



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2023



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Board of Education
Northridge Local School District
2008 Timber Lane
Dayton, Ohio 45414

We have reviewed the *Independent Auditors' Report* of the Northridge Local School District, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2022 through June 30, 2023. 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 Northridge Local 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

February 05, 2024

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INDEPENDENT AUDITORS' REPORT

Board of Education
Northridge Local School District
2008 Timber Lane
Dayton, Ohio 45414

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 Northridge Local School District (the "District"), as of and for the year ended June 30, 2023, 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, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Elementary and Secondary School Emergency Fund 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* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 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 27, 2023 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 the District's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 27, 2023

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**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The management's discussion and analysis of the Northridge Local School District's (the "School District's") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- In total, net position of governmental activities increased \$3,086,730 which represents an increase of 7.27% from June 30, 2022's net position.
- General revenues accounted for \$23,729,194 in revenue or 65.44% of all revenues. Program specific revenues in the form of charges for services and sales, operating and capital grants and contributions accounted for \$12,534,500 or 34.56% of total revenues of \$36,263,694.
- The School District had \$33,176,964 in expenses related to governmental activities; \$12,534,500 of these expenses was offset by program specific charges for services, grants, or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$23,729,194 were adequate to provide for these programs.
- The School District's major governmental funds are the general fund and ESSER fund. The general fund had \$25,377,537 in revenues and other financing sources and \$24,869,328 in expenditures and other financing uses. During fiscal year 2023, the general fund's fund balance increased \$508,209 from a balance of \$15,389,787 to \$15,897,996.
- The ESSER fund had \$5,588,702 in revenues and \$6,387,294 in expenditures. During fiscal year 2023, the ESSER fund's fund balance decreased \$798,592 from a fund deficit of \$120,315 to a fund deficit balance of \$918,907.

Using these Basic Financial Statements

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Reporting the School District's Fiduciary Responsibilities

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in a custodial fund. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

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.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's net pension liability and net OPEB liability/asset.

The School District as a Whole

The table below provides a summary of the School District's net position at June 30, 2023 and June 30, 2022.

	Net Position	
	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
<u>Assets</u>		
Current and other assets	\$ 36,057,396	\$ 35,014,259
Net OPEB asset	2,232,316	1,752,255
Capital assets, net	<u>60,800,098</u>	<u>58,343,350</u>
Total assets	<u>99,089,810</u>	<u>95,109,864</u>
<u>Deferred outflows of resources</u>		
Unamortized deferred charges on debt refunding	1,035,093	1,074,276
Pension	6,411,566	5,833,793
OPEB	<u>522,718</u>	<u>596,808</u>
Total deferred outflows of resources	<u>7,969,377</u>	<u>7,504,877</u>
<u>Liabilities</u>		
Current liabilities	3,804,581	3,020,409
Long-term liabilities:		
Due within one year	853,494	769,942
Due in more than one year:		
Net pension liability	24,348,726	14,069,763
Net OPEB liability	1,373,890	1,816,265
Other amounts	<u>17,078,159</u>	<u>17,824,764</u>
Total liabilities	<u>47,458,850</u>	<u>37,501,143</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for the next fiscal year	6,967,471	6,378,751
Leases	1,033,362	1,070,713
Pension	2,534,500	11,966,335
OPEB	<u>3,499,309</u>	<u>3,218,834</u>
Total deferred inflows of resources	<u>14,034,642</u>	<u>22,634,633</u>
<u>Net Position</u>		
Net investment in capital assets	44,612,693	42,773,379
Restricted	7,720,708	7,525,696
Unrestricted (deficit)	<u>(6,767,706)</u>	<u>(7,820,110)</u>
Total net position	<u>\$ 45,565,695</u>	<u>\$ 42,478,965</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the School District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45,565,695. Of this total, a deficit balance of \$6,767,706 is reported as unrestricted.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

At year-end, capital assets represented 61.36% of total assets. Capital assets include land, construction in progress, land improvements, buildings and building improvements, furniture and equipment, and vehicles. Net investment in capital assets at June 30, 2023, was \$44,612,693. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the School District's net position, \$7,720,708 represents resources that are subject to external restriction on how they may be used.

The table below shows the change in net position for fiscal years 2023 and 2022.

	Change in Net Position	
	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 871,488	\$ 658,069
Operating grants and contributions	11,613,012	8,856,011
Capital grants and contributions	50,000	-
General revenues:		
Property taxes	7,640,425	10,143,379
Grants and entitlements not restricted to specific programs	15,048,308	14,685,450
Investment earnings	636,331	(231,464)
Other	<u>404,130</u>	<u>178,757</u>
Total revenues	<u>36,263,694</u>	<u>34,290,202</u>

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**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Change in Net Position (Continued)

	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 13,407,498	\$ 11,409,485
Special	3,899,373	5,523,192
Adult/continuing	26,941	-
Other	552,228	889,038
Support services:		
Pupil	3,596,575	2,407,631
Instructional staff	1,387,895	1,624,090
Board of education	68,870	48,070
Administration	3,158,301	2,576,611
Fiscal	662,512	592,173
Business	305,116	198,433
Operations and maintenance	2,062,946	2,329,581
Pupil transportation	1,275,758	1,269,112
Central	126,015	249,686
Operations of non-instructional services:		
Food service operations	1,348,048	1,151,025
Other non-instructional services	17,849	66,216
Extracurricular activities	834,249	854,458
Interest and fiscal charges	<u>446,790</u>	<u>481,004</u>
Total expenses	<u>33,176,964</u>	<u>31,669,805</u>
Change in net position	3,086,730	2,620,397
Net position at beginning of year	<u>42,478,965</u>	<u>39,858,568</u>
Net position at end of year	<u>\$ 45,565,695</u>	<u>\$ 42,478,965</u>

Governmental Activities

Net position of the School District's governmental activities increased \$3,086,730. Total governmental expenses of \$33,176,964 were offset by program revenues of \$12,534,500 and general revenues of \$23,729,194. Program revenues supported 37.78% of the total governmental expenses.

Overall, expenses of the governmental activities increased \$1,507,159 or 4.76%. This is primarily due to increased spending of COVID-19 related funding during fiscal year 2023.

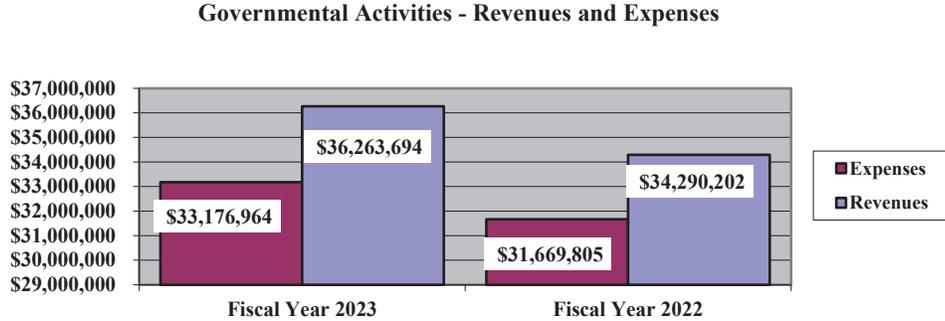
The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 62.57% of total governmental revenue.

The largest expense of the School District is for instructional programs. Instruction expenses totaled \$17,886,040 or 53.91% of total governmental expenses for fiscal year 2023.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The graph below presents the School District's governmental activities revenue and expenses for fiscal years 2023 and 2022.



The statement of activities shows the cost of program services and the charges for services and operating grants and contributions offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2023</u>	Net Cost of Services <u>2023</u>	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>
Program expenses				
Instruction:				
Regular	\$ 13,407,498	\$ 11,184,365	\$ 11,409,485	\$ 8,394,890
Special	3,899,373	1,536,313	5,523,192	3,343,707
Adult/continuing	26,941	26,941	-	-
Other	552,228	521,577	889,038	562,496
Support services:				
Pupil	3,596,575	2,920,106	2,407,631	1,757,390
Instructional staff	1,387,895	770,856	1,624,090	807,203
Board of education	68,870	65,679	48,070	48,070
Administration	3,158,301	2,375,616	2,576,611	1,857,933
Fiscal	662,512	662,512	592,173	592,173
Business	305,116	301,474	198,433	190,757
Operations and maintenance	2,062,946	(2,041,649)	2,329,581	2,244,094
Pupil transportation	1,275,758	1,036,490	1,269,112	1,112,630
Central	126,015	112,147	249,686	208,151
Operations of non-instructional services:				
Food service operations	1,348,048	(1,771)	1,151,025	(197,187)
Other non-instructional services	17,849	5,260	66,216	23,414
Extracurricular activities	834,249	719,758	854,458	729,000
Interest and fiscal charges	446,790	446,790	481,004	481,004
Total expenses	<u>\$ 33,176,964</u>	<u>\$ 20,642,464</u>	<u>\$ 31,669,805</u>	<u>\$ 22,155,725</u>

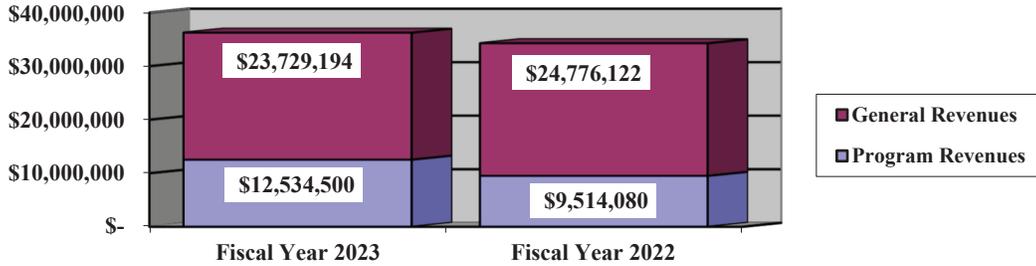
The dependence upon tax and other general revenues for governmental activities is apparent; 74.19% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 62.22%. The School District's taxpayers and State funding are the primary support for School District's students.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The graph below presents the School District's governmental activities revenue for fiscal years 2023 and 2022.

Governmental Activities - General and Program Revenues



The School District's Funds

The School District's governmental funds reported a combined fund balance of \$22,098,915 which is less than last year's total of \$22,335,198. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2023 and 2022.

	Fund Balance June 30, 2023	Fund Balance June 30, 2022	Change	Change
General	\$ 15,897,996	\$ 15,389,787	\$ 508,209	3.30 %
ESSER	(918,907)	(120,315)	(798,592)	(663.75) %
Nonmajor Governmental Funds	<u>7,119,826</u>	<u>7,065,726</u>	<u>54,100</u>	0.77 %
Total	<u>\$ 22,098,915</u>	<u>\$ 22,335,198</u>	<u>\$ (236,283)</u>	(1.06) %

General Fund

The School District's general fund balance increased \$508,209 or 3.30%.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2023 <u>Amount</u>	2022 <u>Amount</u>	Change	Percentage <u>Change</u>
<u>Revenues</u>				
Property taxes	\$ 7,021,321	\$ 8,577,835	\$ (1,556,514)	(18.15) %
Tuition and fees	606,326	412,871	193,455	46.86 %
Investment earnings	551,659	(241,264)	792,923	328.65 %
Intergovernmental	16,660,092	16,118,289	541,803	3.36 %
Miscellaneous	<u>474,881</u>	<u>258,528</u>	<u>216,353</u>	83.69 %
Total	<u>\$ 25,314,279</u>	<u>\$ 25,126,259</u>	<u>\$ 188,020</u>	0.75 %
<u>Expenditures</u>				
Instruction	\$ 14,350,532	\$ 14,465,166	\$ (114,634)	(0.79) %
Support services	9,960,591	8,656,511	1,304,080	15.06 %
Operation of non-instructional services	1,544	4,997	(3,453)	(69.10) %
Extracurricular activities	514,909	545,607	(30,698)	(5.63) %
Capital outlay	<u>1,741</u>	<u>5,920</u>	<u>(4,179)</u>	(70.59) %
Total	<u>\$ 24,829,317</u>	<u>\$ 23,678,201</u>	<u>\$ 1,151,116</u>	4.86 %

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Revenues of the general fund increased \$188,020 or 0.75%. The increases was primarily due to increased intergovernmental revenues and investment earnings. Intergovernmental revenues increased \$541,803 due to increased state funding in fiscal year 2023. Investment earnings increased due to a positive shift in the financial market during fiscal year 2023.

Expenditures of the general fund increased \$1,151,116 or 4.86%. The increase in support services are due to the additional use of grant revenues, related to COVID-19, to cover costs in fiscal year 2023.

ESSER Fund

The ESSER fund had \$5,588,702 in revenues and \$6,387,294 in expenditures. During fiscal year 2023, the ESSER fund balance decreased \$798,592 from a fund deficit of \$120,315 to a fund deficit balance of \$918,907 due to increased spending.

General Fund Budgeting Highlights

The School District's budget is prepared per Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

During fiscal year 2023, the School District did amend its general fund budgeted revenues. For the general fund, original and final budgeted revenues and other financing sources were \$24,944,706 and \$25,972,458, respectively. Actual revenues and other financing sources for fiscal year 2023 were \$26,003,322, which is \$30,864 more than final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures including other financing uses) were \$26,422,625 and the final appropriations were \$26,118,561. The actual budget basis expenditures for fiscal year 2023 totaled \$25,390,220, which was \$728,341 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the School District had \$60,800,098 invested in land, construction in progress, land improvements, buildings and building improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2023 balances compared to June 30, 2022:

**Capital Assets at June 30, 2023
(Net of Depreciation)**

	Governmental Activities	
	2023	2022
Land	\$ 1,966,576	\$ 1,966,576
Construction in progress	4,169,676	-
Land improvements	842,330	904,797
Building and building improvements	52,851,720	54,407,734
Furniture and equipment	675,887	671,358
Vehicles	293,909	392,885
Total	\$ 60,800,098	\$ 58,343,350

The overall increase in capital assets of \$2,456,748 is due to capital outlays of \$4,311,416 being greater than depreciation expense of \$1,854,668 in the current fiscal year.

See Note 8 to the basic financial statements for additional information on the School District's capital assets.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Debt Administration

At June 30, 2023, the School District had \$16,030,590 in general obligation bonds outstanding. Of this total, \$705,000 is due within one year and \$15,325,590 is due in more than one year. The following table summarizes the outstanding debt at year end.

Outstanding Debt, at Fiscal Year End

	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
School improvement bonds	\$ 16,030,590	\$ 16,761,173
Total	<u>\$ 16,030,590</u>	<u>\$ 16,761,173</u>

See Note 9 to the basic financial statements for additional information on the School District's long-term obligations.

Current Financial Issues and Concerns

The School District is proud of its community support of the public schools. The Board of Education and administration work together to provide a stable and safe environment for students to learn. The Board of Education recognizes the expectations of the community and has allocated the resources to meet these expectations.

The community overwhelmingly approved a bond issue in May of 2015 for the construction of a new PK-12 school building. The passage of the bond issue will help to solidify the financial stability of the School District going forward. It will alleviate the burden of costly repairs to older buildings and out of date designs. It will help to enhance the quality of teaching and learning and provide updated health and safety designs to aid in student achievement.

The Northridge Local School District has committed itself to financial excellence for many years. The School District's system of financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future and to provide the best educational opportunities to its children.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens taxpayers, and investors and creditors with a general overview of the School District's finances and to show that the School District is accountable for the money it receives. If you have questions about this report or need additional financial information contact Ms. Lori Green, Treasurer, at Northridge Local School District, 2008 Timber Lane, Dayton, Ohio 45414, or email at lgreen@northridgeschools.org.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 23,991,054
Receivables:	
Property taxes	9,280,202
Accounts	33,902
Accrued interest	69,012
Intergovernmental	1,555,332
Prepayments	42,238
Materials and supplies inventory	4,185
Inventory held for resale	6,336
Net OPEB asset	2,232,316
Lease receivable	1,075,135
Capital assets:	
Nondepreciable capital assets	6,136,252
Depreciable capital assets, net	54,663,846
Capital assets, net	60,800,098
Total assets	99,089,810
 Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	1,035,093
Pension	6,411,566
OPEB	522,718
Total deferred outflows of resources	7,969,377
 Liabilities:	
Accounts payable	43,064
Contracts payable	1,043,225
Retainage payable	270,910
Accrued wages and benefits payable	1,960,646
Intergovernmental payable	31,766
Pension and postemployment benefits payable	418,519
Accrued interest payable	36,451
Long-term liabilities:	
Due within one year	853,494
Due in more than one year:	
Net pension liability	24,348,726
Net OPEB liability	1,373,890
Other amounts due in more than one year	17,078,159
Total liabilities	47,458,850
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	6,967,471
Leases	1,033,362
Pension	2,534,500
OPEB	3,499,309
Total deferred inflows of resources	14,034,642
 Net position:	
Net investment in capital assets	44,612,693
Restricted for:	
Capital projects	3,685,908
OPEB plan	506,768
Classroom facilities maintenance	824,841
Debt service	1,509,776
State funded programs	8,692
Federally funded programs	1
Food service operations	1,008,124
Student activities	120,851
Other purposes	55,747
Unrestricted (deficit)	(6,767,706)
Total net position	\$ 45,565,695

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

			Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities
Governmental activities:						
Instruction:						
Regular	\$ 13,407,498	\$ 162,448	\$ 2,010,685	\$ 50,000		\$ (11,184,365)
Special	3,899,373	440,132	1,922,928	-		(1,536,313)
Adult/continuing	26,941	-	-	-		(26,941)
Other	552,228	-	30,651	-		(521,577)
Support services:						
Pupil	3,596,575	-	676,469	-		(2,920,106)
Instructional staff	1,387,895	-	617,039	-		(770,856)
Board of education	68,870	-	3,191	-		(65,679)
Administration	3,158,301	-	782,685	-		(2,375,616)
Fiscal	662,512	-	-	-		(662,512)
Business	305,116	-	3,642	-		(301,474)
Operations and maintenance	2,062,946	54,517	4,050,078	-		2,041,649
Pupil transportation	1,275,758	3,746	235,522	-		(1,036,490)
Central	126,015	-	13,868	-		(112,147)
Operation of non-instructional services:						
Food service operations	1,348,048	103,854	1,245,965	-		1,771
Other non-instructional services	17,849	-	12,589	-		(5,260)
Extracurricular activities	834,249	106,791	7,700	-		(719,758)
Interest and fiscal charges	446,790	-	-	-		(446,790)
Totals	\$ 33,176,964	\$ 871,488	\$ 11,613,012	\$ 50,000		(20,642,464)
General revenues:						
Property taxes levied for:						
						6,556,292
						1,023,755
						60,378
						15,048,308
						636,331
						404,130
						23,729,194
						3,086,730
						42,478,965
						\$ 45,565,695

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Elementary and Secondary School Emergency	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 16,737,971	\$ 256,384	\$ 6,944,062	\$ 23,938,417
Receivables:				
Property taxes	7,887,752	-	1,392,450	9,280,202
Accounts	33,902	-	-	33,902
Accrued interest	69,012	-	-	69,012
Interfund loans	327,823	-	-	327,823
Intergovernmental	32,541	1,180,021	342,770	1,555,332
Prepayments	41,828	-	410	42,238
Materials and supplies inventory	-	-	4,185	4,185
Inventory held for resale	-	-	6,336	6,336
Due from other funds	15,553	-	-	15,553
Lease receivable	1,075,135	-	-	1,075,135
Restricted assets:				
Equity in pooled cash and cash equivalents	52,637	-	-	52,637
Total assets	<u>\$ 26,274,154</u>	<u>\$ 1,436,405</u>	<u>\$ 8,690,213</u>	<u>\$ 36,400,772</u>
Liabilities:				
Accounts payable	\$ 42,434	\$ 91	\$ 539	\$ 43,064
Contracts payable	-	1,043,225	-	1,043,225
Retainage payable	-	270,910	-	270,910
Accrued wages and benefits payable	1,647,602	153,875	159,169	1,960,646
Compensated absences payable	50,107	-	2,865	52,972
Intergovernmental payable	28,283	1,552	1,931	31,766
Pension and postemployment benefits payable	393,740	14,614	10,165	418,519
Interfund loans payable	-	223,048	104,775	327,823
Due to other funds	-	-	15,553	15,553
Total liabilities	<u>2,162,166</u>	<u>1,707,315</u>	<u>294,997</u>	<u>4,164,478</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	5,912,839	-	1,054,632	6,967,471
Delinquent property tax revenue not available	1,214,105	-	219,133	1,433,238
Intergovernmental revenue not available	-	647,997	1,625	649,622
Accrued interest not available	53,686	-	-	53,686
Leases	1,033,362	-	-	1,033,362
Total deferred inflows of resources	<u>8,213,992</u>	<u>647,997</u>	<u>1,275,390</u>	<u>10,137,379</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	4,185	4,185
Prepays	41,828	-	410	42,238
Unclaimed funds	784	-	-	784
Restricted:				
Debt service	-	-	1,429,879	1,429,879
Capital improvements	-	-	3,685,908	3,685,908
Classroom facilities maintenance	-	-	813,418	813,418
Food service operations	-	-	1,056,908	1,056,908
State funded programs	-	-	8,692	8,692
Federally funded programs	-	-	1	1
Extracurricular	-	-	120,851	120,851
Set asides	52,637	-	-	52,637
Other purposes	-	-	2,326	2,326
Assigned:				
Student instruction	183,820	-	-	183,820
Student and staff support	100,130	-	-	100,130
Extracurricular activities	3,478	-	-	3,478
Facilities acquisition and construction	49	-	-	49
Subsequent year's appropriations	1,458,926	-	-	1,458,926
Unassigned (deficit)	<u>14,056,344</u>	<u>(918,907)</u>	<u>(2,752)</u>	<u>13,134,685</u>
Total fund balances (deficit)	<u>15,897,996</u>	<u>(918,907)</u>	<u>7,119,826</u>	<u>22,098,915</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 26,274,154</u>	<u>\$ 1,436,405</u>	<u>\$ 8,690,213</u>	<u>\$ 36,400,772</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Total governmental fund balances		\$	22,098,915
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			60,800,098
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,433,238	
Accrued interest receivable		53,686	
Intergovernmental receivable		649,622	
Total		649,622	2,136,546
Unamortized premiums on bonds issued are not recognized in the funds.			(1,699,725)
Unamortized amounts on refundings are not recognized in the funds.			1,035,093
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(36,451)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		6,411,566	
Deferred inflows - pension		(2,534,500)	
Net pension liability		(24,348,726)	
Deferred outflows - OPEB		522,718	
Deferred inflows - OPEB		(3,499,309)	
Net OPEB asset		2,232,316	
Net OPEB liability		(1,373,890)	
Total		(22,589,825)	(22,589,825)
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		(14,185,000)	
Capital appreciation bonds		(115,000)	
Accretion on capital appreciation bonds		(30,865)	
Compensated absences		(1,848,091)	
Total		(16,178,956)	(16,178,956)
Net position of governmental activities		<u>\$</u>	<u>45,565,695</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Elementary and Secondary School Emergency</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 7,021,321	\$ -	\$ 1,175,724	\$ 8,197,045
Intergovernmental	16,660,092	5,588,702	4,030,773	26,279,567
Investment earnings	551,659	-	49,830	601,489
Tuition and fees	606,326	-	-	606,326
Extracurricular	16,234	-	90,377	106,611
Rental income	54,517	-	-	54,517
Charges for services	-	-	104,034	104,034
Contributions and donations	11,544	-	13,801	25,345
Miscellaneous	392,586	-	-	392,586
Total revenues	<u>25,314,279</u>	<u>5,588,702</u>	<u>5,464,539</u>	<u>36,367,520</u>
Expenditures:				
Current:				
Instruction:				
Regular	10,684,843	1,171,176	859,313	12,715,332
Special	3,117,258	361,324	376,478	3,855,060
Adult/continuing	26,941	-	-	26,941
Other	521,490	15,022	14,913	551,425
Support services:				
Pupil	2,908,509	114,723	514,863	3,538,095
Instructional staff	709,877	60,886	557,220	1,327,983
Board of education	42,125	3,282	-	45,407
Administration	2,229,557	507,578	285,996	3,023,131
Fiscal	636,420	-	27,604	664,024
Business	295,829	-	5,000	300,829
Operations and maintenance	1,933,313	4,133,921	177,055	6,244,289
Pupil transportation	1,093,180	4,301	1,567	1,099,048
Central	111,781	14,263	-	126,044
Operation of non-instructional services:				
Food service operations	-	-	1,343,325	1,343,325
Other non-instructional services	1,544	818	15,487	17,849
Extracurricular activities	514,909	-	49,392	564,301
Facilities acquisition and construction	1,741	-	18,733	20,474
Debt service:				
Principal retirement	-	-	675,000	675,000
Interest and fiscal charges	-	-	465,246	465,246
Total expenditures	<u>24,829,317</u>	<u>6,387,294</u>	<u>5,387,192</u>	<u>36,603,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>484,962</u>	<u>(798,592)</u>	<u>77,347</u>	<u>(236,283)</u>
Other financing sources (uses):				
Transfers in	63,258	-	40,011	103,269
Transfers (out)	(40,011)	-	(63,258)	(103,269)
Total other financing sources (uses)	<u>23,247</u>	<u>-</u>	<u>(23,247)</u>	<u>-</u>
Net change in fund balances	508,209	(798,592)	54,100	(236,283)
Fund balances (deficit) at beginning of year	<u>15,389,787</u>	<u>(120,315)</u>	<u>7,065,726</u>	<u>22,335,198</u>
Fund balances (deficit) at end of year	<u>\$ 15,897,996</u>	<u>\$ (918,907)</u>	<u>\$ 7,119,826</u>	<u>\$ 22,098,915</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds	\$	(236,283)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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.		
Capital asset additions	\$ 4,311,416	
Current year depreciation	<u>(1,854,668)</u>	
Total		2,456,748
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(556,620)	
Earnings on investments	34,842	
Intergovernmental	<u>417,952</u>	
Total		(103,826)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		675,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	2,056	
Accreted interest on capital appreciation bonds	(12,659)	
Amortization of bond premiums	68,242	
Amortization of deferred charges	<u>(39,183)</u>	
Total		18,456
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,304,773	
OPEB	<u>54,670</u>	
Total		2,359,443
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(2,574,128)	
OPEB	<u>513,201</u>	
Total		(2,060,927)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(21,881)</u>
Change in net position of governmental activities	\$	<u>3,086,730</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 7,149,036	\$ 7,443,584	\$ 7,443,584	\$ -
Intergovernmental	15,991,624	16,650,499	16,636,804	(13,695)
Investment earnings	499,648	520,234	571,613	51,379
Tuition and fees	584,263	608,335	606,326	(2,009)
Rental income	94,458	98,350	98,350	-
Contributions and donations	480	500	500	-
Miscellaneous	381,347	397,059	392,248	(4,811)
Total revenues	<u>24,700,856</u>	<u>25,718,561</u>	<u>25,749,425</u>	<u>30,864</u>
Expenditures:				
Current:				
Instruction:				
Regular	11,477,231	11,343,386	10,617,696	725,690
Special	2,564,446	2,531,142	3,452,108	(920,966)
Adult/continuing	25,280	25,000	25,000	-
Other	545,168	539,139	539,987	(848)
Support services:				
Pupil	3,768,120	3,726,450	2,837,332	889,118
Instructional staff	673,260	665,815	692,713	(26,898)
Board of education	38,021	37,601	43,510	(5,909)
Administration	2,118,239	2,094,814	2,147,813	(52,999)
Fiscal	613,588	606,803	626,401	(19,598)
Business	310,778	307,341	292,449	14,892
Operations and maintenance	2,176,940	2,152,866	1,984,190	168,676
Pupil transportation	1,095,861	1,083,742	1,119,085	(35,343)
Central	119,937	118,611	120,525	(1,914)
Operation of non-instructional services				
Other non-instructional services	1,618	1,600	2,473	(873)
Extracurricular activities	521,610	515,842	519,314	(3,472)
Facilities acquisition and construction	1,810	1,790	1,790	-
Total expenditures	<u>26,051,907</u>	<u>25,751,942</u>	<u>25,022,386</u>	<u>729,556</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,351,051)</u>	<u>(33,381)</u>	<u>727,039</u>	<u>760,420</u>
Other financing sources (uses):				
Refund of prior year's expenditures	3,561	3,708	3,708	-
Transfers in	60,755	63,258	63,258	-
Transfers (out)	(40,458)	(40,011)	(40,011)	-
Advances in	179,534	186,931	186,931	-
Advances (out)	(330,260)	(326,608)	(327,823)	(1,215)
Total other financing sources (uses)	<u>(126,868)</u>	<u>(112,722)</u>	<u>(113,937)</u>	<u>(1,215)</u>
Net change in fund balance	(1,477,919)	(146,103)	613,102	759,205
Fund balance at beginning of year	15,482,848	15,482,848	15,482,848	-
Prior year encumbrances appropriated	818,924	818,924	818,924	-
Fund balance at end of year	<u>\$ 14,823,853</u>	<u>\$ 16,155,669</u>	<u>\$ 16,914,874</u>	<u>\$ 759,205</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 11,006,477	\$ 13,338,872	\$ 5,589,537	\$ (7,749,335)
Total revenue	<u>11,006,477</u>	<u>13,338,872</u>	<u>5,589,537</u>	<u>(7,749,335)</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,055,022	1,462,434	1,277,322	185,112
Special	320,889	407,162	388,502	18,660
Other	14,323	82,209	17,341	64,868
Support services:				
Pupil	103,120	137,246	124,848	12,398
Instructional staff	61,641	91,515	74,629	16,886
Board of education	2,711	14,762	3,282	11,480
Administration	437,086	510,188	529,183	(18,995)
Operations and maintenance	6,886,899	8,034,895	8,338,012	(303,117)
Pupil transportation	6,785	7,915	8,215	(300)
Central	14,829	18,684	17,953	731
Operation of non-instructional services:				
Other non-instructional services	1,626	1,897	1,969	(72)
Total expenditures	<u>8,904,931</u>	<u>10,768,907</u>	<u>10,781,256</u>	<u>(12,349)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,101,546</u>	<u>2,569,965</u>	<u>(5,191,719)</u>	<u>(7,761,684)</u>
Other financing sources (uses):				
Advances in	223,048	223,048	223,048	-
Advances (out)	(98,622)	(115,048)	(119,402)	(4,354)
Total other financing sources (uses)	<u>124,426</u>	<u>108,000</u>	<u>103,646</u>	<u>(4,354)</u>
Net change in fund balance	2,225,972	2,677,965	(5,088,073)	(7,766,038)
Fund balance (deficit) at beginning of year	(572,571)	(572,571)	(572,571)	-
Prior year encumbrances appropriated	380,758	380,758	380,758	-
Fund balance (deficit) at end of year	<u>\$ 2,034,159</u>	<u>\$ 2,486,152</u>	<u>\$ (5,279,886)</u>	<u>\$ (7,766,038)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2023

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 23,554
Total assets	<u>23,554</u>
Net position:	
Restricted for individuals, organizations and other governments	<u>23,554</u>
Total net position	<u>\$ 23,554</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Custodial
Additions:	
Contributions and donations	\$ 3,380
Extracurricular	165
Total additions	3,545
Deductions:	
Distributions as fiscal agent	909
Total deductions	909
Change in net position	2,636
Net position at beginning of year	20,918
Net position at end of year	\$ 23,554

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The School District was established in 1931 through the consolidation of existing land areas and school districts. The School District serves an area of approximately seven square miles. It is located in Montgomery County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 School District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's Governing Board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; or (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the School District has no component units. The basic financial statements of the reporting entity include only those of the School District (the primary government).

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium. META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs. The governing board of META consists of a president, vice president and six board members who represent the members of META. The Board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School paid META \$34,439 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Southwestern Ohio Educational Purchasing Council

The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 153 school districts in 18 counties. The purpose of SOEPC 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. Any district withdrawing from the SOEPC forfeits 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 during the one-year period. The Board exercises total control over the operations of SOEPC including budgeting, appropriating, contracting and designating management. The School District did not contribute financially to this organization during fiscal year 2023. Each school district's degree of control is limited to its representation on the Board. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Miami Valley Career Technology Center

The Miami Valley Career Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the nine participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following city and/or exempted village school districts: Miamisburg, Milton-Union, Vandalia, Tipp City, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center, and one is appointed from the Miami County Educational Service Center. The Board exercises total control over the operations of the Career Technology Center including budgeting, appropriating, contracting and designating management. Each school district's degree of control is limited to its representation on the Board. The School District did not contribute financially to this organization during fiscal year 2023. To obtain financial information, write to the Miami Valley Career Technology Center, Brad McKee, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

PUBLIC ENTITY RISK POOLS

Shared Risk Pool

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust

The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of 55 school districts. The Trust 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 participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center, and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program

The School District participates in the Southwestern Ohio Educational Purchasing Council Liability, Fleet and Property Program (LFP). The LFP's business and affairs are conducted by a six-member committee consisting of various LFP representatives that are elected by the general assembly. The purpose of the Property, Fleet, and Liability Program of the SOEPC is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections for participants.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The School District has no proprietary funds.

GOVERNMENTAL FUNDS

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

The following are the School District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Elementary and Secondary School Emergency fund - To provide emergency relief grants to school districts related to the COVID-19 pandemic. Restrictions include, but are not limited to, providing for coordination of preparedness and response efforts, training and professional development of staff, planning and coordination during long-term closure, and purchasing technology for students.

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's custodial fund primarily accounts for the School District's Hall of Fame fund.

C. Basis of Presentation and Measurement Focus

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

The 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 School 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 or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the School District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

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

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

The custodial fund is reported using the economic resources measurement focus.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will 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. See Notes 12 and 13 for deferred outflows of resources related to net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge 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.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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 (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the 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. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

See Notes 12 and 13 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgetary Process

All funds, other than the custodial fund, are legally required to be budgeted and appropriated. The major documents prepared are the appropriation resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been given the authority to allocate the Board's appropriations to the function and object level.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted.

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

F. Cash and Cash Equivalents

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

During fiscal year 2023, the School District invested in commercial paper, federal agency securities, negotiable certificates of deposit, U.S. Treasury bills and notes, U.S. government money market accounts and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments, except for STAR Ohio, are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price.

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2023 amounted to \$551,659, including \$136,431 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the School District's investment account at fiscal year-end is provided in Note 4.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or are imposed by law through constitutional provisions. Restricted assets in the general fund represent cash and cash equivalents legally required by statute to be set aside by the School District to create a reserve for budget stabilization.

H. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

I. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their fair value. Inventories are recorded on a first-in, first-out basis and are expensed/expended when used. Inventories are accounted for using the consumption method which means that the costs of inventory items are recorded as an expenditure in the governmental funds when consumed.

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

Inventory consists of expendable supplies held for consumption, donated food, purchased food and non-food supplies.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

J. Capital Assets

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

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 value as of the date received. The School District’s capitalization threshold is \$1,500 for general capital assets. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All reported capital assets except 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:

Description	Governmental Activities Estimated Lives
Land improvements	15 - 20 years
Buildings and improvements	20 - 40 years
Furniture and equipment	6 - 15 years
Vehicles	8 years

K. Bond Issuance Cost/Unamortized Bond Premium and Discount/Unamortized Deferred Charges on Debt Refunding

On fund financial statements and the government-wide financial statements, issuance costs are expensed/expended in the fiscal year they occur.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources on the statement of net position.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period.

L. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables.” Interfund loans that are used to cover negative cash balances are classified as “due to/from other funds”. These amounts are eliminated in the governmental activities column on the statement of net position.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

M. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, “Accounting for Compensated Absences.” Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the “vesting method.” A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. The School District records a liability for accumulated unused sick leave for all employees after 10 years of current service with the School District.

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.

N. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and 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 year. Bonds and loans are recognized on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net pension is not sufficient for payment of those benefits.

O. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

P. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Estimates

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

R. Interfund Activity

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

Interfund activity between governmental funds is eliminated in the statement of activities.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

T. Fair Value

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2023, the School District has implemented GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription Based Information Technology Arrangements", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

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

B. Deficit Fund Balances

Fund balances at June 30, 2023 included the following individual fund deficits in the nonmajor governmental funds:

<u>Nonmajor funds</u>	<u>Deficit</u>
IDEA Part B	\$ 313
School Improvement Stimulus A	732
Title I	1,707

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all School District deposits was \$587,388 and the bank balance of all School District deposits was \$1,143,456. Of the bank balance, \$453,379 was covered by the FDIC and \$690,077 was potentially exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. For fiscal year 2023, some of the School District's financial institutions were approved for a reduced collateral rate of 60 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of June 30, 2023, the School District had the following investments and maturities:

Measurement/ Investment type	Measurement Value	6 months or less	Investment Maturities			
			7 to 12 months	13 to 18 months	19 to 24 months	Greater than months
<i>Fair value:</i>						
Commercial paper	\$ 3,599,350	\$ 2,785,016	\$ 814,334	\$ -	\$ -	\$ -
FFCB	256,821	-	-	122,180	-	134,641
FHLB	1,814,648	-	424,868	1,013,998	-	375,782
FHLMC	1,821,271	1,075,032	-	-	-	746,239
Negotiable CDs	6,790,871	-	2,312,934	1,728,314	1,697,098	1,052,525
U.S. Treasury bills & notes	260,114	260,114	-	-	-	-
U.S. Government money market	1,069,161	1,069,161	-	-	-	-
<i>Amortized cost:</i>						
STAR Ohio	7,814,984	7,814,984	-	-	-	-
Total	\$ 23,427,220	\$ 13,004,307	\$ 3,552,136	\$ 2,864,492	\$ 1,697,098	\$ 2,309,187

The weighted average of maturity of investments is 0.71 years.

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

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that, to the extent possible, investments will match anticipated cash flow requirements. No investment shall be made unless the Treasurer, at the time of making the investment, reasonably expects it can be held to its maturity. Unless matched to a specific obligation or debt of the School District, the School District will not directly invest in securities maturing more than five years from the date of investment.

Credit Risk: The School District's investment policy limits investments to those authorized by State statute, which restricts investments to those that are highly rated or issued by United States Government sponsored enterprises. The School District's investments in commercial paper and U.S. Treasury Notes were rated P-1 by Moody's Investor Services and A-1 or A-1+ by Standard & Poor's. The School District investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard and Poor's has assigned STAR Ohio and the U.S. government money market accounts an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized rating agency. The School District's investments in negotiable CD's are not rated as they are fully covered by FDIC.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2023:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair value:</i>		
Commercial paper	\$ 3,599,350	15.36%
FFCB	256,821	1.10%
FHLB	1,814,648	7.75%
FHLMC	1,821,271	7.77%
Negotiable CDs	6,790,871	28.99%
U.S. Treasury bills & notes	260,114	1.11%
U.S. Government money market	1,069,161	4.56%
<i>Amortized cost:</i>		
STAR Ohio	<u>7,814,984</u>	<u>33.36%</u>
Total	<u>\$ 23,427,220</u>	<u>100.00%</u>

C. Reconciliation of Cash and Investments to the Financial Statements

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the financial statements as of June 30, 2023:

Cash and investments per note

Carrying amount of deposits	\$ 587,388
Investments	<u>23,427,220</u>
Total	<u>\$ 24,014,608</u>

Cash and investments per financial statements

Governmental activities	\$ 23,991,054
Custodial	<u>23,554</u>
Total	<u>\$ 24,014,608</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund loans receivable/payable consisted of the following at June 30, 2023, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	ESSER	\$ 223,048
General fund	Nonmajor governmental funds	<u>104,775</u>
	Total	<u>\$ 327,823</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund loans between governmental funds have been eliminated on the government-wide basic financial statements.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Interfund balances consisted of the following due to/from other funds at June 30, 2023, as reported on the fund statements:

<u>Due to the general fund from:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ <u>15,553</u>

The primary purpose of the interfund loans due to the general fund is to cover negative cash balances in the nonmajor governmental funds. These negative cash balances are allowable under Ohio Revised Code Section 3315.20. The interfund balance will be repaid once the anticipated revenues are received.

Amounts due to/from other funds between governmental funds are eliminated on the government-wide financial statements.

- C.** Interfund transfers for the year ended June 30, 2023, consisted of the following, as reported on the fund financial statements:

<u>Transfer from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 40,011
<u>Transfer from nonmajor governmental fund to:</u>	
General fund	<u>63,258</u>
Total	\$ <u>103,269</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide financial statements. All transfers were in compliance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed values as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Public utility real and personal property taxes received in calendar year 2023 became a lien on December 31, 2021, were levied after April 1, 2022, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 6 - PROPERTY TAXES - (Continued)

The School District receives property taxes from Montgomery County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available as an advance at June 30, 2023 was \$760,808 in the general fund, \$112,299 in the bond retirement fund and \$6,386 in the classroom facility maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2022 was \$1,183,072 in the general fund, \$191,373 in the bond retirement fund and \$10,207 in the classroom facility maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2023 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2023 taxes were collected are:

	2022 Second Half Collections		2023 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 146,030,890	96.02	\$ 148,939,320	95.86
Public utility personal	<u>6,045,640</u>	<u>3.98</u>	<u>6,434,450</u>	<u>4.14</u>
Total	<u>\$ 152,076,530</u>	<u>100.00</u>	<u>\$ 155,373,770</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$76.34		\$76.34	

NOTE 7 - RECEIVABLES

A. Governmental Activities

Receivables at June 30, 2023 consisted of property taxes, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$ 9,280,202
Accounts	33,902
Accrued interest	69,012
Intergovernmental	<u>1,555,332</u>
Total	<u>\$ 10,938,448</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 7 – RECEIVABLES - (Continued)

B. Leases Receivable

The School District is reporting leases receivable of \$1,075,135 in the general fund. For fiscal year 2023, the School District recognized lease revenue of \$11,165, which is reported in rental income, and interest revenue of \$35,714.

The School District has entered into lease agreements for building space rental with terms as follows:

<u>Company</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Montgomery County ESC	2021	30	2051	Monthly

Lease payments will be paid into the general fund. The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 12,533	\$ 35,467	\$ 48,000
2025	13,946	35,054	49,000
2026	15,406	34,594	50,000
2027	16,915	34,085	51,000
2028	18,473	33,527	52,000
2029 - 2033	117,592	157,408	275,000
2034 - 2038	165,016	134,984	300,000
2039 - 2043	220,794	104,206	325,000
2044 - 2048	286,401	63,599	350,000
2049 - 2052	208,059	13,941	222,000
Total	<u>\$ 1,075,135</u>	<u>\$ 646,865</u>	<u>\$ 1,722,000</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance			Balance
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2023</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,966,576	\$ -	\$ -	\$ 1,966,576
Construction in progress	-	4,169,676	-	4,169,676
Total capital assets, not being depreciated	<u>1,966,576</u>	<u>4,169,676</u>	<u>-</u>	<u>6,136,252</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,648,607	32,500	-	2,681,107
Building and improvements	70,737,237	24,459	-	70,761,696
Furniture and equipment	5,505,646	84,781	-	5,590,427
Vehicles	1,857,802	-	-	1,857,802
Total capital assets, being depreciated	<u>80,749,292</u>	<u>141,740</u>	<u>-</u>	<u>80,891,032</u>
<i>Accumulated depreciation:</i>				
Land improvements	(1,743,810)	(94,967)	-	(1,838,777)
Building and improvements	(16,329,503)	(1,580,473)	-	(17,909,976)
Furniture and equipment	(4,834,288)	(80,252)	-	(4,914,540)
Vehicles	(1,464,917)	(98,976)	-	(1,563,893)
Total accumulated depreciation	<u>(24,372,518)</u>	<u>(1,854,668)</u>	<u>-</u>	<u>(26,227,186)</u>
Total governmental activities capital assets, net	<u>\$ 58,343,350</u>	<u>\$ 2,456,748</u>	<u>\$ -</u>	<u>\$ 60,800,098</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 794,993
Special	153,717
Other	1,094
<u>Support services:</u>	
Pupil	70,032
Instructional staff	56,017
Board of education	23,750
Administration	125,382
Fiscal	392
Operations and maintenance	103,051
Pupil transportation	189,449
Central	117
<u>Operation of noninstructional services:</u>	
Food service operations	47,243
Extracurricular activities	289,431
Total depreciation expense	<u>\$ 1,854,668</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2023, the following changes occurred in governmental activities long-term obligations.

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due in One Year
Governmental activities:					
General obligation bonds:					
2015 school improvement bonds:					
Current interest bonds	\$ 2,930,000	\$ -	\$ (150,000)	\$ 2,780,000	\$ 155,000
Premium on bonds	98,720	-	(7,358)	91,362	-
2021 school improvement refunding bonds:					
Current interest bonds	11,930,000	-	(525,000)	11,405,000	550,000
Capital appreciation bonds	115,000	-	-	115,000	-
Accreted interest	18,206	12,659	-	30,865	-
Premium on bonds	1,669,247	-	(60,884)	1,608,363	-
Total general obligation bonds	<u>16,761,173</u>	<u>12,659</u>	<u>(743,242)</u>	<u>16,030,590</u>	<u>705,000</u>
Other long-term obligations:					
Net pension liability	14,069,763	10,278,963	-	24,348,726	-
Net OPEB liability	1,816,265	-	(442,375)	1,373,890	-
Compensated absences	1,833,533	162,472	(94,942)	1,901,063	148,494
Total governmental activities long-term liabilities	<u>\$ 34,480,734</u>	<u>\$ 10,454,094</u>	<u>\$ (1,280,559)</u>	<u>\$ 43,654,269</u>	<u>\$ 853,494</u>

Detail on the net pension liability and OPEB liability/asset can be found in Notes 12 and 13, respectively. The School District pays obligations related to employee compensation from the fund benefitting from their services.

Compensated absences will be paid from the fund from which the employee is paid, primarily the general fund and food service fund (a nonmajor governmental fund).

2015 School Improvement Bonds

On October 7, 2015, Northridge Local School District issued \$13,680,000 in school improvement bonds. These bonds were issued for a 34-year period with final maturity on December 1, 2049. The bonds were issued for the construction, improvements and renovations to the school facilities. The bonds have a variable interest rate from 2.00%-5.00%. The bonds maturing on December 1, 2035 and thereafter are subject to a mandatory sinking fund redemption price of 100 percent of the principal amount plus accrued interest to the date of redemption. The bonds will be paid from the bond retirement fund with property tax revenues.

On February 10, 2021, the School District issued \$12,200,000 (2021 school improvement refunding bonds) to refund a portion of the 2015 school improvement bonds. This refunded debt is considered defeased (in-substance) and accordingly has been removed from the statement of net position.

2021 School Improvement Refunding Bonds

On February 10, 2021, the School District issued general obligation bonds to refund a portion of the 2012 school improvement refunding bonds and a portion of the 2015 school improvement bonds. The issuance proceeds of \$13,734,120 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The 2021 refunding issue is comprised of both current interest bonds, par value \$12,085,000, and capital appreciation bonds, par value \$115,000. The interest rate on the current interest bonds ranges from 2.37%-4.00%. The capital appreciation bonds mature on December 1, 2035 (approximate initial offering yield to maturity 2.94%), December 1, 2036 (approximate initial offering yield to maturity 3.04%), December 1, 2037 (approximate initial offering yield to maturity 3.10%), and December 1, 2038 (approximate initial offering yield to maturity 3.15%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,180,000. A total of \$30,865 in accreted interest on the capital appreciation bonds has been included on the statement of net position at June 30, 2023. The bonds will be retired through the bond retirement fund with property tax revenues.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,128,153. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt

Interest payments on the current interest bonds are due June 1 and December 1 each year. The final maturity stated on the issue is December 1, 2049.

B. Principal and interest requirements to retire general obligation debt outstanding at June 30, 2023, are as follows:

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 705,000	\$ 438,396	\$ 1,143,396	\$ -	\$ -	\$ -
2025	760,000	409,097	1,169,097	-	-	-
2026	785,000	378,195	1,163,195	-	-	-
2027	820,000	346,096	1,166,096	-	-	-
2028	380,000	323,345	703,345	-	-	-
2029 - 2033	2,170,000	1,406,351	3,576,351	-	-	-
2034 - 2038	1,025,000	1,088,628	2,113,628	90,000	1,540,000	1,630,000
2039 - 2043	2,390,000	931,382	3,321,382	25,000	525,000	550,000
2044 - 2048	3,535,000	488,900	4,023,900	-	-	-
2049 - 2050	1,615,000	46,332	1,661,332	-	-	-
Total	<u>\$ 14,185,000</u>	<u>\$ 5,856,722</u>	<u>\$ 20,041,722</u>	<u>\$ 115,000</u>	<u>\$ 2,065,000</u>	<u>\$ 2,180,000</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2023, are a voted debt margin of \$1,113,518 (including available funds of \$1,429,879), and an unvoted debt margin of \$155,374.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 10 - OTHER EMPLOYEE BENEFITS

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 400 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 95 days for all employees.

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District contracted with the Southwestern Ohio Educational Purchasing Council Liability, Fleet, and Property Program for general liability, property, and fleet insurance.

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

B. Medical Benefits

The School District participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust), a public entity shared risk pool consisting of fifty-five school districts. The School District pays monthly premiums to the Trust for employee medical, dental, life, and vision insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance or the Directors have the right to hold monies for an exiting school district subsequent to the settlement of all expenses and claims.

C. Workers' Compensation

The School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience, and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Corporation provides administrative, cost control, and actuarial services to the GRP.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures. The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included in pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the School District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$548,460 for fiscal year 2023. Of this amount, \$39,164 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2023 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,756,313 for fiscal year 2023. Of this amount, \$317,956 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.093333000%	0.083107540%	
Proportion of the net pension liability current measurement date	<u>0.095838400%</u>	<u>0.086212020%</u>	
Change in proportionate share	<u>0.002505400%</u>	<u>0.003104480%</u>	
Proportionate share of the net pension liability	\$ 5,183,686	\$ 19,165,040	\$ 24,348,726
Pension expense	\$ 157,846	\$ 2,416,282	\$ 2,574,128

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 209,944	\$ 245,340	\$ 455,284
Net difference between projected and actual earnings on pension plan investments	-	666,900	666,900
Changes of assumptions	51,148	2,293,480	2,344,628
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	95,963	544,018	639,981
Contributions subsequent to the measurement date	<u>548,460</u>	<u>1,756,313</u>	<u>2,304,773</u>
Total deferred outflows of resources	<u>\$ 905,515</u>	<u>\$ 5,506,051</u>	<u>\$ 6,411,566</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 34,030	\$ 73,311	\$ 107,341
Net difference between projected and actual earnings on pension plan investments	180,887	-	180,887
Changes of assumptions	-	1,726,330	1,726,330
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>134,289</u>	<u>385,653</u>	<u>519,942</u>
Total deferred inflows of resources	<u>\$ 349,206</u>	<u>\$ 2,185,294</u>	<u>\$ 2,534,500</u>

\$2,304,773 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$ (64,143)	\$ 186,408	\$ 122,265
2025	29,788	(57,097)	(27,309)
2026	(258,399)	(508,514)	(766,913)
2027	300,603	1,943,647	2,244,250
Total	\$ 7,849	\$ 1,564,444	\$ 1,572,293

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.00%. 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 earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 7,630,139	\$ 5,183,686	\$ 3,122,583

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio’s investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

- The following table represents the net pension liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 28,951,399	\$ 19,165,040	\$ 10,888,811

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what effect this change will have on the net pension liability.

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 12 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. 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 2023, the School District's surcharge obligation was \$54,670.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$54,670 for fiscal year 2023. Of this amount, \$54,670 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The net OPEB liability/asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability/asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.095967600%	0.083107540%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.097854700%</u>	<u>0.086212020%</u>	
Change in proportionate share	<u>0.001887100%</u>	<u>0.003104480%</u>	
Proportionate share of the net OPEB liability	\$ 1,373,890	\$ -	\$ 1,373,890
Proportionate share of the net OPEB asset	\$ -	\$ (2,232,316)	\$ (2,232,316)
OPEB expense	\$ (123,726)	\$ (389,475)	\$ (513,201)

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 11,550	\$ 32,362	\$ 43,912
Net difference between projected and actual earnings on OPEB plan investments	7,141	38,857	45,998
Changes of assumptions	218,534	95,090	313,624
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	34,682	29,832	64,514
Contributions subsequent to the measurement date	<u>54,670</u>	<u>-</u>	<u>54,670</u>
Total deferred outflows of resources	<u>\$ 326,577</u>	<u>\$ 196,141</u>	<u>\$ 522,718</u>

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 878,843	\$ 335,257	\$ 1,214,100
Changes of assumptions	563,990	1,582,933	2,146,923
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>134,787</u>	<u>3,499</u>	<u>138,286</u>
Total deferred inflows of resources	<u>\$ 1,577,620</u>	<u>\$ 1,921,689</u>	<u>\$ 3,499,309</u>

\$54,670 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	\$ (306,193)	\$ (499,203)	\$ (805,396)
2025	(296,849)	(493,587)	(790,436)
2026	(259,529)	(236,590)	(496,119)
2027	(175,915)	(100,221)	(276,136)
2028	(113,868)	(131,025)	(244,893)
Thereafter	<u>(153,359)</u>	<u>(264,922)</u>	<u>(418,281)</u>
Total	<u>\$ (1,305,713)</u>	<u>\$ (1,725,548)</u>	<u>\$ (3,031,261)</u>

Actuarial Assumptions - SERS

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2022, was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 1,706,392	\$ 1,373,890	\$ 1,105,471

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 1,059,516	\$ 1,373,890	\$ 1,784,514

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

Benefit Term Changes Since the Prior Measurement Date - 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.

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ 2,067,166	\$ 2,232,316	\$ 2,376,735

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ 2,315,455	\$ 2,232,316	\$ 2,127,374

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (non-GAAP budgetary basis) presented for the general fund and ESSER fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

	Net Change in Fund Balance	
	<u>General Fund</u>	<u>ESSER Fund</u>
Budget basis	\$ 613,102	\$ (5,088,073)
Net adjustment for revenue accruals	(462,762)	(835)
Net adjustment for expenditure accruals	91,436	(1,142,308)
Net adjustment for other sources (uses)	137,184	(103,646)
Funds budgeted elsewhere	955	-
Adjustment for encumbrances	<u>128,294</u>	<u>5,536,270</u>
GAAP basis	<u>\$ 508,209</u>	<u>\$ (798,592)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund and unclaimed monies fund.

NOTE 15 - CONTINGENCIES

A. Grants

The School District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the School District.

B. Litigation

The School District was not party to material legal proceedings.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. The final ADM audit fiscal year 2023 had no significant impact to the School District's state funding.

NOTE 16 - SET-ASIDES

The School District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years.

The School District is no longer required to set-aside funds in the budget stabilization set-aside, with the exception of refunds received from the Bureau of Workers' Compensation, which must be spent for specified purposes.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 16 - SET-ASIDES - (Continued)

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

	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside balance June 30, 2022	\$ -	\$ 52,637
Current year set-aside requirement	343,357	-
Current year offsets	(112,662)	-
Prior year offset from bond proceeds	<u>(230,695)</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ 52,637</u>
Balance carried forward to fiscal year 2024	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2023	<u>\$ -</u>	<u>\$ 52,637</u>

Although the School District had offsets during the year that reduced the set-aside amount below zero for the capital improvements reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

NOTE 17 - OTHER COMMITMENTS

Encumbrances

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General Fund	\$ 90,201
ESSER Fund	4,222,044
Nonmajor Governmental Funds	<u>137,493</u>
Total	<u>\$ 4,449,738</u>

NOTE 18 - COVID-19

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

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 19 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Enterprise Zones

Harrison Township and the City of Dayton entered into property tax abatement agreements with local businesses under Enterprise Zone tax abatement agreements. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the District. Under the agreements, the District's property taxes were reduced by \$13,217 during fiscal year 2023.

NOTE 20 - CONTRACTUAL COMMITMENTS

As of June 30, 2023, the District had contractual commitments for construction projects:

Contractor	Contractual Commitments	Amount Paid as of 6/30/2023	Amount Remaining on Contracts
Brumbaugh Construction, Inc.	\$ 7,078,138	\$ 2,855,541	\$ 4,222,597
Total	\$ 7,078,138	\$ 2,855,541	\$ 4,222,597

REQUIRED SUPPLEMENTARY INFORMATION

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	2023	2022	2021	2020
School District's proportion of the net pension liability	0.09583840%	0.09333300%	0.10280390%	0.09754470%
School District's proportionate share of the net pension liability	\$ 5,183,686	\$ 3,443,717	\$ 6,799,667	\$ 5,836,270
School District's covered payroll	\$ 3,619,393	\$ 3,196,664	\$ 3,615,964	\$ 2,482,859
School District's proportionate share of the net pension liability as a percentage of its covered payroll	143.22%	107.73%	188.05%	235.06%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.09827930%	0.09969250%	0.10007060%	0.09807130%	0.09657400%	0.09657400%
\$ 5,628,638	\$ 5,956,406	\$ 7,324,245	\$ 5,596,044	\$ 4,887,555	\$ 5,742,946
\$ 3,292,422	\$ 4,107,686	\$ 2,975,971	\$ 2,950,171	\$ 2,215,458	\$ 2,207,336
170.96%	145.01%	246.11%	189.69%	220.61%	260.18%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	2023	2022	2021	2020
School District's proportion of the net pension liability	0.08621202%	0.08310754%	0.08564817%	0.08554253%
School District's proportionate share net pension liability	\$ 19,165,040	\$ 10,626,046	\$ 20,723,810	\$ 18,917,216
School District's covered payroll	\$ 11,415,486	\$ 10,293,329	\$ 10,197,779	\$ 10,179,379
School District's proportionate share of net pension liability as a percentage of its covered payroll	167.89%	103.23%	203.22%	185.84%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.08195683%	0.08050611%	0.08022192%	0.07863429%	0.07688117%	0.07688117%
\$ 18,020,467	\$ 19,124,399	\$ 26,852,693	\$ 21,732,218	\$ 18,700,161	\$ 22,275,510
\$ 9,348,129	\$ 8,380,929	\$ 8,205,693	\$ 8,178,807	\$ 7,878,071	\$ 7,070,508
192.77%	228.19%	327.24%	265.71%	237.37%	315.05%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 548,460	\$ 506,715	\$ 447,533	\$ 506,235
Contributions in relation to the contractually required contribution	<u>(548,460)</u>	<u>(506,715)</u>	<u>(447,533)</u>	<u>(506,235)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 3,917,571	\$ 3,619,393	\$ 3,196,664	\$ 3,615,964
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 335,186	\$ 444,477	\$ 575,076	\$ 416,636	\$ 388,833	\$ 307,062
<u>(335,186)</u>	<u>(444,477)</u>	<u>(575,076)</u>	<u>(416,636)</u>	<u>(388,833)</u>	<u>(307,062)</u>
<u>\$ -</u>					
\$ 2,482,859	\$ 3,292,422	\$ 4,107,686	\$ 2,975,967	\$ 2,950,178	\$ 2,215,458
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 1,756,313	\$ 1,598,168	\$ 1,441,066	\$ 1,427,689
Contributions in relation to the contractually required contribution	<u>(1,756,313)</u>	<u>(1,598,168)</u>	<u>(1,441,066)</u>	<u>(1,427,689)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 12,545,093	\$ 11,415,486	\$ 10,293,329	\$ 10,197,779
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,425,113	\$ 1,308,738	\$ 1,173,330	\$ 1,148,797	\$ 1,145,033	\$ 1,024,149
<u>(1,425,113)</u>	<u>(1,308,738)</u>	<u>(1,173,330)</u>	<u>(1,148,797)</u>	<u>(1,145,033)</u>	<u>(1,024,149)</u>
<u>\$ -</u>					
\$ 10,179,379	\$ 9,348,129	\$ 8,380,931	\$ 8,205,693	\$ 8,178,807	\$ 7,878,069
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
School District's proportion of the net OPEB liability	0.09785470%	0.09596760%	0.10145620%	0.09961150%
School District's proportionate share net OPEB liability	\$ 1,373,890	\$ 1,816,265	\$ 2,204,975	\$ 2,505,020
School District's covered payroll	\$ 3,619,393	\$ 3,196,664	\$ 3,615,964	\$ 2,482,859
School District's proportionate share of net OPEB liability as a percentage of its covered payroll	37.96%	56.82%	60.98%	100.89%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.09918670%	0.10071360%	0.10129280%
\$ 2,751,707	\$ 2,702,888	\$ 2,887,220
\$ 3,292,422	\$ 4,107,686	\$ 2,975,971
83.58%	65.80%	97.02%
13.57%	12.46%	11.49%

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
School District's proportion of the net OPEB liability/(asset)	0.08621202%	0.08310754%	0.08564817%	0.08554253%
School District's proportionate share net OPEB liability/(asset)	\$ (2,232,316)	\$ (1,752,255)	\$ (1,505,266)	\$ (1,416,789)
School District's covered payroll	\$ 11,415,486	\$ 10,293,329	\$ 10,197,779	\$ 10,179,379
School District's proportionate share of net OPEB liability/(asset) as a percentage of its covered payroll	(19.56)%	(17.02)%	(14.76)%	(13.92)%
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	230.73%	174.73%	182.10%	174.70%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.08195683%	0.08050611%	0.08022192%
\$ (1,316,962)	\$ 3,141,052	\$ 4,290,289
\$ 9,348,129	\$ 8,380,929	\$ 8,205,693
(14.09)%	37.48%	52.28%
176.00%	47.10%	37.30%

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 54,670	\$ 63,184	\$ 60,400	\$ 40,473
Contributions in relation to the contractually required contribution	<u>(54,670)</u>	<u>(63,184)</u>	<u>(60,400)</u>	<u>(40,473)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 3,917,571	\$ 3,619,393	\$ 3,196,664	\$ 3,615,964
Contributions as a percentage of covered payroll	1.40%	1.75%	1.89%	1.12%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 71,561	\$ 67,748	\$ 52,804	\$ 50,749	\$ 76,227	\$ 52,038
<u>(71,561)</u>	<u>(67,748)</u>	<u>(52,804)</u>	<u>(50,749)</u>	<u>(76,227)</u>	<u>(52,038)</u>
<u>\$ -</u>					
\$ 2,482,859	\$ 3,292,422	\$ 4,107,686	\$ 2,975,967	\$ 2,950,178	\$ 2,215,458
2.88%	2.06%	1.29%	1.71%	2.58%	2.35%

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 12,545,093	\$ 11,415,486	\$ 10,293,329	\$ 10,197,779
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,781
-	-	-	-	-	(78,781)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,179,379	\$ 9,348,129	\$ 8,380,931	\$ 8,205,693	\$ 8,178,807	\$ 7,878,069
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

(Continued)

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023

Changes in assumptions :

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

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

(Continued)

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO (CONTINUED)

Changes in assumptions:

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

(Continued)

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

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

Changes in assumptions :

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

(Continued)

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO (CONTINUED)

Changes in assumptions (continued):

- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

**NORTHRIDGE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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>		
<u>Child Nutrition Cluster:</u>		
<i>Non-Cash Assistance (Food Distribution):</i>		
National School Lunch Program	10.555	\$ 76,048
<i>Cash Assistance:</i>		
School Breakfast Program	10.553	227,949
National School Lunch Program	10.555	711,282
COVID-19 National School Lunch Program	10.555	42,304
Total National School Lunch Program		<u>753,586</u>
Summer Food Service Program for Children	10.559	12,234
Fresh Fruit and Vegetable Program	10.582	<u>58,743</u>
<i>Cash Assistance Subtotal</i>		<u>1,052,512</u>
Total Child Nutrition Cluster		<u>1,128,560</u>
COVID-19 Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	<u>6,198</u>
Total US Department of Agriculture		<u>1,134,758</u>
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	21.027	<u>50,000</u>
Total U.S. Department of the Treasury		<u>50,000</u>
U.S. Department of Education:		
<i>Passed through Ohio Department of Education:</i>		
Title I Grants to Local Education Agencies	84.010A	1,521,364
<u>Special Education Cluster (IDEA):</u>		
Special Education Grants to States	84.027A	424,035
Special Education Preschool Grants	84.173A	<u>11,601</u>
Total Special Education Cluster (IDEA)		<u>435,636</u>
Rural and Low-Income School Program	84.358B	126
Improving Teacher Quality State Grants	84.367A	93,734
Student Support and Academic Enrichment Program	84.424A	130,404
COVID-19 Education Stabilization Fund:		
Elementary and Secondary School Emergency Relief II	84.425D	3,525,587
American Rescue Plan–Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	1,693,532
American Rescue Plan–Elementary and Secondary School Emergency Relief - Homeless Children and Youth (ARP-HCY)	84.425W	<u>25,867</u>
Total Education Stabilization Fund		<u>5,244,986</u>
<i>Passed through Milton-Union Exempted Village School District:</i>		
Comprehensive Literacy State Development	84.371C	26,807
<i>Passed through Bradford Exempted Village School District:</i>		
Comprehensive Literacy State Development	84.371C	<u>91,504</u>
Total Comprehensive Literacy State Development		<u>118,311</u>
Total U.S. Department of Education		<u>7,544,561</u>
Total Federal Assistance		<u>\$ 8,729,319</u>

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

**NORTHRIDGE LOCAL 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, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Northridge Local School District (the School District) under programs of the federal government for the year ended June 30, 2023. 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 School District, it is not intended to and does not present the financial position or change in net position of the School District.

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School 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
Northridge Local School District
2008 Timber Lane
Dayton, Ohio 45414

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 Northridge Local School District (the "District"), as of and for the year ended June 30, 2023, 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 27, 2023.

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 27, 2023

**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
Northridge Local School District
2008 Timber Lane
Dayton, Ohio 45414

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited the Northridge Local 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, 2023. 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, 2023.

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 27, 2023

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:	
COVID-19 - Education Stabilization Fund:	
ALN 84.425D – Elementary and Secondary School Emergency Relief	
ALN 84.425U – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)	
ALN 84.425W – American Rescue Plan – Elementary and Secondary School Emergency Relief –Homeless Children and Youth ARP	
Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No



Northridge Local Schools

Board of Education Office

2008 Timber Lane, Dayton, Ohio 45414
Phone: 937-278-5885 | Fax: 937-276-8351
www.northridgeschools.org

Summary Schedule of Prior Audit Findings

Finding Number	Finding Summary	Status	Additional Information
2022-001	Noncompliance- Appropriations in Excess of Estimated Resources	Partially Corrected	Insignificant noncompliance communicated verbally to management.

District Administration

David Jackson | Superintendent
Lori Green | Treasurer
Jeff Lisath | Director of Operations
Kimberly Puckett | Director of Curriculum & Instruction

Board of Education

Mark Brumley | President
Margie Glock | Vice President
Jacinda Fugate
Angela Glassburn
James M. Dillion



OHIO AUDITOR OF STATE KEITH FABER



NORTHRIDGE LOCAL 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 2/15/2024

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

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