | \$ 8,276,973 | 13.18% |
| 2016 | 1,137,845 | (1,137,845) | - | 8,127,464 | 14.00% |
| 2017 | 1,151,559 | (1,151,559) | - | 8,225,421 | 14.00% |
| 2018 | 1,094,973 | (1,094,973) | - | 8,110,911 | 13.50% |
| 2019 | 1,200,628 | (1,200,628) | - | 8,893,541 | 13.50% |
| 2020 | 1,269,683 | (1,269,683) | - | 9,069,164 | 14.00% |
| 2021 | 1,317,971 | (1,317,971) | - | 9,414,079 | 14.00% |
| 2022 | 1,418,283 | (1,418,283) | - | 10,130,593 | 14.00% |
| 2023 | 1,501,128 | (1,501,128) | - | 10,722,343 | 14.00% |
| 2024 | 1,491,508 | (1,491,508) | - | 10,653,629 | 14.00% |

See Notes to Required Supplementary Information.

Northmont City School District, Ohio

Required Supplementary Information
Schedules of School District's Proportionate Share of the Net Pension Liability
and School District Pension Contributions
State Teachers Retirement System of Ohio

| Measurement Date 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 |
|----------------------------------|---|--|-----------------------------------|---|--|
| 2015 | 0.229898% | \$ 55,919,184 | \$ 25,296,108 | 221.06% | 74.7% |
| 2016 | 0.231757% | 64,050,809 | 24,179,943 | 264.89% | 72.1% |
| 2017 | 0.229585% | 76,848,869 | 24,156,707 | 318.13% | 66.8% |
| 2018 | 0.228182% | 54,205,079 | 25,085,793 | 216.08% | 75.3% |
| 2019 | 0.232992% | 51,229,617 | 26,487,214 | 193.41% | 77.3% |
| 2020 | 0.235343% | 52,044,782 | 27,630,229 | 188.36% | 77.4% |
| 2021 | 0.237179% | 57,388,820 | 28,623,771 | 200.49% | 75.5% |
| 2022 | 0.243602% | 31,146,751 | 30,058,936 | 103.62% | 87.8% |
| 2023 | 0.245684% | 54,615,960 | 31,940,150 | 170.99% | 78.9% |
| 2024 | 0.243358% | 52,407,078 | 32,870,014 | 159.44% | 80.0% |

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

| 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 |
|-------------|--------------------------------------|---|----------------------------------|-----------------------------------|--|
| 2015 | \$ 3,385,192 | \$ (3,385,192) | \$ - | 24,179,943 | 14.00% |
| 2016 | 3,381,939 | (3,381,939) | - | 24,156,707 | 14.00% |
| 2017 | 3,512,011 | (3,512,011) | - | 25,085,793 | 14.00% |
| 2018 | 3,708,210 | (3,708,210) | - | 26,487,214 | 14.00% |
| 2019 | 3,868,232 | (3,868,232) | - | 27,630,229 | 14.00% |
| 2020 | 4,007,328 | (4,007,328) | - | 28,623,771 | 14.00% |
| 2021 | 4,208,251 | (4,208,251) | - | 30,058,936 | 14.00% |
| 2022 | 4,471,621 | (4,471,621) | - | 31,940,150 | 14.00% |
| 2023 | 4,601,802 | (4,601,802) | - | 32,870,014 | 14.00% |
| 2024 | 4,537,973 | (4,537,973) | - | 32,414,093 | 14.00% |

See Notes to Required Supplementary Information.

Northmont City School District, Ohio

Required Supplementary Information
Schedules of School District's Proportionate Share of the Net OPEB Liability
and School District OPEB Contributions
School Employees Retirement System of Ohio

| Measurement Date 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 Proportionate 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 |
|-------------------------------------|--|---|-----------------------------------|--|---|
| 2017 | 0.263716% | \$ 7,516,869 | \$ 8,127,464 | 92.49% | 11.49% |
| 2018 | 0.259957% | 6,976,561 | 8,225,421 | 84.82% | 12.46% |
| 2019 | 0.243480% | 6,754,800 | 8,110,911 | 83.28% | 13.57% |
| 2020 | 0.255024% | 6,413,330 | 8,893,541 | 72.11% | 15.57% |
| 2021 | 0.278389% | 6,050,303 | 9,069,164 | 66.71% | 18.17% |
| 2022 | 0.280386% | 5,306,532 | 9,414,079 | 56.37% | 24.08% |
| 2023 | 0.277469% | 3,895,688 | 10,130,593 | 38.45% | 30.34% |
| 2024 | 0.278016% | 4,580,160 | 10,722,343 | 42.72% | 30.02% |

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

| Fiscal Year (3) | Contractually Required Contributions (4) | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | School District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-----------------|--|---|----------------------------------|-----------------------------------|--|
| 2016 | \$ 126,664 | \$ (126,664) | \$ - | \$ 8,127,464 | 1.56% |
| 2017 | 137,788 | (137,788) | - | 8,225,421 | 1.68% |
| 2018 | 170,836 | (170,836) | - | 8,110,911 | 2.11% |
| 2019 | 200,763 | (200,763) | - | 8,893,541 | 2.26% |
| 2020 | 175,334 | (175,334) | - | 9,069,164 | 1.93% |
| 2021 | 176,280 | (176,280) | - | 9,414,079 | 1.87% |
| 2022 | 182,050 | (182,050) | - | 10,130,593 | 1.80% |
| 2023 | 202,732 | (202,732) | - | 10,722,343 | 1.89% |
| 2024 | 180,920 | (180,920) | - | 10,653,629 | 1.70% |

(3) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(4) Includes Surcharge.

See Notes to Required Supplementary Information.

Northmont City School District, Ohio

Required Supplementary Information
 Schedules of School District's Proportionate Share of the Net OPEB Liability/(Asset)
 and School District OPEB Contributions
 State Teachers Retirement System of Ohio

| Measurement Date 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 |
|-------------------------------------|--|---|-----------------------------------|--|---|
| 2017 | 0.229585% | \$ 12,278,241 | \$ 24,156,707 | 50.83% | 37.3% |
| 2018 | 0.228182% | 8,902,812 | 25,085,793 | 35.49% | 47.1% |
| 2019 | 0.232992% | (3,743,937) | 26,487,214 | (14.13%) | 176.0% |
| 2020 | 0.235343% | (3,897,853) | 27,630,229 | (14.11%) | 174.7% |
| 2021 | 0.237179% | (4,168,411) | 28,623,771 | (14.56%) | 182.1% |
| 2022 | 0.243602% | (5,136,159) | 30,058,936 | (17.09%) | 174.7% |
| 2023 | 0.245684% | (6,361,588) | 31,940,150 | (19.92%) | 230.7% |
| 2024 | 0.243358% | (4,732,983) | 32,870,014 | (14.40%) | 168.5% |

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

| Fiscal Year (3) | Contractually Required Contributions (4) | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | School District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-----------------|--|---|----------------------------------|-----------------------------------|--|
| 2016 | \$ - | \$ - | \$ - | \$ 24,156,707 | 0.00% |
| 2017 | - | - | - | 25,085,793 | 0.00% |
| 2018 | - | - | - | 26,487,214 | 0.00% |
| 2019 | - | - | - | 27,630,229 | 0.00% |
| 2020 | - | - | - | 28,623,771 | 0.00% |
| 2021 | - | - | - | 30,058,936 | 0.00% |
| 2022 | - | - | - | 31,940,150 | 0.00% |
| 2023 | - | - | - | 32,870,014 | 0.00% |
| 2023 | - | - | - | 32,414,093 | 0.00% |

(3) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(4) STRS allocated the entire 14% employer contribution rate towards pension benefits.

See Notes to Required Supplementary Information.

Northmont City School District, Ohio

Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2024

Note 1 – Budgetary Process

Budgets and Budgetary Accounting

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

All funds, other than custodial funds, are legally required to be budgeted and appropriated, however the District elects to adopt appropriations and budgets for its agency funds. The legal level of control is at the fund level for all funds. Any budgetary modifications which exceed this legal level of control may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include unencumbered cash balances from the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue collected is greater or less than the current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2024.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all other funds, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of control.

Northmont City School District, Ohio

Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2024

Note 1 – Budgetary Process (continued)

Any revisions that alter the total of any appropriation at the legal level of control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriation by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. The budget figures, which appear in the statements of budgetary comparison, represent the final appropriation amounts, including all amendments and modifications.

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures from exceeding appropriations. On the fund financial statement encumbrances are reported within the restricted, committed or assigned fund balances depending on the restrictions placed upon the resources encumbered. For the general fund, encumbrances are reported as a component of assigned fund balance indicating that amount is not currently available. Encumbrances are reported as part of expenditures/expenses on a non-GAAP budgetary basis.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

Reconciliation of Budgetary Information

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

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

Northmont City School District, Ohio

Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2024

Note 1 – Budgetary Process (continued)

3. In order to determine compliance with Ohio law, and reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to an assignment of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
4. 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 for the general fund are as follows:

| Net Change in Fund Balance | |
|-------------------------------------|---------------------|
| General Fund | |
| Budget Basis | \$ 1,727,017 |
| Adjustments: | |
| Revenue Accruals | (673,509) |
| Expenditure Accruals | 161,483 |
| Encumbrances | 918,923 |
| Other Financing Sources(Uses) | (1,131,605) |
| Perspective Budgeting Difference ** | <u>238,537</u> |
| GAAP Basis | \$ <u>1,240,846</u> |

** As part of GASB Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These funds include the parking rotary fund, the early childhood center fund, the public school support fund and the latchkey fund.

Northmont City School District, Ohio

Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2024

Note 2 – Defined Benefits Pension Plans

School Employees Retirement System of Ohio:

Change in benefit and funding terms:

- For measurement period 2017, the COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.50% with a floor of 0.0% beginning January 1, 2018. In addition, with the authority granted to the Board under Ohio House Bill 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.
- For measurement period 2018, with the authority granted to the Board under Ohio Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

Change in assumptions:

- For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.
- For measurement period 2020, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.
- For measurement period 2022, the cost of living adjustments was increased from 2.00% to 2.50%.

State Teachers Retirement System of Ohio:

Change in benefit and funding terms:

- For measurement period 2017, the COLA was reduced to zero.

Change in assumptions:

- For the measurement period 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The health and disabled mortality assumptions were updated to the RP-

Northmont City School District, Ohio

Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2024

Note 2 – Defined Benefits Pension Plans (continued)

State Teachers Retirement System of Ohio (continued):

Change in assumptions (continued):

2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

- For measurement period 2021, the discount rate was adjusted to 7.00% from 7.45%.
- For measurement period 2022, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

Note 3 – Other Postemployment Benefit (OPEB) Plans

School Employees Retirement System of Ohio:

Change in benefit and funding terms:

- Effective January 1, 2024, the non-Medicare disability health care subsidy amounts will change to reflect amounts equal to that of service retirees by years of service.

Change in assumptions:

- For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.
- For measurement period 2020, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.
- For measurement period 2022, the discount rate was increased from 2.27% to 4.08% and the health care trend rates were updated.
- For measurement period 2023, the discount rate changes from 4.08% to 4.27%, health care trend rates were updated, assumption for percentage of pre-Medicare eligible retirees who choose the Wraparound plan was increased from 10% to 20%, health care trend assumption on retiree premiums was updated to not apply the trend to the \$35 surcharge, assumption was added to assume that 15% of pre-65 retirees who waive health care will elect coverage upon Medicare eligibility, and morbidity factors were updated based on the society of Actuaries' June 2013 research report, Health Care Costs-From Birth to Death by Dale Yamamoto, and from the Actuarial Standards of Practice (ASOP) 6 practice note developed by the American Academy of Actuaries.

Northmont City School District, Ohio

Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2024

Note 3 – Other Postemployment Benefit (OPEB) Plans

State Teachers Retirement System of Ohio:

Change in benefit and funding terms:

- For the measurement period 2017, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.
- For the measurement period 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year for service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For the measurement period 2019, there was no change to the claims cost process. Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For measurement year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. 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 measurement year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10%. 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.
- For measurement year 2022, salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age-based to service-based.
- For measurement year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

Northmont City School District, Ohio

Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2024

Note 3 – Other Postemployment Benefit (OPEB) Plans (continued)

State Teachers Retirement System of Ohio: (continued)

Change in assumptions:

- For measurement year 2017, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trends were modified along with the portion of rebated prescription drug costs.
- For measurement year 2018, 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. Valuation year per capita health care costs were updated.
- For measurement year 2021, the discount rate was adjusted to 7.00% from 7.45%.
- For measurement year 2022, healthcare trends were updated to reflect emerging claims and recoveries experience.

**NORTHMONT CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

| Federal Agency/ Pass Through Agency/ Program Title | Assistance Listing Number | Federal Expenditures |
|---|--|---------------------------------|
| U.S. Department of Agriculture: <i>Passed through Ohio Department of Education:</i> | | |
| Child Nutrition Cluster: | | |
| Non-Cash Assistance (Food Distribution): | | |
| National School Lunch Program | 10.555 | \$ 214,310 |
| Cash Assistance: | | |
| School Breakfast Program | 10.553 | 418,427 |
| National School Lunch Program | 10.555 | 1,736,998 |
| COVID-19 National School Lunch Program | 10.555 | 165,098 |
| Cash Assistance Subtotal | | 2,320,523 |
| Total Child Nutrition Cluster | | 2,534,833 |
| Total US Department of Agriculture | | 2,534,833 |
| U.S. Department of the Treasury: <i>Passed through State of Ohio Office of Budget and Management:</i> | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Safety Grant | 21.027 | 501,500 |
| Total U.S. Department of the Treasury | | 501,500 |
| U.S. Department of Education: <i>Passed through Ohio Department of Education:</i> | | |
| Title I Grants to Local Educational Agencies | 84.010A | 769,343 |
| Special Education Cluster (IDEA): | | |
| Special Education Grants to States | 84.027A | 1,212,844 |
| COVID-19 Special Education Grants to States | 84.027X | 22,518 |
| Special Education Preschool Grants | 84.173A | 51,040 |
| COVID-19 Special Education Preschool Grants | 84.173X | 1,417 |
| Total Special Education Cluster (IDEA) | | 1,287,819 |
| Student Support and Academic Enrichment Program: | | |
| Title IV, Part A | 84.424A | 76,258 |
| Stronger Connections Grant (SCG) | 84.424F | 32,258 |
| Total Student Support and Academic Enrichment Program | | 108,516 |
| English Language Acquisition State Grants | 84.365A | 14,668 |
| Improving Teacher Quality State Grants | 84.367A | 164,726 |
| Striving Readers Comprehensive Literacy Program | 84.371C | 428,175 |
| Education Stabilization Fund: | | |
| COVID-19 American Rescue Plan–Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U | 576,167 |
| Total U.S. Department of Education | | 3,349,414 |
| Total Federal Assistance | | \$ 6,385,747 |

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**NORTHMONT CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL 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 Northmont City School District (the District) under programs of the federal government for the fiscal 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 - 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 DISTRIBUTION PROGRAM

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

NOTE F - MATCHING REQUIREMENTS

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Northmont City School District
4001 Old Salem Road
Englewood, Ohio 45322

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 the Northmont City School District (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 December 30, 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 purpose 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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 30, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education
Northmont City School District
4001 Old Salem Road
Englewood, Ohio 45322

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Northmont City School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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 Auditors' 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 major federal program. 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

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.

Auditors' 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 a 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 Auditors' 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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 30, 2024

Northmont City School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I – Summary of Auditors’ Results

Financial Statements

| | |
|--|---------------|
| Type of auditors’ report issued: | Unmodified |
| Internal control over financial reporting: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified not considered to be material weakness(es)? | None reported |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|--|---------------|
| Internal control over major program: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified not considered to be material weakness(es)? | None reported |
| Type of auditors’ report issued on compliance for major federal program: | Unmodified |
| Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

Identification of major program:

ALN 84.010A - Title I Grants to Local Educational Agencies

Special Education Cluster:

ALN 84.027A – Special Education - Grants to States
ALN 84.027X – COVID-19 Special Education - Grants to States
ALN 84.173A – Special Education - Preschool Grants
ALN 84.173X – COVID-19 Special Education - Preschool Grants

Dollar threshold to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted



OHIO AUDITOR OF STATE KEITH FABER



NORTHMONT CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/18/2025

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

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