



OHIO AUDITOR OF STATE
KEITH FABER



**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY**

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LORAIN COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Ridgeville City School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of North Ridgeville City School District, Lorain County, Ohio as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2025, the District adopted new accounting guidance in *Governmental Accounting Standards Board (GASB) Statement No. 101 Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

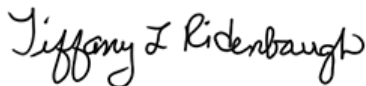
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report dated June 18, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

June 18, 2026

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The discussion and analysis of the North Ridgeville City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- In total, net position of governmental activities increased \$11,928,210 which represents a 64.25% increase from 2024's restated net position.
- General revenues accounted for \$68,594,142 in revenue or 82.31% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$14,746,350 or 17.69% of total revenues of \$83,340,492.
- The School District had \$71,412,282 in expenses related to governmental activities; only \$14,746,350 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$68,594,142 were adequate to provide for these programs.
- The School District's major governmental funds are the general fund, the bond retirement fund, and the building fund. The general fund had \$59,421,540 in revenues and \$63,700,417 in expenditures and other financing uses. During fiscal year 2025, the general fund's fund balance decreased \$4,278,877 from \$22,198,637 to \$17,919,760.
- The bond retirement fund had \$11,384,799 in revenues and \$24,284,875 in expenditures and other financing uses. During fiscal year 2025, the bond retirement fund balance decreased \$12,900,076 from \$23,562,986 to \$10,662,910 due to principal retirement and interest payments made during the fiscal year.
- The building fund had \$6,288,834 in revenues and \$7,247,313 in expenditures. During fiscal year 2025, the building fund's fund balance decreased \$958,479 from \$121,706,943 to \$120,748,464 due to facilities acquisition and construction expenditures exceeding investment earnings.

Using these Basic Financial Statements

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

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 2025?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The School District as a Whole

The statement of net position provides the perspective of the School District as a whole. For the table below, amounts for fiscal year 2025 are presented in accordance with GASB Statement No. 101, while amounts for fiscal year 2024 are presented in accordance with previous guidance. See Note 3 to the basic financial statements for detail. The following table provides a summary of the School District's net position at June 30, 2025 and June 30, 2024.

	Net Position	
	Governmental Activities 2025	Governmental Activities 2024
<u>Assets</u>		
Current and other assets	\$ 219,438,258	\$ 221,947,564
Noncurrent assets	3,510,184	3,555,617
Capital assets, net	<u>64,591,008</u>	<u>59,874,328</u>
Total assets	<u>287,539,450</u>	<u>285,377,509</u>
<u>Deferred Outflows of Resources</u>		
Deferred charge on refunding	2,644,849	2,762,398
Pension	10,470,303	12,174,299
OPEB	<u>2,307,897</u>	<u>2,825,272</u>
Total deferred outflows of resources	<u>15,423,049</u>	<u>17,761,969</u>
<u>Liabilities</u>		
Current liabilities	10,266,034	9,868,642
Long-term liabilities:		
Due within one year	5,241,981	1,182,990
Due in more than one year:		
Net pension liability	45,994,229	50,883,324
Net OPEB liability	2,108,806	3,521,361
Other amounts	<u>184,378,185</u>	<u>194,567,973</u>
Total liabilities	<u>247,989,235</u>	<u>260,024,290</u>
<u>Deferred Inflows of Resources</u>		
Property taxes	48,536,492	41,435,491
Payment in lieu of taxes	1,201,589	631,394
Deferred charge on refunding	926,322	1,023,830
Pension	5,071,047	2,955,348
OPEB	<u>5,873,647</u>	<u>5,896,797</u>
Total deferred inflows of resources	<u>61,609,097</u>	<u>51,942,860</u>
<u>Net Position</u>		
Net investment in capital assets	4,935,225	3,569,449
Restricted	23,834,768	17,132,653
Unrestricted (deficit)	<u>(35,405,826)</u>	<u>(29,529,774)</u>
Total net position (deficit)	<u>\$ (6,635,833)</u>	<u>\$ (8,827,672)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

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

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

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

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

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

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

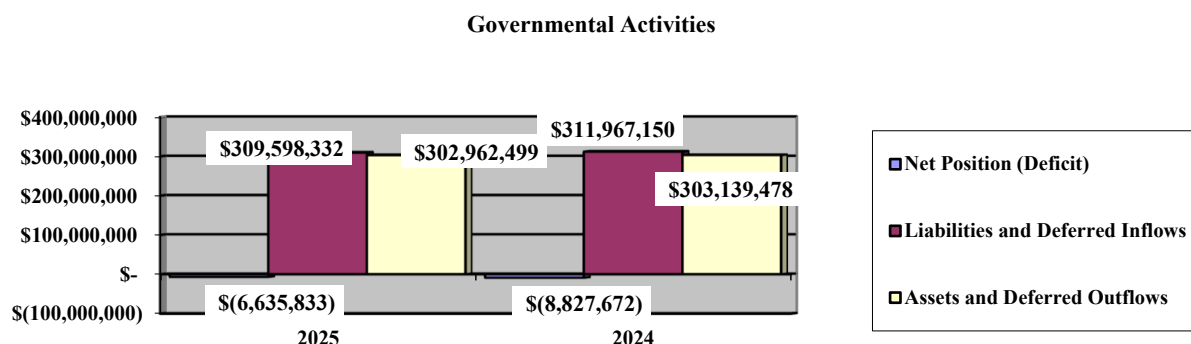
Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The graph below illustrates the School District's assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2025 and 2024. For the table below, amounts for fiscal year 2025 are presented in accordance with GASB Statement No. 101, while amounts for fiscal year 2024 are presented in accordance with previous guidance. See Note 3 to the basic financial statements for detail.



Governmental Activities

Net position of the School District's governmental activities increased \$11,928,210. Total governmental expenses of \$71,412,282 were offset by program revenues of \$14,746,350 and general revenues of \$68,594,142. Program revenues supported 20.65% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 77.26% of total governmental revenue. Total expenses increased by \$3,018,100 or 4.41% primarily due to an increase in wages and benefits.

The following table shows the change in net position for fiscal years 2025 and 2024. The fiscal year 2024 beginning net position has been restated as described in Note 3.

Change in Net Position

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 3,457,425	\$ 3,130,227
Operating grants and contributions	4,545,117	5,698,534
Capital grants and contributions	6,743,808	367,713
General revenues:		
Property taxes	47,831,845	39,296,413
Payments in lieu of taxes	1,494,724	1,086,104
Grants and entitlements	16,554,329	15,691,912
Investment earnings	2,194,851	518,156
Miscellaneous	518,393	325,184
Total revenues	<u>83,340,492</u>	<u>66,114,243</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Change in Net Position (Continued)

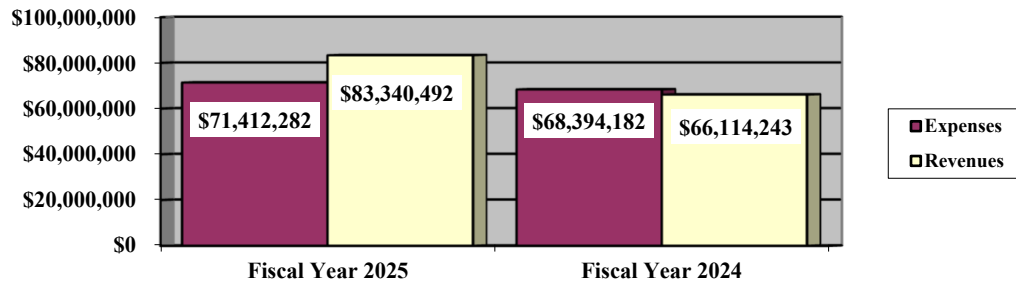
	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 24,391,889	\$ 27,675,417
Special	12,350,230	12,173,781
Vocational	205,832	211,317
Other	36,824	49,441
Support services:		
Pupil	4,029,693	3,818,579
Instructional staff	1,932,842	1,768,116
Board of education	313,214	260,380
Administration	3,654,944	3,616,516
Fiscal	1,727,601	1,561,903
Business	374,423	538,919
Operations and maintenance	5,634,910	4,426,444
Pupil transportation	3,941,264	4,105,415
Central	1,272,204	1,303,729
Operation of non-instructional services:		
Food service operations	1,970,467	1,788,023
Other non-instructional services	323,263	350,348
Extracurricular activities	1,592,337	1,223,840
Interest	<u>7,660,345</u>	<u>3,522,014</u>
Total expenses	<u>71,412,282</u>	<u>68,394,182</u>
Change in net position	11,928,210	(2,279,939)
Net position as previously reported	(8,827,672)	-
Restatement - change in accounting principle	<u>(9,736,371)</u>	<u>-</u>
Net position (deficit) at beginning of year (restated)	<u>(18,564,043)</u>	<u>(6,547,733)</u>
Net position (deficit) at end of year	<u><u>\$ (6,635,833)</u></u>	<u><u>\$ (8,827,672)</u></u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The graph below presents the governmental activities revenues and expenses for fiscal year 2025 and 2024.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

	Total Cost of Services 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
Program expenses				
Instruction:				
Regular	\$ 24,391,889	\$ 23,135,618	\$ 27,675,417	\$ 24,542,979
Special	12,350,230	9,728,653	12,173,781	10,415,478
Vocational	205,832	185,647	211,317	203,481
Other	36,824	36,824	49,441	49,441
Support services:				
Pupil	4,029,693	3,387,190	3,818,579	3,170,627
Instructional staff	1,932,842	1,823,640	1,768,116	1,560,286
Board of education	313,214	313,214	260,380	260,380
Administration	3,654,944	3,616,932	3,616,516	3,616,516
Fiscal	1,727,601	1,727,601	1,561,903	1,561,903
Business	374,423	374,423	538,919	538,919
Operations and maintenance	5,634,910	(1,085,154)	4,426,444	3,897,820
Pupil transportation	3,941,264	3,528,091	4,105,415	3,583,790
Central	1,272,204	1,265,658	1,303,729	1,300,234
Operation of non-instructional services:				
Food service operations	1,970,467	304,521	1,788,023	59,073
Other non-instructional services	323,263	(55,825)	350,348	(537,559)
Extracurricular activities	1,592,337	718,554	1,223,840	1,001,069
Interest and fiscal charges	7,660,345	7,660,345	3,522,014	3,522,014
Total expenses	\$ 71,412,282	\$ 56,665,932	\$ 68,394,182	\$ 58,746,451

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The dependence upon tax and other general revenues for governmental activities is apparent, 89.46% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.35%. The School District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are the primary support for School District's students.

The School District's Funds

The School District's governmental funds reported a combined fund balance of \$158,969,108, which is lower than last year's total balance of \$169,914,554. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2025 and 2024.

	<u>Fund Balance</u> <u>June 30, 2025</u>	<u>Fund Balance</u> <u>June 30, 2024</u>	<u>Change</u>
General	\$ 17,919,760	\$ 22,198,637	\$ (4,278,877)
Bond retirement	10,662,910	23,562,986	(12,900,076)
Building	120,748,464	121,706,943	(958,479)
Nonmajor governmental	<u>9,637,974</u>	<u>2,445,988</u>	<u>7,191,986</u>
Total	<u>\$ 158,969,108</u>	<u>\$ 169,914,554</u>	<u>\$ (10,945,446)</u>

General Fund

The School District's general fund balance decreased \$4,278,877. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2025</u> <u>Amount</u>	<u>2024</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 35,516,557	\$ 31,523,703	\$ 3,992,854	12.67 %
Payment in lieu of taxes	1,494,724	1,086,104	408,620	37.62 %
Tuition and fees	1,310,931	1,298,769	12,162	0.94 %
Investment earnings	2,158,542	454,251	1,704,291	375.19 %
Extracurricular activities	-	461,210	(461,210)	(100.00) %
Intergovernmental	17,826,859	17,478,850	348,009	1.99 %
Other revenues	<u>1,113,927</u>	<u>357,386</u>	<u>756,541</u>	211.69 %
Total	<u>\$ 59,421,540</u>	<u>\$ 52,660,273</u>	<u>\$ 6,761,267</u>	12.84 %
<u>Expenditures</u>				
Instruction	\$ 36,152,785	\$ 36,901,965	\$ (749,180)	(2.03) %
Support services	20,181,635	19,400,325	781,310	4.03 %
Extracurricular activities	<u>865,997</u>	<u>769,246</u>	<u>96,751</u>	12.58 %
Total	<u>\$ 57,200,417</u>	<u>\$ 57,071,536</u>	<u>\$ 128,881</u>	0.23 %

Revenues of the general fund increased \$6,761,267 or 12.84%. The largest increase in property taxes was primarily due to an increase in valuations. Investment earnings increased as a result of a better return on investments compared to fiscal year 2024.

Expenditures of the general fund increased \$128,881 or 0.23% primarily due to an increase in salaries and wages being paid from the general fund.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Bond retirement fund

The bond retirement fund had \$11,384,799 in revenues and other financing sources and \$24,284,875 in expenditures and other financing uses. During fiscal year 2025, the bond retirement fund balance decreased \$12,900,076 from \$23,562,986 to \$10,662,910 due to principal retirement and interest payments made during the fiscal year.

Building fund

The building fund had \$6,288,834 in revenues and other financing sources and \$7,247,313 in expenditures. During fiscal year 2025, the building fund balance decreased \$958,479 from \$121,706,943 to \$120,748,464 due to facilities acquisition and construction expenditures exceeding investment earnings.

General Fund Budgeting Highlights

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

For the general fund, original and final budgeted revenues and other financing sources were \$52,965,782 and \$57,523,844. Actual revenues and other financing sources for fiscal year 2025 were \$57,656,544. This represents a \$132,700 increase from final budgeted revenues and other financing sources.

General fund original expenditures and other financing uses were \$58,576,450 and final expenditures and other financing uses were \$63,996,917. The actual budget basis expenditures and other financing uses for fiscal year 2025 totaled \$63,818,780, which was \$178,137 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025, the School District had \$64,591,008 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right to use assets for SBITAs (net of accumulated depreciation/amortization).

The following table shows June 30, 2025 balances compared to June 30, 2024:

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

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Land	\$ 2,214,101	\$ 2,214,101
Construction in progress (CIP)	8,045,817	1,874,720
Building and improvements	46,296,236	47,444,677
Furniture and equipment	6,774,382	6,871,221
Vehicles	944,754	1,359,585
Intangible right to use - SBITAs	<u>315,718</u>	<u>110,024</u>
Total	<u>\$ 64,591,008</u>	<u>\$ 59,874,328</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

During fiscal 2025 the School District purchased \$8,014,486 of capital assets, disposed of \$72,662 of capital assets (net of accumulated depreciation/amortization) and recorded depreciation/amortization expense of \$3,225,144. More detailed information is presented in Note 7 of the notes to the basic financial statements.

Debt Administration

At June 30, 2025 the School District had \$237,723,201 in long-term obligations an increase of \$12,432,447. \$5,241,981 of the long-term obligations are due within one year. Net pension liability and net OPEB liability at June 30, 2025 were \$45,994,229 and \$2,108,806, respectively. The long-term obligation balance has been restated at June 30, 2024 as describe in Note 3.

	<u>Outstanding Debt Year-End</u>	
	<u>2025</u>	<u>2024</u>
Term and serial bonds	\$ 169,500,000	\$ 170,175,000
Capital appreciation bonds	5,658	21,534
Bond anticipation notes	-	15,000,000
Accretion on capital appreciation bonds	56,962	121,461
Unamortized bond and note premiums	8,404,890	8,887,273
Financed purchases	-	82,742
Net pension liability	45,994,229	50,883,324
Net OPEB liability	2,108,806	3,521,361
Compensated absences	11,652,656	1,462,953
Total	<u>\$ 237,723,201</u>	<u>\$ 250,155,648</u>

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

Current Financial Related Activities

The School District's most recent financial forecast was prepared in October 2025. The forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability. The Board of Education and the administration closely monitor revenues and expenditures in accordance with its financial forecast and the district's curriculum and operating plans.

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

For the North Ridgeville City School District, the total per pupil base cost is set at \$8,124. Out of this total, the state contributes \$1,013 per pupil, while the local portion amounts to \$7,112 per pupil. It's important to note that due to the district's position on the guarantee, it continues to receive the same level of State Funding. Without this guarantee, the district would receive less State Funding each year.

The district's cash balance is expected to remain positive at the end of fiscal year 2025 and is projected to remain stable through fiscal year 2029.

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

Contacting the School District's Financial Management

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

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

STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 164,272,229
Receivables:	
Property taxes	52,057,253
Payment in lieu of taxes	1,461,834
Accounts	48,612
Accrued interest	1,056,286
Intergovernmental	474,397
Prepayments	67,647
Net OPEB asset	3,510,184
Capital assets:	
Nondepreciable/amortized capital assets	10,259,918
Depreciable/amortized capital assets, net	54,331,090
Capital assets, net	<u>64,591,008</u>
Total assets	<u>287,539,450</u>
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	2,644,849
Pension	10,470,303
OPEB	2,307,897
Total deferred outflows of resources	<u>15,423,049</u>
Liabilities:	
Accounts payable	344,827
Contracts payable	1,326,110
Retainage payable	41,618
Accrued wages and benefits payable	5,784,954
Matured compensated absences payable	115,007
Intergovernmental payable	232,988
Pension and postemployment benefits payable	1,206,564
Accrued interest payable	798,966
Notes payable	415,000
Long-term liabilities:	
Due within one year	5,241,981
Due in more than one year:	
Net pension liability	45,994,229
Net OPEB liability	2,108,806
Other amounts due in more than one year	184,378,185
Total liabilities	<u>247,989,235</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	48,536,492
Payment in lieu of taxes levied for the next fiscal year	1,201,589
Unamortized deferred charges on debt refunding	926,322
Pension	5,071,047
OPEB	5,873,647
Total deferred inflows of resources	<u>61,609,097</u>
Net position:	
Net investment in capital assets	4,935,225
Restricted for:	
Debt service	9,951,095
Permanent improvements	1,435,590
Capital projects	7,415,314
Classroom facilities maintenance	293,229
Food service operations	807,872
Extracurricular activities	247,111
Other local grants	94,067
State funded programs	80,302
Federally funded programs	4
OPEB	3,510,184
Unrestricted (deficit)	(35,405,826)
Total net position (deficit)	<u>\$ (6,635,833)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions, and Interest	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 24,391,889	\$ 1,215,923	\$ 40,348	\$ -	\$ (23,135,618)
Special	12,350,230	148,193	2,473,384	-	(9,728,653)
Vocational	205,832	-	20,185	-	(185,647)
Other	36,824	-	-	-	(36,824)
Support services:					
Pupil	4,029,693	345,051	297,452	-	(3,387,190)
Instructional staff	1,932,842	-	109,202	-	(1,823,640)
Board of education	313,214	-	-	-	(313,214)
Administration	3,654,944	-	-	38,012	(3,616,932)
Fiscal	1,727,601	-	-	-	(1,727,601)
Business	374,423	-	-	-	(374,423)
Operations and maintenance	5,634,910	14,268	-	6,705,796	1,085,154
Pupil transportation	3,941,264	15,005	398,168	-	(3,528,091)
Central	1,272,204	-	6,546	-	(1,265,658)
Operation of non-instructional services:					
Food service operations	1,970,467	981,451	684,495	-	(304,521)
Other non-instructional services	323,263	900	378,188	-	55,825
Extracurricular activities	1,592,337	736,634	137,149	-	(718,554)
Interest	7,660,345	-	-	-	(7,660,345)
Totals	\$ 71,412,282	\$ 3,457,425	\$ 4,545,117	\$ 6,743,808	(56,665,932)
General revenues:					
Property taxes levied for:					
General purposes					35,665,934
Debt service					11,198,696
Capital projects					805,188
Classroom facilities maintenance					162,027
Payments in lieu of taxes					1,494,724
Grants and entitlements not restricted to specific programs					16,554,329
Investment earnings					2,194,851
Miscellaneous					518,393
Total general revenues					68,594,142
Change in net position					11,928,210
Net position (deficit) at beginning of year, as previously reported					(8,827,672)
Restatement - change in accounting principle					(9,736,371)
Net position (deficit) at beginning of year (restated)					(18,564,043)
Net position (deficit) at end of year					\$ (6,635,833)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Bond Retirement	Building	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 22,369,123	\$ 10,122,189	\$ 121,707,369	\$ 10,073,548	\$ 164,272,229
Receivables:					
Property taxes	39,327,674	11,309,627	-	1,419,952	52,057,253
Payment in lieu of taxes	1,461,834	-	-	-	1,461,834
Accounts	35,302	-	-	13,310	48,612
Accrued interest	209,843	-	846,443	-	1,056,286
Intergovernmental	135,577	-	-	338,820	474,397
Prepayments	66,334	-	-	1,313	67,647
Total assets	<u>\$ 63,605,687</u>	<u>\$ 21,431,816</u>	<u>\$ 122,553,812</u>	<u>\$ 11,846,943</u>	<u>\$ 219,438,258</u>
Liabilities:					
Accounts payable	\$ 194,439	\$ -	\$ 15,392	\$ 134,996	\$ 344,827
Contracts payable	-	-	1,326,110	-	1,326,110
Retainage payable	-	-	41,618	-	41,618
Accrued wages and benefits payable	5,566,421	-	-	218,533	5,784,954
Matured compensated absences payable	115,007	-	-	-	115,007
Intergovernmental payable	230,129	-	-	2,859	232,988
Pension obligation and postemployment benefits payable	1,148,681	-	-	57,883	1,206,564
Accrued interest payable	-	-	-	665	665
Notes payable	-	-	-	415,000	415,000
Total liabilities	<u>7,254,677</u>	<u>-</u>	<u>1,383,120</u>	<u>829,936</u>	<u>9,467,733</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	36,581,394	10,625,458	-	1,329,640	48,536,492
Payment in lieu of taxes levied for the next fiscal year	1,201,589	-	-	-	1,201,589
Delinquent property tax revenue not available	548,053	143,448	-	19,624	711,125
Intergovernmental revenue not available	-	-	-	29,769	29,769
Accrued interest not available	100,214	-	422,228	-	522,442
Total deferred inflows of resources	<u>38,431,250</u>	<u>10,768,906</u>	<u>422,228</u>	<u>1,379,033</u>	<u>51,001,417</u>
Fund balances:					
Nonspendable:					
Prepays	66,334	-	-	1,313	67,647
Restricted:					
Debt service	-	10,662,910	-	-	10,662,910
Permanent improvements	-	-	-	1,415,966	1,415,966
Capital projects	-	-	120,748,464	-	120,748,464
Classroom facilities maintenance	-	-	-	293,229	293,229
Food service operations	-	-	-	990,351	990,351
Non-public schools	-	-	-	45,400	45,400
Extracurricular activities	-	-	-	247,111	247,111
Other local grants	-	-	-	94,067	94,067
State funded programs	-	-	-	80,302	80,302
Federally funded programs	-	-	-	4	4
Committed:					
Capital improvements	-	-	-	6,500,000	6,500,000
Assigned:					
Student instruction	110,206	-	-	-	110,206
Student and staff support	985,298	-	-	-	985,298
Subsequent year appropriations	632,575	-	-	-	632,575
Unassigned (deficit)	<u>16,125,347</u>	<u>-</u>	<u>-</u>	<u>(29,769)</u>	<u>16,095,578</u>
Total fund balances	<u>17,919,760</u>	<u>10,662,910</u>	<u>120,748,464</u>	<u>9,637,974</u>	<u>158,969,108</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 63,605,687</u>	<u>\$ 21,431,816</u>	<u>\$ 122,553,812</u>	<u>\$ 11,846,943</u>	<u>\$ 219,438,258</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2025

Total governmental fund balances		\$ 158,969,108
<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.		64,591,008
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 711,125	
Accrued interest receivable	522,442	
Intergovernmental receivable	29,769	
Total	<u>1,263,336</u>	1,263,336
Unamortized premiums on bonds issued are not recognized in the funds.		(8,404,890)
Unamortized amounts on refundings are not recognized in the funds.		1,718,527
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(798,301)
The net pension/OPEB assets and liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	10,470,303	
Deferred inflows - pension	(5,071,047)	
Net pension liability	(45,994,229)	
Deferred outflows - OPEB	2,307,897	
Deferred inflows - OPEB	(5,873,647)	
Net OPEB asset	3,510,184	
Net OPEB liability	(2,108,806)	
Total	<u>(42,759,345)</u>	(42,759,345)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(169,500,000)	
Capital appreciation bonds	(5,658)	
Accretion of interest - capital appreciation bonds	(56,962)	
Compensated absences	(11,652,656)	
Total	<u>(181,215,276)</u>	(181,215,276)
Net position of governmental activities		<u><u>\$ (6,635,833)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General	Bond Retirement	Building	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 35,516,557	\$ 11,167,970	\$ -	\$ 962,926	\$ 47,647,453
Payment in lieu of taxes	1,494,724	-	-	-	1,494,724
Intergovernmental	17,826,859	216,829	-	2,998,053	21,041,741
Investment earnings	2,158,542	-	6,288,834	58,926	8,506,302
Tuition and fees	1,310,931	-	-	-	1,310,931
Extracurricular	561,235	-	-	535,834	1,097,069
Rental income	14,268	-	-	33,675	47,943
Charges for services	20,031	-	-	981,451	1,001,482
Contributions and donations	56,848	-	-	141,906	198,754
Miscellaneous	461,545	-	-	495	462,040
Total revenues	<u>59,421,540</u>	<u>11,384,799</u>	<u>6,288,834</u>	<u>5,713,266</u>	<u>82,808,439</u>
Expenditures:					
Current:					
Instruction:					
Regular	25,011,723	-	-	40,273	25,051,996
Special	10,886,924	-	-	1,575,524	12,462,448
Vocational	215,497	-	-	-	215,497
Other	38,641	-	-	-	38,641
Support services:					
Pupil	4,034,726	-	-	32,576	4,067,302
Instructional staff	2,075,567	-	-	109,203	2,184,770
Board of education	314,431	-	-	-	314,431
Administration	3,745,072	-	-	-	3,745,072
Fiscal	1,535,225	150,917	43,805	19,987	1,749,934
Business	473,072	-	-	-	473,072
Operations and maintenance	3,136,168	-	-	439,684	3,575,852
Pupil transportation	3,609,235	-	-	-	3,609,235
Central	1,258,139	-	-	-	1,258,139
Operation of non-instructional services:					
Food service operations	-	-	-	1,979,248	1,979,248
Other non-instructional services	-	-	-	336,589	336,589
Extracurricular activities	865,997	-	-	759,140	1,625,137
Facilities acquisition and construction	-	-	7,203,508	51,189	7,254,697
Debt service:					
Principal retirement	-	15,773,618	-	-	15,773,618
Interest	-	7,943,916	-	167	7,944,083
Accretion on capital appreciation bonds	-	94,124	-	-	94,124
Total expenditures	<u>57,200,417</u>	<u>23,962,575</u>	<u>7,247,313</u>	<u>5,343,580</u>	<u>93,753,885</u>
Excess of (deficiency) of revenues over (under) expenditures	<u>2,221,123</u>	<u>(12,577,776)</u>	<u>(958,479)</u>	<u>369,686</u>	<u>(10,945,446)</u>
Other financing sources (uses):					
Transfers in	-	-	-	6,822,300	6,822,300
Transfers (out)	(6,500,000)	(322,300)	-	-	(6,822,300)
Total other financing sources (uses)	<u>(6,500,000)</u>	<u>(322,300)</u>	<u>-</u>	<u>6,822,300</u>	<u>-</u>
Net change in fund balances	(4,278,877)	(12,900,076)	(958,479)	7,191,986	(10,945,446)
Fund balances at beginning of year	<u>22,198,637</u>	<u>23,562,986</u>	<u>121,706,943</u>	<u>2,445,988</u>	<u>169,914,554</u>
Fund balances at end of year	<u>\$ 17,919,760</u>	<u>\$ 10,662,910</u>	<u>\$ 120,748,464</u>	<u>\$ 9,637,974</u>	<u>\$ 158,969,108</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds **\$ (10,945,446)**

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

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

Capital asset additions	\$ 8,014,486	
Current year depreciation/amortization	(3,225,144)	
Total		4,789,342

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (72,662)

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

Property taxes	184,392	
Earnings on investments	431,287	
Intergovernmental	(83,626)	
Total		532,053

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

General obligation bonds	675,000	
Capital appreciation bonds	15,876	
Accreted interest on capital appreciation bonds	94,124	
Bond anticipation notes	15,000,000	
Financed purchase	82,742	
Total		15,867,742

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

Change in accrued interest payable	(148,979)	
Accreted interest on capital appreciation bonds	(29,625)	
Amortization of bond premiums	482,383	
Amortization of deferred charges on refunding loss	(117,549)	
Amortization of deferred charges on refunding gain	97,508	
Total		283,738

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

Pension	5,197,277	
OPEB	160,425	
Total		5,357,702

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	(4,127,877)	
OPEB	712,472	
Total		(3,415,405)

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

(468,854)

Change in net position of governmental activities **\$ 11,928,210**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The North Ridgeville City School District (the “School District”) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a city school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education consisting of five members and is responsible for providing public education to residents of the School District. Average daily membership on, or as of, June 30, 2025 was 4,162. The School District employs 368 certificated staff members and 277 non-teaching and support staff employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Within the School District boundaries, there are various nonpublic schools. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed by the School District on behalf of the nonpublic schools by the Treasurer of the School District, as directed by the nonpublic schools. These transactions are reported as a governmental activity of the School District.

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

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

B. Basis of Presentation

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

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

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

General Fund - the general fund is the operating fund of the School District and is used to account for all financial resources, except those required to be accounted for in another fund.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

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

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

D. Measurement Focus

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

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

E. Basis of Accounting

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

Deferred Outflows/Inflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11)

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

F. Budgetary Process

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

G. Cash and Investments

Cash received by the School District is deposited in one central bank account with individual fund balance integrity maintained through School District records. Monies for all funds are maintained in this account or temporarily transferred to the State Treasurer's investment pool (STAR Ohio) or other short term investments. Under existing Ohio statutes, interest earnings are allocated to funds based on average monthly cash balances. Interest revenue credited to the General Fund during fiscal year 2025 amounted to \$2,158,542 of which \$1,029,938 was assigned from other School District Funds.

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

During fiscal year 2025 investments were limited to Federal Home Loan Bank (FHLB) securities, Federal Farm Credit Bank (FFCB) securities, Federal Agricultural Mortgage Corporations (FAMC) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, corporate bonds, commercial paper, negotiable certificates of deposit, U.S. Treasury notes, U.S. government money market mutual funds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

For 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$ 100 million. STAR Ohio reserves the right to limit the transaction to \$ 250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$ 250 million limit. All accounts of the participant will be combined for these purposes.

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

H. Restricted Assets

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

I. Prepaid Expenses

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

J. Capital Assets

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

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

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

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

K. Interfund Balances

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

L. Compensated Absences

The School District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The School District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Sick Leave

The School District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the School District and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

M. Accrued Liabilities and Long-Term Obligations

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

N. Net Position

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

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

O. Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

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

P. Pensions/Other Postemployment Benefits (OPEB)

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

Q. Interfund Transactions

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

R. Estimates

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2025, the School District has implemented GASB Statement No. 101, "Compensated Absences" and GASB Statement No. 102, "Certain Risk Disclosures".

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102 improves financial reporting by providing users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the School District.

B. Deficit Fund Balances

Fund balances at June 30, 2025 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Title I	\$ 21,024
Supporting Effective Instruction	8,745

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

C. Restatement of Net Position

During fiscal year 2025, there was a change in accounting principle related to the implementation of GASB Statement No. 101, "Compensated Absences". The effect of changing the accounting principle is to decrease net position as previously reported. This is displayed where applicable in the financial statements as "restatement - change in accounting principle".

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Agricultural Mortgage Corporation, Federal Farm Credit Bank, and Federal Home Loan Mortgage Corporation. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and 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 the 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 division (1) or (2) 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 (STAR Ohio),
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

A. Cash on Hand

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At June 30, 2025, the carrying amount of all School District deposits was \$3,095,824. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2025, \$251,669 of the School District’s bank balance of \$3,238,580 was covered by the FDIC, while \$2,986,911 was exposed to custodial credit risk as discussed below because those deposits were uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2025, the School District’s financial institutions had a collateral rate through the OPCS of 60 percent. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

C. Investments

As of June 30, 2025, the School District had the following investments:

Measurement/ <u>Investment type</u>	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
Commercial paper	\$ 9,457,503	\$ 5,111,237	\$ 4,346,266	\$ -	\$ -	\$ -
FAMC	1,636,610	-	-	-	620,730	1,015,880
FFCB	49,691,692	13,782,631	7,736,671	240,200	15,325,364	12,606,826
FHLB	29,639,501	996,174	243,613	11,088,314	16,763,959	547,441
FHLMC	748,630	748,630	-	-	-	-
FNMA	986,430	986,430	-	-	-	-
TVA Power Bond	1,602,030	-	-	-	1,501,729	100,301
Negotiable CDs	2,876,471	246,743	-	-	-	2,629,728
US Treasury notes	45,240,113	-	3,024,211	15,729,837	6,144,540	20,341,525
US Government money market	2,871,673	2,871,673	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	<u>16,425,502</u>	<u>16,425,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 161,176,155	\$ 41,169,020	\$ 15,350,761	\$ 27,058,351	\$ 40,356,322	\$ 37,241,701

The weighted average maturity of investments is 1.46 years.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

Concentration of Credit Risk: The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2025:

Measurement/ <u>Investment type</u>	Measurement <u>value</u>	<u>% of Total</u>
<i>Fair value:</i>		
Commercial paper	\$ 9,457,503	5.87
FAMC	1,636,610	1.02
FFCB	49,691,692	30.83
FHLB	29,639,501	18.39
FHLMC	748,630	0.46
FNMA	986,430	0.61
TVA Power Bond	1,602,030	0.99
Negotiable CDs	2,876,471	1.78
U.S. Treasury notes	45,240,113	28.07
U.S. Government money market	2,871,673	1.78
<i>Amortized cost:</i>		
STAR Ohio	16,425,502	10.19
	<u>\$ 161,176,155</u>	<u>100.00</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2025:

Cash and investments per note

Carrying amount of deposits	\$ 3,095,824
Investments	161,176,155
Cash on hand	<u>250</u>
Total	<u>\$ 164,272,229</u>

Cash and investments per statement of net position

Governmental activities	<u>\$ 164,272,229</u>
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NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien December 31, 2023, were levied after April 1, 2024 and are collected in 2025 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Lorain County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2025 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only delinquent settlement of tangible personal property taxes and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 - PROPERTY TAXES - (Continued)

The amount available as an advance at June 30, 2025 and 2024 were:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Major governmental funds:		
General fund	\$ 2,198,227	\$ 1,804,382
Bond retirement fund	540,721	497,437
Nonmajor governmental funds:		
Permanent improvement fund	70,688	68,600

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

The assessed values upon which the fiscal year 2025 taxes were collected are:

	2024 Second Half Collections		2025 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential, commercial and other	\$ 1,205,755,890	97.84	\$ 1,542,496,870	98.11
Public utility personal	<u>26,603,830</u>	<u>2.16</u>	<u>29,741,800</u>	<u>1.89</u>
Total	<u>\$ 1,232,359,720</u>	<u>100.00</u>	<u>\$ 1,572,238,670</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 53.70		\$ 50.60	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2025 consisted of property taxes, payment in lieu of taxes, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 52,057,253
Payment in lieu of taxes	1,461,834
Accounts	48,612
Intergovernmental	474,397
Accrued interest	<u>1,056,286</u>
Total	<u>\$ 55,098,382</u>

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 7 - CAPITAL ASSETS

The capital asset beginning balance at June 30, 2025 has been restated for capital assets that were reclassified from furniture and equipment to vehicles. Capital asset activity for the fiscal year ended June 30, 2025 was as follows:

	Balance <u>06/30/24</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/25</u>
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 2,214,101	\$ -	\$ -	\$ 2,214,101
Construction in progress	1,874,720	6,171,097	-	8,045,817
Total capital assets, not being depreciated/amortized	<u>4,088,821</u>	<u>6,171,097</u>	<u>-</u>	<u>10,259,918</u>
<i>Capital assets, being depreciated/amortized:</i>				
Buildings and improvements	67,655,067	714,414	-	68,369,481
Furniture and equipment	14,641,437	843,833	(117,463)	15,367,807
Vehicles	5,798,416	-	-	5,798,416
Intangible right to use, SBITAs	121,249	285,142	-	406,391
Total capital assets, being depreciated/amortized	<u>88,216,169</u>	<u>1,843,389</u>	<u>(117,463)</u>	<u>89,942,095</u>
<i>Less: accumulated depreciation/amortization:</i>				
Buildings and improvements	(20,210,390)	(1,862,855)	-	(22,073,245)
Furniture and equipment	(8,071,911)	(566,315)	44,801	(8,593,425)
Vehicles	(4,137,136)	(716,526)	-	(4,853,662)
Intangible right to use, SBITAs	(11,225)	(79,448)	-	(90,673)
Total accumulated depreciation/amortization	<u>(32,430,662)</u>	<u>(3,225,144)</u>	<u>44,801</u>	<u>(35,611,005)</u>
Governmental activities capital assets, net	<u>\$ 59,874,328</u>	<u>\$ 4,789,342</u>	<u>\$ (72,662)</u>	<u>\$ 64,591,008</u>

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

Instruction:

Regular	\$ 615,560
Instructional	12,018

Support services:

Operations and maintenance	2,147,155
Pupil transportation	431,534
Central services	3,557

Operation of non-instructional services:

Food service	12,866
Extracurricular activities	2,454
Total depreciation expense	<u>\$ 3,225,144</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 8 - INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2025, consisted of the following, as reported on the fund statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental fund	\$ 6,500,000
<u>Transfers from bond retirement fund to:</u>	
Nonmajor governmental fund	<u>322,300</u>
 Total	 <u><u>\$ 6,822,300</u></u>

The bond retirement fund transferred \$322,300 to the permanent improvement fund (a nonmajor governmental fund) for payment on the tax anticipation note which is reflected as a fund liability.

The general fund transferred \$6,500,000 to the capital projects fund (a nonmajor governmental fund) to fund the construction of the new high school.

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

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

All transfers made during fiscal year 2025 were made in accordance with Ohio Revised Code Sections 5704.14, 5705.15 and 5705.16.

NOTE 9 - RISK MANAGEMENT

A. Property and Liability

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

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

B. Workers' Compensation

The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Retro Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 9 - RISK MANAGEMENT - (Continued)

Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

The School District is a member of the Suburban Health Consortium, a shared risk pool to provide employee medical and prescription drug benefits. Rates are set through an annual calculation process prepared by the Consortium's health insurance consultant. The School District pays a monthly contribution and a pro-rata share of their "buy-in" contribution to existing plan reserves which is placed in a common fund from which the claim payments are made for all participating districts. For 2025, the School District paid approximately 83% of the cost of the monthly premium for all employees.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire before August 1, 2017 *	Eligible to Retire on or 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. 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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5% cost-of-living adjustment (COLA) for calendar year 2024.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2025, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$1,334,446 for fiscal year 2025. Of this amount, \$359,122 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective Aug. 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after Aug. 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all of their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate is deposited into the member's DC account and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the 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 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 2025 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2025, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$3,862,831 for fiscal year 2025. Of this amount, \$687,018 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2024, 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.

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

Proportion of the net pension			
liability prior measurement date	0.208359300%	0.182821050%	
Proportion of the net pension			
liability current measurement date	<u>0.203030300%</u>	<u>0.185057320%</u>	
Change in proportionate share	<u>-0.005329000%</u>	<u>0.002236270%</u>	
Proportionate share of the net			
pension liability	\$ 10,386,211	\$ 35,608,018	\$ 45,994,229
Pension expense	\$ 1,096,765	\$ 3,031,112	\$ 4,127,877

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LORAIN COUNTY, OHIO**

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NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 396,537	\$ 2,242,374	\$ 2,638,911
Changes of assumptions	92,913	1,641,014	1,733,927
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	900,188	900,188
Contributions subsequent to the measurement date	<u>1,334,446</u>	<u>3,862,831</u>	<u>5,197,277</u>
Total deferred outflows of resources	<u>\$ 1,823,896</u>	<u>\$ 8,646,407</u>	<u>\$ 10,470,303</u>
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 19,498	\$ 19,498
Net difference between projected and actual earnings on pension plan investments	649,649	3,061,565	3,711,214
Changes of assumptions	-	1,235,212	1,235,212
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>105,123</u>	<u>-</u>	<u>105,123</u>
Total deferred inflows of resources	<u>\$ 754,772</u>	<u>\$ 4,316,275</u>	<u>\$ 5,071,047</u>

\$5,197,277 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, 2026.

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:			
2026	\$ (569,065)	\$ (1,422,870)	\$ (1,991,935)
2027	596,222	3,347,317	3,943,539
2028	(101,449)	(824,791)	(926,240)
2029	<u>(191,030)</u>	<u>(632,358)</u>	<u>(823,388)</u>
Total	<u>\$ (265,322)</u>	<u>\$ 467,298</u>	<u>\$ 201,976</u>

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024 and June 30, 2023, are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or ad hoc COLA	2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement	2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement
Investment rate of return	7.00% net of system expenses	7.00% net of system expenses
Actuarial cost method	Entry age normal (level percent of payroll)	Entry age normal (level percent of payroll)

In 2024, mortality rates were based on the following:

Service Retirement: 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. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Disabled Retirement: 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.

Contingent Survivor: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

As of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	100.00 %	

Discount Rate - Total pension liability for 2024 was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31%.

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

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 proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the proportionate share of 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 rate.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 15,889,465	\$ 10,386,211	\$ 5,752,768

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 and June 30, 2023, actuarial valuations are presented below:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%, effective July 1, 2017	0.00%, effective July 1, 2017

For the June 30, 2024 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2024 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.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. 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, 2024.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, as well as what the proportionate share of 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	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 57,441,974	\$ 35,608,018	\$ 17,140,243

Assumption and Benefit Changes Since the Prior Measurement Date - The discount rate remained at 7.00% for June 30, 2024 valuation.

Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.

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

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. 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.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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, 2025, 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 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$160,425.

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 \$160,425 for fiscal year 2025. Of this amount, \$160,425 is reported as pension and postemployment benefits payable.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

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. All benefit recipients 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, 2025, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2024, 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	0.213746800%	0.182821050%	
Proportion of the net OPEB			
liability/asset current measurement date	<u>0.207051100%</u>	<u>0.185057320%</u>	
Change in proportionate share	<u>-0.006695700%</u>	<u>0.002236270%</u>	
Proportionate share of the net			
OPEB liability	\$ 2,108,806	\$ -	\$ 2,108,806
Proportionate share of the net			
OPEB asset	\$ -	\$ (3,510,184)	\$ (3,510,184)
OPEB expense	\$ (10,034)	\$ (702,438)	\$ (712,472)

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 152,594	\$ 152,594
Net difference between projected and actual earnings on OPEB plan investments	10,294	-	10,294
Changes of assumptions	905,095	432,049	1,337,144
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	442,972	204,468	647,440
Contributions subsequent to the measurement date	<u>160,425</u>	<u>-</u>	<u>160,425</u>
Total deferred outflows of resources	<u>\$ 1,518,786</u>	<u>\$ 789,111</u>	<u>\$ 2,307,897</u>
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 2,273,835	\$ 378,283	\$ 2,652,118
Net difference between projected and actual earnings on OPEB plan investments	-	150,715	150,715
Changes of assumptions	968,709	1,583,071	2,551,780
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>502,726</u>	<u>16,308</u>	<u>519,034</u>
Total deferred inflows of resources	<u>\$ 3,745,270</u>	<u>\$ 2,128,377</u>	<u>\$ 5,873,647</u>

\$160,425 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, 2026.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	\$ (544,378)	\$ (492,437)	\$ (1,036,815)
2027	(414,111)	(197,650)	(611,761)
2028	(324,850)	(265,941)	(590,791)
2029	(254,485)	(245,064)	(499,549)
2030	(251,385)	(191,497)	(442,882)
Thereafter	<u>(597,700)</u>	<u>53,323</u>	<u>(544,377)</u>
Total	<u>\$ (2,386,909)</u>	<u>\$ (1,339,266)</u>	<u>\$ (3,726,175)</u>

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024 and June 30, 2023 are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
Investment rate of return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Actuarial cost method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Fiduciary net position is projected to be depleted	2059	2048
Municipal bond index rate	3.93%	3.86%
Single equivalent interest rate, net of plan investment expense, including price inflation	4.88%	4.27%
Medical trend assumption	7.00 to 4.40%	6.75 to 4.40%

In 2024, the following mortality assumptions were used:

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

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

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

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

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

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

In the prior measurement date, the following mortality assumptions were used:

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

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

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

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

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

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

The long-term expected rate on plan assets of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

As of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88%. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27%. 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 is projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023 and the June 30, 2024 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

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 proportionate share of the net OPEB liability, what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what the proportionate share of 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	Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,812,017	\$ 2,108,806	\$ 1,550,009

	1% Decrease	Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,425,474	\$ 2,108,806	\$ 3,006,990

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 actuarial valuation, compared with June 30, 2023 actuarial valuation, are presented below:

	June 30, 2024		June 30, 2023	
Projected salary increases	Varies by service from 2.50% to 8.50%		Varies by service from 2.50% to 8.50%	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Discount rate of return	7.00%		7.00%	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	7.50%	4.14%
Medicare	-112.22%	3.94%	-10.94%	4.14%
Prescription Drug				
Pre-Medicare	8.00%	3.94%	-11.95%	4.14%
Medicare	-15.14%	3.94%	1.33%	4.14%

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

For the June 30, 2024 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 post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 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, 2024 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

Sensitivity of the 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, 2024, calculated using the current period discount rate assumption of 7.00%, as well as what the proportionate share of 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 proportionate share of 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.

	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 2,854,011	\$ 3,510,184	\$ 4,081,197

	1% Decrease	Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 4,119,768	\$ 3,510,184	\$ 2,777,079

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 12 - LONG-TERM OBLIGATIONS

The beginning long-term obligation balance at June 30, 2024 has been restated as described in Note 3. Changes in the School District's long-term obligations during fiscal year 2025 were as follows:

	Restated Balance Outstanding June 30, 2024	Additions	Reductions	Balance Outstanding June 30, 2025	Amounts Due in One Year
Governmental activities:					
<u>General obligation bonds:</u>					
2016 Refunding Bonds					
Serial and term bonds	\$ 7,760,000	\$ -	\$ (55,000)	\$ 7,705,000	\$ 55,000
Capital appreciation bonds (CABs)	5,658	-	-	5,658	-
Accretion on CABs	41,690	15,272	-	56,962	-
Premium	1,074,451	-	(71,630)	1,002,821	-
2017 Refunding Bonds					
Serial and term bonds	32,685,000	-	(605,000)	32,080,000	820,000
Capital appreciation bonds (CABs)	15,876	-	(15,876)	-	-
Accretion on CABs	79,771	14,353	(94,124)	-	-
Premium	2,971,180	-	(126,433)	2,844,747	-
2021 Refunding Bonds					
Serial and term bonds	7,885,000	-	(15,000)	7,870,000	15,000
Premium	1,504,774	-	(143,312)	1,361,462	-
2024 School Improvement Bonds					
Serial and term bonds	121,845,000	-	-	121,845,000	5,000
Premium	3,283,618	-	(87,758)	3,195,860	-
Total general obligation bonds payable	<u>179,152,018</u>	<u>29,625</u>	<u>(1,214,133)</u>	<u>177,967,510</u>	<u>895,000</u>
<u>Other long-term obligations:</u>					
Bond anticipation notes, series 2023					
Notes	15,000,000	-	(15,000,000)	-	-
Premium	53,250	-	(53,250)	-	-
Notes payable - financed purchase	82,742	-	(82,742)	-	-
Net pension liability	50,883,324	-	(4,889,095)	45,994,229	-
Net OPEB liability	3,521,361	-	(1,412,555)	2,108,806	-
Compensated absences	11,199,324	453,332	-	11,652,656	4,346,981
Total other long-term obligations	<u>80,740,001</u>	<u>453,332</u>	<u>(21,437,642)</u>	<u>59,755,691</u>	<u>4,346,981</u>
Total long-term obligations governmental activities	<u>\$ 259,892,019</u>	<u>\$ 482,957</u>	<u>\$ (22,651,775)</u>	<u>\$ 237,723,201</u>	<u>\$ 5,241,981</u>

* The change in compensated absences liability is presented as a net change.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Bonds

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

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

Series 2016 & 2017 Refunding Bonds

In December 2017, the School District issued \$34,829,286 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the School District's government-wide financial statements. As of June 30, 2025, \$32,205,000 of these bonds are considered defeased.

Principal and interest requirements to retire the 2016 refunding bonds at June 30, 2025, were as follows:

<u>Fiscal Year</u>	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 55,000	\$ 305,450	\$ 360,450	\$ -	\$ -	\$ -
2027	55,000	304,350	359,350	-	-	-
2028	60,000	302,600	362,600	-	-	-
2029	60,000	300,200	360,200	-	-	-
2030	65,000	297,700	362,700	-	-	-
2031 - 2035	355,000	1,447,500	1,802,500	-	-	-
2036 - 2039	7,055,000	659,900	7,714,900	5,658	1,144,342	1,150,000
Total	<u>\$ 7,705,000</u>	<u>\$ 3,617,700</u>	<u>\$ 11,322,700</u>	<u>\$ 5,658</u>	<u>\$ 1,144,342</u>	<u>\$ 1,150,000</u>

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the 2017 refunding bonds at June 30, 2025, were as follows:

Current Interest Bonds			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 820,000	\$ 1,189,494	\$ 2,009,494
2027	885,000	1,156,694	2,041,694
2028	855,000	1,121,294	1,976,294
2029	40,000	1,087,094	1,127,094
2030	40,000	1,085,794	1,125,794
2031 - 2035	225,000	5,408,494	5,633,494
2036 - 2040	2,685,000	5,369,493	8,054,493
2041 - 2046	15,125,000	3,813,195	18,938,195
2046 - 2050	<u>11,405,000</u>	<u>784,013</u>	<u>12,189,013</u>
Total	<u>\$ 32,080,000</u>	<u>\$ 21,015,565</u>	<u>\$ 53,095,565</u>

Series 2021 Refunding Bonds

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

Principal and interest requirements to retire the 2021 refunding bonds at June 30, 2025, were as follows:

Current Interest Bonds			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 15,000	\$ 309,150	\$ 324,150
2027	15,000	308,850	323,850
2028	95,000	307,750	402,750
2029	875,000	290,800	1,165,800
2030	930,000	256,200	1,186,200
20310 - 2034	<u>5,940,000</u>	<u>630,000</u>	<u>6,570,000</u>
Total	<u>\$ 7,870,000</u>	<u>\$ 2,102,750</u>	<u>\$ 9,972,750</u>

2024 School Improvement Bonds

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the 2024 School Improvement Bonds at June 30, 2025, were as follows:

Fiscal Year	Current Interest Bonds		
	Principal	Interest	Total
2026	\$ 5,000	\$ 6,016,637	\$ 6,021,637
2027	1,275,000	5,984,637	7,259,637
2028	1,340,000	5,919,262	7,259,262
2029	1,405,000	5,850,637	7,255,637
2030	1,475,000	5,778,637	7,253,637
2031 - 2035	8,570,000	27,679,310	36,249,310
2036 - 2040	10,940,000	25,251,810	36,191,810
2041 - 2045	13,955,000	22,155,185	36,110,185
2046 - 2050	17,790,000	18,250,200	36,040,200
2051 - 2055	22,425,000	13,466,935	35,891,935
2056 - 2060	29,005,000	6,724,015	35,729,015
2061 - 2062	13,660,000	621,460	14,281,460
Total	<u>\$ 121,845,000</u>	<u>\$ 143,698,725</u>	<u>\$ 265,543,725</u>

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

Series 2023 Bond Anticipation Notes

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

Notes Payable - Financed Purchase

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

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

There were no remaining payments on the notes payable - financed purchase at the end of fiscal year 2025.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin

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

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

At June 30, 2025, the School District's unvoted debt margin was \$1,572,239.

NOTE 13 - TAX ANTICIPATION NOTE

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

Changes in the School District's tax anticipation notes during fiscal year 2025 were as follows:

	Outstanding June 30, 2024	Additions	Deductions	Outstanding June 30, 2025
Tax anticipation note (1.99%)	\$ 820,000	\$ -	\$ (405,000)	\$ 415,000

NOTE 14 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	\$ 775,380
Building fund	13,091,714
Other nonmajor governmental funds	507,819
Total	\$ 14,374,913

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. Connect

The North Coast Council became known as Connect effective April 1, 2016. The new governing Board of Directors, the Educational Service Centers of Northeast Ohio, Lorain and Medina County and the Ohio Schools Council, have accepted the ownership, responsibility and liability of Connect in order to provide exemplary service to member districts. The Superintendent/Executive Director of the three ESCs and Ohio Schools Council shall serve on Connect's Board of Directors. The purpose of Connect is applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions for member districts. Fiscal information for Connect is available from the Treasurer of the Educational Service Center of Northeast Ohio (fiscal agent), located at 6393 Oak Tree Boulevard, Independence, Ohio 44131. During the year ended June 30, 2025, the School District paid \$151,742 to Connect.

B. Lorain County Joint Vocational School District

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

C. Ohio Schools Council

The Ohio Schools Council Association (Council) is a jointly governed organization among 254 school districts. The organization was formed to purchase quality products and services at the lowest possible cost to the member School Districts. Each School District supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating School Districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2025, the School District paid \$72,601 to the Council. Financial information can be obtained by contacting the Executive Director/Treasurer of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

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

NOTE 16 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 16 - CONTINGENCIES - (Continued)

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2025.

B. Foundation Funding

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

C. Litigation

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

NOTE 17 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2024	\$ -
Current year set-aside requirement	1,033,322
Current year qualifying expenditures	(392,234)
Current year offsets	<u>(1,054,766)</u>
Total	<u>\$ (413,678)</u>
Balance carried forward to fiscal year 2026	<u>\$ -</u>
Set-aside balance June 30, 2025	<u>\$ -</u>

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 18 - TAX ABATEMENTS

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

For fiscal year 2025, the School District received \$1,461,834 in payments from the City and the business entities.

NOTE 19 - SUBSEQUENT EVENTS

In December 2025, the School District issued \$21,270,000 in General Obligation School Improvement Bonds for the purpose of constructing, adding to, renovating, remodeling, furnishing, equipping and otherwise improving school district buildings and facilities and acquiring, clearing, improving and equipping their sites.

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - over (under) Actual Amounts
	Original	Final		
Budgetary revenues and other financing sources	\$ 52,965,782	\$ 57,523,844	\$ 57,656,544	\$ 132,700
Budgetary expenditures and other financing uses	58,576,450	63,996,917	63,818,780	(178,137)
Net change in fund balance	(5,610,668)	(6,473,073)	(6,162,236)	310,837
Budgetary fund balance at beginning of year	26,452,276	26,452,276	26,452,276	-
Prior year encumbrances appropriated	576,450	576,450	576,450	-
Budgetary fund balance at end of year	<u>\$ 21,418,058</u>	<u>\$ 20,555,653</u>	<u>\$ 20,866,490</u>	<u>\$ 310,837</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.203030300%	\$ 10,386,211	\$ 10,431,564	99.57%	78.52%
2024	0.208359300%	11,512,925	8,690,052	132.48%	76.06%
2023	0.213191200%	11,531,038	7,683,516	150.08%	75.82%
2022	0.197561600%	7,289,450	7,157,538	101.84%	82.86%
2021	0.208110400%	13,764,860	7,213,743	190.81%	68.55%
2020	0.192123900%	11,495,110	6,629,878	173.38%	70.85%
2019	0.188238500%	10,780,768	6,127,403	175.94%	71.36%
2018	0.167839700%	10,028,051	5,547,731	180.76%	69.50%
2017	0.165971000%	12,147,546	4,830,729	251.46%	62.98%
2016	0.164746000%	9,400,555	5,006,874	187.75%	69.16%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 1,334,446	\$ (1,334,446)	\$ -	\$ 9,531,757	14.00%
2024	1,460,419	(1,460,419)	-	10,431,564	14.00%
2023	1,216,607	(1,216,607)	-	8,690,050	14.00%
2022	1,075,692	(1,075,692)	-	7,683,514	14.00%
2021	1,002,055	(1,002,055)	-	7,157,536	14.00%
2020	1,009,924	(1,009,924)	-	7,213,743	14.00%
2019	895,034	(895,034)	-	6,629,881	13.50%
2018	827,199	(827,199)	-	6,127,400	13.50%
2017	776,682	(776,682)	-	5,547,729	14.00%
2016	676,302	(676,302)	-	4,830,729	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.185057320%	\$ 35,608,018	\$ 26,443,814	134.66%	82.55%
2024	0.182821050%	39,370,399	25,409,727	154.94%	80.02%
2023	0.182000160%	40,458,865	24,114,117	167.78%	78.88%
2022	0.017432371%	22,288,853	21,372,274	104.29%	87.78%
2021	0.171412040%	41,475,614	21,542,525	192.53%	75.48%
2020	0.161897200%	35,802,593	19,886,347	180.04%	77.40%
2019	0.156344850%	34,376,722	18,194,072	188.94%	77.31%
2018	0.153480390%	36,459,596	17,283,680	210.95%	75.30%
2017	0.149514460%	50,046,997	15,950,269	313.77%	66.80%
2016	0.146608000%	40,518,296	15,500,075	261.41%	72.10%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 3,862,831	\$ (3,862,831)	\$ -	\$ 27,591,650	14.00%
2024	3,702,134	(3,702,134)	-	26,443,814	14.00%
2023	3,557,362	(3,557,362)	-	25,409,729	14.00%
2022	3,375,976	(3,375,976)	-	24,114,114	14.00%
2021	2,992,118	(2,992,118)	-	21,372,271	14.00%
2020	3,015,954	(3,015,954)	-	21,542,529	14.00%
2019	2,784,089	(2,784,089)	-	19,886,350	14.00%
2018	2,547,170	(2,547,170)	-	18,194,071	14.00%
2017	2,419,715	(2,419,715)	-	17,283,679	14.00%
2016	2,233,037	(2,233,037)	-	15,950,264	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School District's Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.207051100%	\$ 2,108,806	\$ 10,431,564	20.22%	44.50%
2024	0.213746800%	3,521,361	8,690,052	40.52%	30.02%
2023	0.217828200%	3,058,331	7,683,516	39.80%	30.34%
2022	0.203105100%	3,843,930	7,157,538	53.70%	24.08%
2021	0.211369400%	4,593,749	7,213,743	63.68%	18.17%
2020	0.196714400%	4,946,953	6,629,878	74.62%	15.57%
2019	0.190805500%	5,293,460	6,127,403	86.39%	13.57%
2018	0.170048400%	4,563,652	5,547,731	82.26%	12.46%
2017	0.167637500%	4,778,289	4,830,729	98.91%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 160,425	\$ (160,425)	\$ -	\$ 9,531,757	1.68%
2024	149,796	(149,796)	-	10,431,564	1.44%
2023	152,715	(152,715)	-	8,690,050	1.76%
2022	141,428	(141,428)	-	7,683,514	1.84%
2021	127,678	(127,678)	-	7,157,536	1.78%
2020	114,096	(114,096)	-	7,213,743	1.58%
2019	152,398	(152,398)	-	6,629,881	2.30%
2018	132,997	(132,997)	-	6,127,400	2.17%
2017	91,430	(91,430)	-	5,547,729	1.65%
2016	82,440	(82,440)	-	4,830,729	1.71%

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	School District's Proportion of the Net OPEB Liability/(Asset)	School District's Proportionate Share of the Net OPEB Liability/(Asset)	School District's Covered Payroll	School District's Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2025	0.185057320%	\$ (3,510,184)	\$ 26,443,814	13.27%	158.01%
2024	0.182821050%	(3,555,617)	25,409,727	13.99%	168.52%
2023	0.182000160%	(4,712,590)	24,114,117	19.54%	230.73%
2022	0.174323710%	(3,675,472)	21,372,274	17.20%	174.73%
2021	0.171412040%	(3,012,563)	21,542,525	13.98%	182.10%
2020	0.161897200%	(2,681,406)	19,886,347	13.48%	174.74%
2019	0.156344850%	(2,512,302)	18,194,072	-13.81%	176.00%
2018	0.153480390%	5,988,238	17,283,680	34.65%	47.10%
2017	0.149514460%	7,996,074	15,950,269	50.13%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ -	\$ -	\$ -	\$ 27,591,650	0.00%
2024	-	-	-	26,443,814	0.00%
2023	-	-	-	25,409,729	0.00%
2022	-	-	-	24,114,114	0.00%
2021	-	-	-	21,372,271	0.00%
2020	-	-	-	21,542,529	0.00%
2019	-	-	-	19,886,350	0.00%
2018	-	-	-	18,194,071	0.00%
2017	-	-	-	17,283,679	0.00%
2016	-	-	-	15,950,264	0.00%

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - BUDGETARY PROCESS

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

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (6,162,236)
Net adjustment for revenue and other source accrual	1,298,281
Net adjustment for expenditure and other use accrual	(495,178)
Funds budgeted elsewhere	99,804
Adjustments for encumbrances	<u>980,452</u>
GAAP Basis	<u>\$ (4,278,877)</u>

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

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 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%.
- For fiscal year 2023, SERS changed from a Cost of Living Adjustment (COLA) of 2.0% to 2.5%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

Change in assumptions:

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

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 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.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2025.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

Change 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%.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

- 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%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.
- For fiscal year 2025, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.86% to 3.93%, (b) single equivalent interest rate when from 4.27% to 4.88% and (c) medical trend assumptions went from 6.75% to 4.40% to 7.00% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the non-Medicare 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.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2025.

Change in assumptions:

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

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from - 68.78% initial - 3.94% ultimate to - 10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to - 11.95% initial - 4.14% ultimate; and prescription drug Medicare from - 5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.
- For fiscal year 2025, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 4.14% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from - 10.94% initial - 4.14% ultimate to - 112.22% initial - 3.94% ultimate; prescription drug Pre-Medicare from - 11.95% initial - 4.14% ultimate to 8.00% initial - 3.94% ultimate; and prescription drug Medicare from 1.33% initial - 4.14% ultimate to - 15.14% initial - 3.94% ultimate.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<i>Passed Through the Ohio Department of Education and Workforce:</i>		
<u>Child Nutrition Cluster:</u>		
School Breakfast Program	10.553	\$85,134
National School Lunch Program	10.555	447,617
National School Lunch Program- Non-Cash Assistance	10.555	94,714
Total National School Lunch Program		542,331
Total Child Nutrition Cluster		627,465
TOTAL U.S. DEPARTMENT OF AGRICULTURE		627,465
<u>U.S. DEPARTMENT OF EDUCATION</u>		
<i>Passed Through the Ohio Department of Education and Workforce:</i>		
<u>Special Education Cluster:</u>		
Special Education - Grants to States	84.027	1,133,463
Special Education - Preschool Grants	84.173	33,465
Total Special Education Cluster		1,166,928
Title I Grants to Local Educational Agencies	84.010	60,995
Total Title I Grants to Local Educational Agencies		425,430
McKinney-Vento Homeless Assistance Program	84.196	9,058
Student Support and Academic Enrichment Program	84.424	35,002
Supporting Effective Instruction State Grants	84.367	15,585
Total Supporting Effective Instruction State Grants		86,360
COVID-19 Education Stabilization Fund	84.425U	17,733
<i>Passed Through the Educational Service Center of Lorain County:</i>		
English Language Acquisition State Grants	84.365	4,165
TOTAL U.S. DEPARTMENT OF EDUCATION		1,821,256
TOTAL		\$2,448,721

The accompanying notes are an integral part of this schedule.

**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of North Ridgeville City School District (the District) under programs of the federal government for the year ended June 30, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER

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

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

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Ridgeville City School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 18, 2026, wherein we noted the District adopted new accounting guidance in *Governmental Accounting Standards Board (GASB) Statement No. 101* Compensated Absences.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

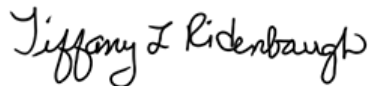
Report on Compliance and Other Matters

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.

KEITH FABER
Ohio Auditor of State



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

June 18, 2026

OHIO AUDITOR OF STATE KEITH FABER

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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited North Ridgeville City School District's, Lorain County, Ohio (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on North Ridgeville City School District's major federal program for the year ended June 30, 2025. North Ridgeville City School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, North Ridgeville City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the 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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

KEITH FABER
Ohio Auditor of State



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

June 18, 2026

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**NORTH RIDGEVILLE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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North Ridgeville City Schools

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

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
June 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001	Material Weakness – Financial Statement Errors Various material and immaterial financial statement errors noted.	Partially Corrected	A similar financial statement adjustments comment is included in the current year management letter.

OHIO AUDITOR OF STATE KEITH FABER



NORTH RIDGEVILLE CITY SCHOOL DISTRICT

LORAIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/14/2026

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

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