

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

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2025**





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Board of Education  
Northmont City School District  
1150 W National Road  
Englewood, OH 45315

We have reviewed the *Independent Auditors' Report* of the Northmont City School District, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2024 through June 30, 2025. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER  
Ohio Auditor of State

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

**March 20, 2026**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northmont City School District (the "District") as of and for the year ended June 30, 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 the District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

## ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
January 28, 2026

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## Northmont City School District, Ohio

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### *Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2025*

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

#### **Financial Highlights**

- At June 30, 2025, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$5.2 million, which is an increase from the \$1.7 million restated (for implementation of GASB Statement 101) balance at the start of the year.
- For fiscal year 2025, the District's net position increased by \$3.5 million, compared with the \$1.3 million increase in net position for fiscal year 2024, as a result of increased property tax revenue reported for the current year.
- As of the close of the current fiscal year, the combined governmental fund balances of the District were \$33.0 million; which was a \$955,340 decrease from the combined fund balance reported for the prior year. This decrease resulted from capital expenditures in the Permanent Improvement Fund exceeding current year revenues.
- At the end of the current fiscal year, the unassigned fund balance for the general fund, the District's operating fund, was \$16.3 million or 24.1% of total general fund expenditures.

#### **Using this Annual Financial Report**

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

#### **Reporting the District as a Whole**

##### *The Statement of Net Position and Statement of Activities*

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

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

## Northmont City School District, Ohio

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### *Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2025*

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#### **Reporting the District's Most Significant Funds**

##### *Fund Financial Statements*

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's reports only one type of funds, governmental, which uses a different accounting approach as further described in the notes to the financial statements. As previously mentioned, the focus of the fund financial statements is on the most significant ("major") funds, therefore information is provided separately for funds deemed to be major funds. For fiscal year 2025, the District reported two major funds; the General Fund and the Permanent Improvement Fund. The financial information for all of the remaining funds is combined and reported in one column titled Non-Major Governmental Funds.

##### *Governmental Funds*

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

##### *Notes to the Basic Financial Statements*

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

##### *Required Supplementary Information*

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

## Northmont City School District, Ohio

### *Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2025*

#### **The District as a Whole**

The statement of net position provides the perspective of the District as a whole. A comparative analysis of fiscal year 2025 to 2024 follows:

**TABLE 1  
NET POSITION JUNE 30**

|                                        | 2025                | 2024                |
|----------------------------------------|---------------------|---------------------|
| <b>Assets:</b>                         |                     |                     |
| Current and Other Assets               | \$ 79,230,736       | 77,246,830          |
| Net OPEB Asset                         | 4,429,795           | 4,732,983           |
| Capital Assets                         | 83,964,397          | 82,285,888          |
| Total Assets                           | <u>167,624,928</u>  | <u>164,265,701</u>  |
| <b>Deferred Outflows of Resources:</b> |                     |                     |
| Pension and OPEB                       | 14,432,137          | 16,798,504          |
| Deferred Loss on Refunding             | 2,017,991           | 2,104,903           |
| Total Deferred Outflows of Resources   | <u>16,450,128</u>   | <u>18,903,407</u>   |
| <b>Liabilities:</b>                    |                     |                     |
| Current Liabilities                    | 9,730,995           | 9,259,900           |
| Noncurrent Liabilities:                |                     |                     |
| Due Within One Year                    | 1,888,129           | 1,353,548           |
| Due in More than One Year:             |                     |                     |
| Net Pension Liability                  | 57,941,266          | 67,340,909          |
| Net OPEB Liability                     | 2,629,986           | 4,580,160           |
| Other Obligations                      | 54,643,198          | 54,827,119          |
| Total Liabilities                      | <u>126,833,574</u>  | <u>137,361,636</u>  |
| <b>Deferred Inflows of Resources:</b>  |                     |                     |
| Pension and OPEB                       | 16,084,182          | 11,960,662          |
| Other                                  | 35,925,375          | 33,382,470          |
| Total Deferred Inflows of Resources    | <u>52,009,557</u>   | <u>45,343,132</u>   |
| <b>Net Position:</b>                   |                     |                     |
| Net Investment in Capital Assets       | 34,302,540          | 34,421,721          |
| Restricted                             | 12,645,152          | 14,103,663          |
| Unrestricted                           | <u>(41,715,767)</u> | <u>(48,061,044)</u> |
| Total Net Position                     | <u>\$ 5,231,925</u> | <u>464,340</u>      |

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

## Northmont City School District, Ohio

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### *Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2025*

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

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

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

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

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

## Northmont City School District, Ohio

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### *Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2025*

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

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

As noted earlier, increases or decreases in net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources resulting in \$5.2 million net position balance at the close of the most recent fiscal year compared with the \$464,340 net position reported one year prior. If the effects of the pension and OPEB allocations are eliminated from the financial statement, the District's net position would be \$63.0 million instead of the \$5.2 million reported at the end of the current fiscal year. We feel this is important to mention as the management of the District has no control over the management of the State-wide pension or OPEB plans or the benefits offered; both of which control the net pension and OPEB assets/liabilities amounts which have a significant effect on the District's financial statements.

Total assets of the District increased by 2.0%, from June 30, 2024 to June 30, 2025. Capital assets increased (2.0%) as the District's current year capital asset additions exceeded depreciation expense reported for the year. At year end, capital assets represented 50.1% of total assets. Current and other asset accounts increased \$2.0 million (2.6%) during the year due primarily to the increase in property taxes receivables due to increased property values as a result of reappraisal of properties by the County.

Total liabilities reported at June 30, 2025 decreased by \$10.5 million (7.7%) from those reported at the beginning of the year. Net pension and OPEB liabilities decreased \$11.3 million during the year based on annual financial activity reported by the retirement systems and represent approximately 47.8% of the total liabilities reported by the District. Total other long-term liabilities remained relatively the same as debt service payments made were offset by the recognition of liabilities associated with the leasing of space at the YMCA building as well as finance purchase of laptop computers to be used by students.

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

## Northmont City School District, Ohio

### *Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2025*

Net position at June 30, 2025 was \$3.5 million more than the \$1.7 million restated balance reported for the beginning of the year. Net investment in capital assets decreased 0.3% due to the recognition of the new lease and notes payable during the year. Restricted net position decreased (10.3%) as amounts restricted for capital projects decreased due to capital expenses in the Permanent Improvement Fund exceeding current year revenues by \$1.3 million. Unrestricted net position (deficit) improved by 13.2%, or \$6.3 million, as the effects of the pension and OPEB plan expense adjustments, which are closed through the unrestricted net position account, were not as significant as they have been in prior years.

A comparative analysis of change in net position for fiscal years 2025 and 2024 follows:

**TABLE 2  
CHANGE IN NET POSITION, JUNE 30**

|                                                       | 2025                | 2024              |
|-------------------------------------------------------|---------------------|-------------------|
| <b>Revenues:</b>                                      |                     |                   |
| Program Revenues:                                     |                     |                   |
| Charges for Services                                  | \$ 5,300,648        | 5,358,769         |
| Operating Grants and Contributions                    | 6,522,957           | 7,371,167         |
| General Revenues:                                     |                     |                   |
| Property Taxes                                        | 35,578,480          | 33,640,959        |
| Grants and Entitlements                               | 30,031,549          | 29,870,332        |
| Other                                                 | 2,758,538           | 2,692,106         |
| Total Revenues                                        | <u>80,192,172</u>   | <u>78,933,333</u> |
| <b>Expenses:</b>                                      |                     |                   |
| Instruction                                           | 46,516,651          | 46,267,945        |
| Support Services:                                     |                     |                   |
| Pupils and Instructional Staff                        | 7,362,723           | 7,674,202         |
| Board of Education, Administration                    |                     |                   |
| Fiscal and Business                                   | 6,334,772           | 6,930,363         |
| Operation and Maintenance of Plant                    | 4,344,287           | 4,590,259         |
| Pupil Transportation                                  | 3,732,669           | 3,648,897         |
| Central                                               | 508,235             | 530,200           |
| Operation of Non-Instructional Services               | 4,464,899           | 4,497,172         |
| Extracurricular Activities                            | 1,790,384           | 1,895,080         |
| Interest and Fiscal Charges                           | 1,630,869           | 1,551,953         |
| Total Expenses                                        | <u>76,685,489</u>   | <u>77,586,071</u> |
| <b>Change in Net Position</b>                         | 3,506,683           | 1,347,262         |
| <b>Beginning Net Position, as Previously Reported</b> | 464,340             | (882,922)         |
| Implementation of GASB Statement 101                  | <u>1,260,902</u>    | <u>-</u>          |
| <b>Beginning Net Position, as Restated</b>            | <u>1,725,242</u>    | <u>(882,922)</u>  |
| <b>Net Position, End of Year</b>                      | <u>\$ 5,231,925</u> | <u>464,340</u>    |

## Northmont City School District, Ohio

### *Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2025*

#### *Governmental Activities*

The net position of the District's governmental activities increased during fiscal year 2025 with total net position reported at June 30, 2025 being \$5.2 million compared with the \$1.7 million restated balance at the beginning of the year. Total governmental expenses of \$76.7 million exceeded program revenues of \$11.8 million, leaving the remaining \$64.9 million to be covered by general revenues. Program revenues supported 15.4% of the total governmental expenses. The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements which are reported as general revenues. These two revenue sources represent 81.8% of total governmental revenue for fiscal year 2025.

The property tax laws in Ohio create the need to periodically seek voter approval for additional operating funds. In general, tax revenues generated from a levy do not increase as a result of inflation. An operating levy is approved for a fixed millage rate, but the rate is reduced for inflation with the effect of providing the District the same amount of tax dollars as originally approved. Therefore, school districts must periodically return to the ballot and ask voters for additional resources to maintain current programs. Property tax revenue for the current year increased by \$1.9 million as fiscal year 2025 was the first full year the District has collected property taxes on the significantly higher assessed property values that resulted from the last reappraisal process by the County.

Overall, program revenue reported for fiscal year 2025 was \$906,331 less than the prior year. The decrease was due to continuing reductions in COVID related funding compared with prior years as well as slight decreases in charges for services as extracurricular revenue realizes typical fluctuations from year to year.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. General revenues including tax revenue, investment earnings and unrestricted State entitlements must support the net cost of program services. Comparisons to 2024 are as follows:

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

|                                         | 2025                     |                        | 2024                     |                        |
|-----------------------------------------|--------------------------|------------------------|--------------------------|------------------------|
|                                         | Total Cost<br>of Service | Net Cost<br>of Service | Total Cost<br>of Service | Net Cost<br>of Service |
| Instruction                             | \$ 46,516,651            | (40,718,988)           | 46,267,945               | (40,405,466)           |
| Support Services                        | 22,282,686               | (21,706,211)           | 23,373,921               | (22,077,809)           |
| Operation of Non-Instructional Services | 4,464,899                | (88,049)               | 4,497,172                | (76,755)               |
| Extracurricular Activities              | 1,790,384                | (717,767)              | 1,895,080                | (744,152)              |
| Interest and Fiscal Charges             | 1,630,869                | (1,630,869)            | 1,551,953                | (1,551,953)            |
| <b>Total Expenses</b>                   | <b>\$ 76,685,489</b>     | <b>(64,861,884)</b>    | <b>77,586,071</b>        | <b>(64,856,135)</b>    |

## Northmont City School District, Ohio

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### *Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2025*

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The largest expense of the District, instructional programs, total \$46.5 million or 60.7% of the total governmental expenses reported for fiscal year 2025 compared with 59.6% reported for the prior year. Total expenses reported for fiscal year 2025 decreased by \$900,582 compared with those reported for the prior year. Decreases in expenses for the current year resulted from the Board of Education's decision last year to reduce the overall personnel levels as well as the closure of one school building to reduce the strain on the operating budget for the current year. These cuts in operating expenses were somewhat offset by a 2.5% cost-of-living increase for remaining employees, which combined with annual step increase, resulted in a 4.5% to 5.0% increase in personnel costs for the current year. Another contributing factor to the reduction in total expenses is associated with the annual adjustments necessary to record the District's proportionate share of pension and OPEB obligations. For the current year, these adjustments resulted in the reduction of reported expenses by \$4.6 million as compared with the \$0.6 reduction reported for the prior year.

The District continues to be heavily reliant on property tax and unrestricted grants and entitlements (State Foundation) revenues to fund services provided to the students and community. During fiscal year 2025, these two revenue sources accounted for 96.0% of the District's general revenues which represent 85.3% of the District's total revenue received during the fiscal year. The non-instructional service, primarily food service operations, has historically been the only functional area which generates program revenues to cover the majority of the functional expenses reported.

#### **The District's Funds**

The District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$80.3 million and expenditures of \$84.4 million. Overall fund balance of governmental funds decreased by \$955,340 from fund balances at June 30, 2024.

The general fund is the primary operating fund of the District. The general fund balance decreased \$1.2 million during the year compared with a \$1.2 million increase reported in the prior year. General fund revenues increased 2.4%, from those reported in fiscal year 2024 due to increases reported for property taxes revenues. Property tax revenues increase based on the increase in assessed valuation for the year. The remaining revenue line-item categories remained relatively unchanged from the prior year. Expenditures of the fund increased by 5.0% due to the increased cost of personnel (cost-of-living and annual step increases) noted above. The School Board authorized a \$1.5 million transfer from the General Fund to the Capital Projects Fund, a nonmajor governmental fund, during the year to be used for future capital expenditures. The ending unassigned fund balance of the general fund at June 30, 2025 (\$16.3 million) represents 24.1% of the total expenditures reported by the general fund for the year then ended compared with the 32.8% at the end of the prior year.

The District's other major fund, the permanent improvement fund, is used to account for all transactions related to major capital acquisitions or construction. For fiscal year 2025, the fund balance decreased by \$1.3 million, ending at \$4.7 million. Capital expenditure levels for the current year warranted utilization of some carryover fund balance reported for the fund.

## Northmont City School District, Ohio

### *Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2025*

#### **General Fund Budget Information**

The District increased the general fund's budgeted revenues (including other financing sources) by 4.3% during fiscal year 2025; accounting for increase in property tax receipts from those originally anticipated at the beginning of the year. For budgeted expenditures, the District increased planned expenditures during the year as actual spending patterns emerged, including higher cost of personnel and transfers out. As a result, the ending budgeted expenditures (including other financing uses) were 4.9% more than the expenditure amounts estimated at the beginning of the year.

Overall, the District anticipated an ending budgetary fund balance of \$23.9 million at the start of fiscal year 2025 and the actual ending budgetary balance for the fund was \$26.2 million, or 9.4% higher than what was originally estimated, as receipts came in higher than anticipated and expenditures were less than originally anticipated due to management's effort to reduce operating expenditures.

The ending unencumbered cash fund balance of the general fund at June 30, 2025 represents 37.7% of the total actual budgetary expenditures and other financing uses reported of the Fund for the year ended June 30, 2025.

#### **Capital Assets**

At the end of the fiscal year 2025, the District had \$84.0 million invested in land, buildings, building improvements, leased space, furniture, equipment and vehicles, and infrastructure.

During the year, the District reported capital asset additions totaling \$4.8 million with current year depreciation expense of \$3.1 million. Significant capital asset additions for the year included acquiring 3,700 Chromebooks tablet computers, leasing space at the YMCA building, building improvements to existing buildings, parking lot improvements as well as various pieces of food service equipment.

Table 4 shows the fiscal year 2025 balances compared to fiscal year 2024.

**TABLE 4  
CAPITAL ASSETS, JUNE 30**

|                                    | 2025                 | 2024              |
|------------------------------------|----------------------|-------------------|
| Land                               | \$ 1,974,408         | 1,974,408         |
| Buildings and Improvements         | 74,379,497           | 75,099,523        |
| Leased: Buildings and Improvements | 1,604,997            | -                 |
| Furniture and Equipment            | 4,159,731            | 2,898,733         |
| Vehicles                           | 1,736,749            | 2,201,088         |
| Infrastructure                     | 109,015              | 112,136           |
| <b>Total Net Capital Assets</b>    | <b>\$ 83,964,397</b> | <b>82,285,888</b> |

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

## Northmont City School District, Ohio

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### *Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2025*

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#### **Debt Administration**

At June 30, 2025, the District had \$50.9 million in outstanding general obligation bonds, including \$1.9 million of accreted interest on capital appreciation bonds and \$3.4 million of unamortized premiums on bonds issued. The District paid \$1.2 million in principal and accreted interest on bonds during fiscal year 2025 and another \$1.2 million of principal is due to mature within one year.

During the current fiscal year, the District entered into a lease agreement for office and classroom space at the YMCA building. As a result, a lease liability of \$1.7 million was recorded with an equal amount being recorded as capital asset. The liability will be reduced by payments made and the capital asset will be amortized over the life of the lease agreement. In addition, the District also entered into a financed purchase agreement to acquire 3,700 tablet computers for students which totaled \$1.5 million. During the current fiscal year, \$524,488 in principal payment was made against the financed purchase leaving the remaining \$961,728 to be repaid over the next two fiscal years.

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

#### **Contacting the District**

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

## Northmont City School District, Ohio

### Statement of Net Position June 30, 2025

|                                                                           | Governmental<br>Activities |
|---------------------------------------------------------------------------|----------------------------|
| ASSETS:                                                                   |                            |
| Equity in Pooled Cash and Investments                                     | \$ 42,011,602              |
| Intergovernmental Receivable                                              | 1,039,006                  |
| Property and Other Local Taxes Receivable                                 | 36,180,128                 |
| Net OPEB Asset                                                            | 4,429,795                  |
| Land                                                                      | 1,974,408                  |
| Depreciable Capital Assets, net                                           | 81,989,989                 |
| <i>Total Assets</i>                                                       | <u>167,624,928</u>         |
| DEFERRED OUTFLOWS OF RESOURCES:                                           |                            |
| Deferred Loss on Refunding                                                | 2,017,991                  |
| Pension and OPEB                                                          | 14,432,137                 |
| <i>Total Deferred Outflows of Resources</i>                               | <u>16,450,128</u>          |
| LIABILITIES:                                                              |                            |
| Accounts Payable                                                          | 497,615                    |
| Accrued Wages and Benefits                                                | 7,756,741                  |
| Intergovernmental Payable                                                 | 1,195,931                  |
| Claims Payable                                                            | 21,665                     |
| Matured Compensated Absences Payable                                      | 162,922                    |
| Accrued Interest Payable                                                  | 96,121                     |
| Long-Term Liabilities:                                                    |                            |
| Due Within One Year                                                       | 1,888,129                  |
| Due in More Than One Year:                                                |                            |
| Net Pension Liability                                                     | 57,941,266                 |
| Net OPEB Liability                                                        | 2,629,986                  |
| Other Amounts Due in More Than One Year                                   | 54,643,198                 |
| <i>Total Liabilities</i>                                                  | <u>126,833,574</u>         |
| DEFERRED INFLOWS OF RESOURCES:                                            |                            |
| Property Taxes not Levied to Finance Current Year Operations              | 35,138,404                 |
| Payments in Lieu of Taxes not Intended to Finance Current Year Operations | 725,505                    |
| Deferred Gain on Refunding                                                | 61,466                     |
| Pension and OPEB                                                          | 16,084,182                 |
| <i>Total Deferred Inflows of Resources</i>                                | <u>52,009,557</u>          |
| NET POSITION:                                                             |                            |
| Net Investment in Capital Assets                                          | 34,302,540                 |
| Restricted for Debt Service                                               | 1,300,284                  |
| Restricted for Postemployment benefits                                    | 4,429,795                  |
| Restricted for Capital Outlay                                             | 4,773,895                  |
| Restricted for Classroom Facilities Maintenance                           | 486,070                    |
| Restricted for Student Activities                                         | 597,824                    |
| Restricted for Federal and State Educational Grants                       | 9,842                      |
| Restricted for Food Service Operation                                     | 1,001,640                  |
| Restricted for Other Purposes                                             | 45,802                     |
| Unrestricted                                                              | (41,715,767)               |
| <i>Total Net Position</i>                                                 | <u>\$ 5,231,925</u>        |

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

# Northmont City School District, Ohio

## Statement of Activities For the Fiscal Year Ended June 30, 2025

|                                                                 |                      | Program Revenues                  |                                       | Net (Expense)<br>Revenue and<br>Change in Net<br>Position |
|-----------------------------------------------------------------|----------------------|-----------------------------------|---------------------------------------|-----------------------------------------------------------|
|                                                                 | Expenses             | Charges for<br>Services and Sales | Operating Grants<br>and Contributions | Total Governmental<br>Activities                          |
| <i>Governmental Activities:</i>                                 |                      |                                   |                                       |                                                           |
| Instruction:                                                    |                      |                                   |                                       |                                                           |
| Regular                                                         | \$ 30,901,309        | \$ 1,763,190                      | \$ 511,429                            | \$ (28,626,690)                                           |
| Special                                                         | 15,072,889           | 686,654                           | 2,507,969                             | (11,878,266)                                              |
| Vocational                                                      | 343,143              | -                                 | 42,162                                | (300,981)                                                 |
| Other                                                           | 199,310              | -                                 | 286,259                               | 86,949                                                    |
| Support Services:                                               |                      |                                   |                                       |                                                           |
| Pupils                                                          | 6,171,609            | -                                 | 54,765                                | (6,116,844)                                               |
| Instructional Staff                                             | 1,191,114            | -                                 | -                                     | (1,191,114)                                               |
| Board of Education                                              | 116,381              | -                                 | -                                     | (116,381)                                                 |
| Administration                                                  | 4,543,857            | -                                 | 44,734                                | (4,499,123)                                               |
| Fiscal                                                          | 1,313,913            | -                                 | -                                     | (1,313,913)                                               |
| Business                                                        | 360,621              | -                                 | -                                     | (360,621)                                                 |
| Operation and Maintenance of Plant                              | 4,344,287            | 35,087                            | 19,924                                | (4,289,276)                                               |
| Pupil Transportation                                            | 3,732,669            | -                                 | 408,027                               | (3,324,642)                                               |
| Central                                                         | 508,235              | -                                 | 13,938                                | (494,297)                                                 |
| Operation of Non-Instructional Services                         | 4,464,899            | 1,974,765                         | 2,402,085                             | (88,049)                                                  |
| Extracurricular Activities                                      | 1,790,384            | 840,952                           | 231,665                               | (717,767)                                                 |
| Interest and Fiscal Charges                                     | 1,630,869            | -                                 | -                                     | (1,630,869)                                               |
| <i>Total Governmental Activities</i>                            | <u>\$ 76,685,489</u> | <u>\$ 5,300,648</u>               | <u>\$ 6,522,957</u>                   | <u>(64,861,884)</u>                                       |
| General Revenues:                                               |                      |                                   |                                       |                                                           |
| Grants and Entitlements not Restricted to Specific Programs     |                      |                                   |                                       | 30,031,549                                                |
| Investment Earnings                                             |                      |                                   |                                       | 1,660,983                                                 |
| Payments in Lieu of Taxes                                       |                      |                                   |                                       | 725,505                                                   |
| Miscellaneous                                                   |                      |                                   |                                       | 372,050                                                   |
| Property Taxes Levied for:                                      |                      |                                   |                                       |                                                           |
| General Purposes                                                |                      |                                   |                                       | 32,274,675                                                |
| Debt Service                                                    |                      |                                   |                                       | 2,321,649                                                 |
| Capital Projects                                                |                      |                                   |                                       | 699,199                                                   |
| Classroom Facilities Maintenance                                |                      |                                   |                                       | 282,957                                                   |
| <i>Total General Revenues</i>                                   |                      |                                   |                                       | <u>68,368,567</u>                                         |
| <i>Change in Net Position</i>                                   |                      |                                   |                                       | 3,506,683                                                 |
| <i>Net Position - Beginning of Year, as previously reported</i> |                      |                                   |                                       | 464,340                                                   |
| Implementation of GASB Statement No. 101                        |                      |                                   |                                       | <u>1,260,902</u>                                          |
| <i>Net Position - Beginning of Year, as restated</i>            |                      |                                   |                                       | <u>1,725,242</u>                                          |
| <i>Net Position - End of Year</i>                               |                      |                                   |                                       | <u>\$ 5,231,925</u>                                       |

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

# Northmont City School District, Ohio

## Balance Sheet Governmental Funds June 30, 2025

|                                                                               | General Fund         | Permanent<br>Improvement | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------------------------------------------------------|----------------------|--------------------------|------------------------------------|--------------------------------|
| <b>ASSETS:</b>                                                                |                      |                          |                                    |                                |
| Equity in Pooled Cash and Investments                                         | \$ 29,739,066        | \$ 4,879,859             | \$ 7,392,677                       | \$ 42,011,602                  |
| Receivables (Net):                                                            |                      |                          |                                    |                                |
| Taxes                                                                         | 32,989,720           | 958,281                  | 2,232,127                          | 36,180,128                     |
| Intergovernmental                                                             | 219,940              | 725,505                  | 93,561                             | 1,039,006                      |
| Interfund                                                                     | 32,902               | -                        | -                                  | 32,902                         |
| <b>Total Assets</b>                                                           | <b>\$ 62,981,628</b> | <b>\$ 6,563,645</b>      | <b>\$ 9,718,365</b>                | <b>\$ 79,263,638</b>           |
| <b>LIABILITIES:</b>                                                           |                      |                          |                                    |                                |
| Accounts Payable                                                              | \$ 279,482           | \$ 141,512               | \$ 76,621                          | \$ 497,615                     |
| Accrued Wages and Benefits                                                    | 7,057,977            | -                        | 698,764                            | 7,756,741                      |
| Interfund Payable                                                             | -                    | -                        | 32,902                             | 32,902                         |
| Intergovernmental Payable                                                     | 1,125,469            | -                        | 70,462                             | 1,195,931                      |
| Matured Compensated Absences Payable                                          | 144,394              | -                        | 18,528                             | 162,922                        |
| Claims Payable                                                                | 21,665               | -                        | -                                  | 21,665                         |
| <b>Total Liabilities</b>                                                      | <b>8,628,987</b>     | <b>141,512</b>           | <b>897,277</b>                     | <b>9,667,776</b>               |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                         |                      |                          |                                    |                                |
| Property Taxes not Levied to Finance                                          |                      |                          |                                    |                                |
| Current Year Operations                                                       | 32,046,019           | 928,609                  | 2,163,776                          | 35,138,404                     |
| Payments in Lieu of Taxes not Intended to                                     |                      |                          |                                    |                                |
| Finance Current Year Operations                                               | -                    | 725,505                  | -                                  | 725,505                        |
| Unavailable Revenue                                                           | 590,489              | 18,655                   | 104,873                            | 714,017                        |
| <b>Total Deferred Inflows of Resources</b>                                    | <b>32,636,508</b>    | <b>1,672,769</b>         | <b>2,268,649</b>                   | <b>36,577,926</b>              |
| <b>FUND BALANCES:</b>                                                         |                      |                          |                                    |                                |
| <b>Restricted:</b>                                                            |                      |                          |                                    |                                |
| Capital Outlay                                                                | -                    | 4,749,364                | 5,876                              | 4,755,240                      |
| Debt Service                                                                  | -                    | -                        | 3,208,555                          | 3,208,555                      |
| Facilities Maintenance                                                        | -                    | -                        | 498,848                            | 498,848                        |
| Student Activities                                                            | -                    | -                        | 597,824                            | 597,824                        |
| Educational Grant Programs                                                    | -                    | -                        | 15,839                             | 15,839                         |
| Food Service Operation                                                        | -                    | -                        | 1,075,332                          | 1,075,332                      |
| Other Purposes                                                                | -                    | -                        | 39,441                             | 39,441                         |
| <b>Committed:</b>                                                             |                      |                          |                                    |                                |
| Capital Outlay                                                                | -                    | -                        | 1,500,000                          | 1,500,000                      |
| Termination Benefits                                                          | 840,000              | -                        | -                                  | 840,000                        |
| <b>Assigned:</b>                                                              |                      |                          |                                    |                                |
| School Supported Activities                                                   | 1,156,026            | -                        | -                                  | 1,156,026                      |
| Future Purchase Commitments                                                   | 584,914              | -                        | -                                  | 584,914                        |
| Subsequent Appropriations                                                     | 2,793,525            | -                        | -                                  | 2,793,525                      |
| Unassigned (Deficit)                                                          | 16,341,668           | -                        | (389,276)                          | 15,952,392                     |
| <b>Total Fund Balances</b>                                                    | <b>21,716,133</b>    | <b>4,749,364</b>         | <b>6,552,439</b>                   | <b>33,017,936</b>              |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b> | <b>\$ 62,981,628</b> | <b>\$ 6,563,645</b>      | <b>\$ 9,718,365</b>                | <b>\$ 79,263,638</b>           |

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

## Northmont City School District, Ohio

### *Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2025*

|                                                                                                                                                                                                                                                                  |    |              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------|
| Total Governmental Fund Balances                                                                                                                                                                                                                                 | \$ | 33,017,936   |
| Amounts reported for governmental activities in the statement of net position are different because:                                                                                                                                                             |    |              |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.                                                                                                                                  |    | 83,964,397   |
| Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.                                                                                                        |    |              |
| Taxes                                                                                                                                                                                                                                                            |    | 652,607      |
| Intergovernmental Receivable                                                                                                                                                                                                                                     |    | 61,410       |
| Deferred gains and losses on refundings are recorded in the funds when the refunding transaction occurs; however in the government-wide statements they are accrued and amortized over the life of the bonds:                                                    |    |              |
| Deferred Outflows - Deferred Loss on Refunding                                                                                                                                                                                                                   |    | 2,017,991    |
| Deferred Inflows - Deferred Gain on Refunding                                                                                                                                                                                                                    |    | (61,466)     |
| The net OPEB asset is not a current asset and the net pension and OPEB liabilities are not due and payable in the current period; therefore the assets and liabilities, as well as the related deferred outflows/inflows are not reported in governmental funds. |    |              |
| Net OPEB Asset                                                                                                                                                                                                                                                   |    | 4,429,795    |
| Deferred Outflows - Pension and OPEB                                                                                                                                                                                                                             |    | 14,432,137   |
| Deferred Inflows - Pension and OPEB                                                                                                                                                                                                                              |    | (16,084,182) |
| Net Pension Liability                                                                                                                                                                                                                                            |    | (57,941,266) |
| Net OPEB Liability                                                                                                                                                                                                                                               |    | (2,629,986)  |
| Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.                                                                                                                       |    |              |
| General Obligation Bonds                                                                                                                                                                                                                                         |    | (45,619,560) |
| Accreted Interest on Capital Appreciation Bonds                                                                                                                                                                                                                  |    | (1,855,613)  |
| Unamortized Bond Premium                                                                                                                                                                                                                                         |    | (3,402,259)  |
| Accrued Interest on Long-Term Debt                                                                                                                                                                                                                               |    | (96,121)     |
| Lease Payable                                                                                                                                                                                                                                                    |    | (1,634,835)  |
| Notes Payable - Financed Purchases                                                                                                                                                                                                                               |    | (961,728)    |
| Compensated Absences                                                                                                                                                                                                                                             |    | (3,057,332)  |
| Net Position of Governmental Activities                                                                                                                                                                                                                          | \$ | 5,231,925    |

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

## Northmont City School District, Ohio

### Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2025

|                                                     | General Fund         | Permanent<br>Improvement | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------------------------------|----------------------|--------------------------|------------------------------------|--------------------------------|
| <b>REVENUES:</b>                                    |                      |                          |                                    |                                |
| Property and Other Local Taxes                      | \$ 32,047,501        | \$ 692,012               | \$ 2,589,161                       | \$ 35,328,674                  |
| Intergovernmental                                   | 30,456,242           | 95,276                   | 6,045,996                          | 36,597,514                     |
| Interest                                            | 1,629,154            | -                        | 31,829                             | 1,660,983                      |
| Tuition and Fees                                    | 2,448,202            | -                        | -                                  | 2,448,202                      |
| Rent                                                | 128,404              | 8,500                    | -                                  | 136,904                        |
| Extracurricular Activities                          | 103,178              | -                        | 637,248                            | 740,426                        |
| Gifts and Donations                                 | 159,063              | -                        | 130,250                            | 289,313                        |
| Customer Sales and Services                         | 351                  | -                        | 1,974,765                          | 1,975,116                      |
| Payments in Lieu of Taxes                           | -                    | 725,505                  | -                                  | 725,505                        |
| Miscellaneous                                       | 277,561              | 77,843                   | 16,646                             | 372,050                        |
| <b>Total Revenues</b>                               | <b>67,249,656</b>    | <b>1,599,136</b>         | <b>11,425,895</b>                  | <b>80,274,687</b>              |
| <b>EXPENDITURES:</b>                                |                      |                          |                                    |                                |
| <b>Current:</b>                                     |                      |                          |                                    |                                |
| <b>Instruction:</b>                                 |                      |                          |                                    |                                |
| Regular                                             | 28,764,768           | -                        | 350,323                            | 29,115,091                     |
| Special                                             | 13,831,280           | -                        | 1,984,329                          | 15,815,609                     |
| Vocational                                          | 337,865              | -                        | -                                  | 337,865                        |
| Other                                               | 174,776              | -                        | 28,827                             | 203,603                        |
| <b>Support Services:</b>                            |                      |                          |                                    |                                |
| Pupils                                              | 6,507,732            | -                        | 73,343                             | 6,581,075                      |
| Instructional Staff                                 | 1,167,168            | -                        | 20,762                             | 1,187,930                      |
| Board of Education                                  | 115,284              | -                        | -                                  | 115,284                        |
| Administration                                      | 4,618,305            | -                        | 47,136                             | 4,665,441                      |
| Fiscal                                              | 1,599,659            | 11,404                   | 27,524                             | 1,638,587                      |
| Business                                            | 382,966              | -                        | -                                  | 382,966                        |
| Operation and Maintenance of Plant                  | 4,044,172            | -                        | 429,798                            | 4,473,970                      |
| Pupil Transportation                                | 3,393,236            | -                        | -                                  | 3,393,236                      |
| Central                                             | 525,586              | -                        | 7,388                              | 532,974                        |
| Operation of Non-Instructional Services             | 114,887              | -                        | 4,502,061                          | 4,616,948                      |
| Extracurricular Activities                          | 1,098,832            | -                        | 643,008                            | 1,741,840                      |
| Capital Outlay                                      | 1,057,378            | 4,677,672                | 631,049                            | 6,366,099                      |
| <b>Debt Service:</b>                                |                      |                          |                                    |                                |
| Principal                                           | 23,629               | 548,117                  | 698,212                            | 1,269,958                      |
| Interest                                            | 36,156               | 36,157                   | 1,887,547                          | 1,959,860                      |
| <b>Total Expenditures</b>                           | <b>67,793,679</b>    | <b>5,273,350</b>         | <b>11,331,307</b>                  | <b>84,398,336</b>              |
| <b>Excess of Revenues Over/(Under) Expenditures</b> | <b>(544,023)</b>     | <b>(3,674,214)</b>       | <b>94,588</b>                      | <b>(4,123,649)</b>             |
| <b>OTHER FINANCING SOURCES AND USES:</b>            |                      |                          |                                    |                                |
| Inception of Lease Agreement                        | 841,046              | 841,047                  | -                                  | 1,682,093                      |
| Notes Payable - Financed Purchase Issued            | -                    | 1,486,216                | -                                  | 1,486,216                      |
| Payment to Refunded Bond Escrow Agent               | -                    | -                        | -                                  | -                              |
| Transfers In                                        | -                    | -                        | 1,512,314                          | 1,512,314                      |
| Transfers Out                                       | (1,512,314)          | -                        | -                                  | (1,512,314)                    |
| <b>Total Other Financing Sources and Uses</b>       | <b>(671,268)</b>     | <b>2,327,263</b>         | <b>1,512,314</b>                   | <b>3,168,309</b>               |
| <b>Net Change in Fund Balances</b>                  | <b>(1,215,291)</b>   | <b>(1,346,951)</b>       | <b>1,606,902</b>                   | <b>(955,340)</b>               |
| <b>Fund Balance at Beginning of Year</b>            | <b>22,931,424</b>    | <b>6,096,315</b>         | <b>4,945,537</b>                   | <b>33,973,276</b>              |
| <b>Fund Balance at End of Year</b>                  | <b>\$ 21,716,133</b> | <b>\$ 4,749,364</b>      | <b>\$ 6,552,439</b>                | <b>\$ 33,017,936</b>           |

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

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## Northmont City School District, Ohio

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*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*

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Net Change in Fund Balances - Total Governmental Funds \$ (955,340)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

|                                                         |             |
|---------------------------------------------------------|-------------|
| Capital asset additions used in governmental activities | 4,764,767   |
| Depreciation expense                                    | (3,086,258) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (82,515)

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

|                                                                  |             |
|------------------------------------------------------------------|-------------|
| Repayment of long-term bonds, notes, and lease payable           | 1,781,746   |
| Current year amortization of bond premium                        | 181,745     |
| Current year amortization of deferred loss on refunding          | (86,912)    |
| Current year amortization of deferred gain on refunding          | 5,828       |
| Current year accretion of interest on capital appreciation bonds | (285,390)   |
| Inception of lease payable                                       | (1,682,093) |
| Issuance of notes payable - financed purchase                    | (1,486,216) |

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

|                          |           |
|--------------------------|-----------|
| Accrued interest payable | 1,933     |
| Compensated absences     | (121,354) |

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

|         |           |
|---------|-----------|
| Pension | 6,166,165 |
| OPEB    | 186,847   |

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

|                         |             |
|-------------------------|-------------|
| Pension                 | (2,998,309) |
| OPEB - negative expense | 1,202,039   |

Change in Net Position of Governmental Activities \$ 3,506,683

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

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## Northmont City School District, Ohio

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*Statement of Changes in Fiduciary Net Position  
Custodial Fund  
For the Fiscal Year Ended June 30, 2025*

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|                                                           | <u>Custodial Fund</u> |
|-----------------------------------------------------------|-----------------------|
| ADDITIONS:                                                |                       |
| Extracurricular Amounts Collected for Other Organizations | <u>\$ 2,246</u>       |
| <i>Total Additions</i>                                    | <u>2,246</u>          |
| DEDUCTIONS:                                               |                       |
| Extracurricular Distributions to Other Organizations      | <u>2,246</u>          |
| <i>Total Deductions</i>                                   | <u>2,246</u>          |
| <i>Change in Net Position</i>                             | -                     |
| <i>Net Position, Beginning of Year</i>                    | <u>-</u>              |
| <i>Net Position, End of Year</i>                          | <u><u>\$ -</u></u>    |

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

# Northmont City School District, Ohio

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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### **1. Description of the District and Reporting Entity**

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

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

#### **Reporting Entity**

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

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

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

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

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

# Northmont City School District, Ohio

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

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

### 2. **Summary of Significant Accounting Policies**

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

#### **a. Fund Accounting**

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

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

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

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

## Northmont City School District, Ohio

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

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

##### **b. Basis of Presentation**

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

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

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

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

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

## Northmont City School District, Ohio

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

##### **c. Basis of Accounting**

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

##### *Revenues, Exchange and Non-exchange Transactions*

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

##### *Deferred Outflows/Inflows of Resources*

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for deferred loss on refunding, pension, and OPEB. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained further in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources until that time. For the District, deferred inflows of resources include property taxes (including payments in lieu of taxes), unavailable revenue, deferred gain on refunding, pension, and OPEB.

# Northmont City School District, Ohio

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

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

#### *Expenditures/Expenses*

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

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

#### **d. Cash and Investments**

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2025. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, "Certain External Investment Pools and Participants". The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides the NAV per share that approximates fair value.

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

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

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue reported the general fund for fiscal year 2025 amounted to \$1,629,154; including \$542,564 assigned from other District funds.

#### **e. Capital Assets and Depreciation**

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

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

All reported capital assets, with the exception of land and construction in progress, are depreciated. The District is reporting intangible right-to-use assets related to leased building space, which is amortized in a systemic and rational manner of the shorter of the lease term or the useful life of the underlying asset. 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>Description</u>         | <u>Useful Life</u> |
|----------------------------|--------------------|
| Buildings and Improvements | 20-50 years        |
| Furniture and Equipment    | 5-20 years         |
| Vehicles                   | 8 years            |
| Infrastructure             | 50 years           |

#### **f. Interfund Balances**

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

## Northmont City School District, Ohio

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

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

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

##### **g. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are considered more likely than not to be used or settled at termination are recognized as a liability in the financial statements. The amount is based on accumulated sick leave and employee's wage rates at fiscal year-end, taking into consideration any limits specified in the District's termination policy, on a last-in, first-out basis.

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

##### **h. Accrued Liabilities and Long-term Obligations**

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

## Northmont City School District, Ohio

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*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025*

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

#### i. **Pensions/Other Postemployment Benefits (OPEB)**

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

#### j. **Fund Balance**

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

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

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

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

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

Unassigned – residual fund balance within the general fund that is in spendable form that is not restricted, committed or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The District applies restricted resources first when an expenditure is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

## Northmont City School District, Ohio

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

##### **k. Net Position**

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the District's \$12,645,152 in restricted net position, none was restricted by enabling legislation.

##### **l. Unamortized Bond Premium**

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

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

##### **m. Estimates**

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

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

#### 3. **Accountability – Deficit Fund Balances**

Individual fund deficits reported at June 30, 2025 include the following:

| <u>Non-Major Funds</u> | <u>Deficit</u> |
|------------------------|----------------|
| Title VI-B Grant       | \$ 220,507     |
| Title I Grant          | 98,465         |
| Title IV Grant         | 32,171         |
| IDEA Preschool Grant   | 10,195         |
| Title VI-R Grant       | 27,938         |

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

#### 4. **Deposits and Investments**

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

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

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

**Interim Monies** - Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested in legal securities (see Note 2d).

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

United States Treasury Notes, Bills, Bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

## Northmont City School District, Ohio

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

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

Bonds and other obligations of the State of Ohio;

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

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

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

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

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

**Deposits** – At June 30, 2025, the carrying amount of all District deposits was \$30,208,455. Based on the criteria described in GASB Statement 40, "Deposits and Investment Risk Disclosures", \$29,805,784 of the District's bank balance of \$30,555,784 was exposed to custodial risk as discussed below, while \$750,000 was covered by Federal Deposit Insurance Corporation.

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

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Investments** - As of June 30, 2025, the District had the following investments and maturities:

| <b>Investment Type</b>              | <b>Measurement<br/>Value</b> | <b>Weighted Average<br/>Maturity (Years)</b> |
|-------------------------------------|------------------------------|----------------------------------------------|
| Money Market Mutual Fund            | \$ 1,322,943                 | 0.00                                         |
| US Treasury Notes                   | 1,332,059                    | 2.99                                         |
| US Government Agency Notes          | 354,891                      | 0.68                                         |
| Negotiable Certificates of Deposit  | 4,854,384                    | 1.57                                         |
| Commercial Paper                    | 2,150,092                    | 0.47                                         |
| STAROhio                            | <u>1,788,778</u>             | 0.08                                         |
| Total                               | <u>\$ 11,803,147</u>         |                                              |
| Portfolio Weighted Average Maturity |                              | 1.10                                         |

#### *Interest Rate Risk*

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

#### *Credit Risk*

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

Investments in STAROhio and the Money Market Mutual Funds were rated AAAM by Standard and Poor's. \$296,202 of the commercial paper held by the District was rated P-1 by Moody's and A-1+ by Standard and Poor's, with the remaining \$1,853,890 rated P-1 and A-1 by Moody's and Standard and Poor's, respectively. The negotiable certificates of deposit are unrated, however are entirely covered by FDIC. US Government Agency Notes are rated AA+ by Standard and Poor's.

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

##### *Custodial Credit Risk*

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

##### *Concentration of Credit Risk*

The District's investment policy places no limit on the amount that may be invested in any one issuer beyond the requirements contained within the Ohio Revised Code. The following table includes the percentage of each investment type held by the District at June 30, 2025:

| <u>Investment Type</u>             | <u>% of<br/>Portfolio</u> |
|------------------------------------|---------------------------|
| Money Market Mutual Fund           | 11.21%                    |
| US Treasury Notes                  | 11.29%                    |
| US Government Agency Notes         | 3.01%                     |
| Negotiable Certificates of Deposit | 41.13%                    |
| Commercial Paper                   | 18.21%                    |
| STAROhio                           | 15.15%                    |
| Total                              | <u>100.00%</u>            |

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

Level 1 – Investments reflect prices quoted in active markets.

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

Level 3 – Investments reflect prices based upon unobservable sources.

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

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

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

#### **5. Property Taxes**

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

Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the regular payment due June 20. Under certain circumstances, State statute permits alternate payment dates to be established. The District receives property taxes from Montgomery, Miami, and Darke Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2025 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility tangible personal property taxes that became measurable as of June 30, 2025. Although the total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2025 was \$215,390, \$6,744, and \$15,252 for the General, Permanent Improvement, and Other Governmental Funds, respectively, and is recognized as revenue in Governmental Funds.

On the full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on the modified accrual basis, has been deferred. The assessed values upon which fiscal year 2025 taxes were collected are:

|                                                    | <b>2025 First Half<br/>Collections</b> | <b>2024 Second Half<br/>Collections</b> |
|----------------------------------------------------|----------------------------------------|-----------------------------------------|
| Real Estate                                        |                                        |                                         |
| Residential /Agricultural<br>and Other Real Estate | \$ 986,774,690                         | \$ 978,325,500                          |
| Public Utility Property                            | 26,061,710                             | 22,943,070                              |
| Total                                              | <u>\$ 1,012,836,400</u>                | <u>\$ 1,001,268,570</u>                 |

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

#### 6. Receivables

Receivables at June 30, 2025, consisted of taxes, accounts, and intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables is as follows:

| <u>Governmental Activities:</u>     | <u>Amount</u>       |
|-------------------------------------|---------------------|
| Due from State of Ohio              | \$ 219,940          |
| Payments in Lieu of Taxes           | 725,505             |
| Food Service Reimbursements         | 32,151              |
| Title I                             | 26,335              |
| Title IV Academic Achievement Grant | 35,075              |
| Total                               | <u>\$ 1,039,006</u> |

#### 7. Interfund Transactions

During fiscal year 2025, the general fund provided operating transfers of \$12,314 to the District managed student activities fund (non-major governmental fund) to provide support for certain activities and programs. Additionally, during the year the District transferred \$1.5 million to the capital projects fund (non-major governmental fund) to provide for future capital projects throughout the District.

At June 30, 2025, the District's interfund receivables and payables consisted for the following:

| <u>Fund</u>                         | <u>Receivable</u> | <u>Payable</u>   |
|-------------------------------------|-------------------|------------------|
| General Fund                        | <u>\$ 32,902</u>  |                  |
| Other Governmental Funds:           |                   |                  |
| Other Local Grants Fund             |                   | \$ 4,784         |
| Title IV Academic Achievement Grant |                   | <u>28,118</u>    |
|                                     | <u>\$ 32,902</u>  | <u>\$ 32,902</u> |

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

## Northmont City School District, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

#### 8. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

|                                                                | Balance at<br>7/1/2024 | Additions           | Deductions  | Balance at<br>6/30/2025 |
|----------------------------------------------------------------|------------------------|---------------------|-------------|-------------------------|
| <b><u>Capital Assets, not being depreciated:</u></b>           |                        |                     |             |                         |
| Land                                                           | \$ 1,974,408           | \$ -                | \$ -        | \$ 1,974,408            |
| <b><u>Capital Assets, being depreciated/amortized:</u></b>     |                        |                     |             |                         |
| Building and Improvements                                      | 102,970,388            | 1,475,766           | -           | 104,446,154             |
| Leased: Building and Improvements                              | -                      | 1,682,093           | -           | 1,682,093               |
| Furniture and Equipment                                        | 7,183,030              | 1,591,298           | -           | 8,774,328               |
| Vehicles                                                       | 5,868,797              | 15,610              | -           | 5,884,407               |
| Infrastructure                                                 | 156,031                | -                   | -           | 156,031                 |
|                                                                | <u>116,178,246</u>     | <u>4,764,767</u>    | <u>-</u>    | <u>120,943,013</u>      |
| <b><u>Less: Accumulated Depreciation/Amortization:</u></b>     |                        |                     |             |                         |
| Building and Improvements                                      | 27,870,865             | 2,195,792           | -           | 30,066,657              |
| Leased: Building and Improvements                              | -                      | 77,096              | -           | 77,096                  |
| Furniture and Equipment                                        | 4,284,297              | 330,300             | -           | 4,614,597               |
| Vehicles                                                       | 3,667,709              | 479,949             | -           | 4,147,658               |
| Infrastructure                                                 | 43,895                 | 3,121               | -           | 47,016                  |
|                                                                | <u>35,866,766</u>      | <u>3,086,258 *</u>  | <u>-</u>    | <u>38,953,024</u>       |
| <b>Capital Assets, being depreciated<br/>or Amortized, net</b> | <u>80,311,480</u>      | <u>1,678,509</u>    | <u>-</u>    | <u>81,989,989</u>       |
| <b>Total Capital Assets, net</b>                               | <u>\$ 82,285,888</u>   | <u>\$ 1,678,509</u> | <u>\$ -</u> | <u>\$ 83,964,397</u>    |

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

|                                                |                     |
|------------------------------------------------|---------------------|
| Instruction:                                   |                     |
| Regular                                        | \$ 2,227,962        |
| Special                                        | 1,100               |
| Vocational                                     | 27,059              |
| Support Services:                              |                     |
| Pupil Support                                  | 266                 |
| Instructional Support                          | 28,092              |
| Board of Education                             | 1,659               |
| Administration                                 | 121,187             |
| Business                                       | 664                 |
| Operation and Maintenance of Plant             | 42,318              |
| Pupil Transportation                           | 482,186             |
| Non-Instructional Services                     | 20,363              |
| Extracurricular Activities                     | 133,402             |
| <b>Total Depreciation/Amortization Expense</b> | <u>\$ 3,086,258</u> |

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

#### 9. Long-Term Obligations

The activity of the District's long-term obligations during fiscal year 2025 was as follows:

|                                   | Restated<br>Balance<br>7/1/2024 | Increase            | Decrease               | Balance<br>6/30/2025  | Amount<br>Due Within<br>One Year |
|-----------------------------------|---------------------------------|---------------------|------------------------|-----------------------|----------------------------------|
| <b>Governmental Activities:</b>   |                                 |                     |                        |                       |                                  |
| 2017 Refunding Bonds:             |                                 |                     |                        |                       |                                  |
| Serial Bonds                      | \$ 195,000                      | \$ -                | \$ -                   | \$ 195,000            | \$ -                             |
| Term Bonds                        | 9,005,000                       | -                   | -                      | 9,005,000             | -                                |
| Capital Appreciation Bonds        | 547,772                         | -                   | (223,212)              | 324,560               | 179,874                          |
| Accretion of Interest             | 1,487,511                       | 44,008              | (511,788)              | 1,019,731             | 525,126                          |
| 2019 Refunding Bonds:             |                                 |                     |                        |                       |                                  |
| Serial Bonds                      | 7,420,000                       | -                   | (290,000)              | 7,130,000             | 325,000                          |
| 2020 Refunding Bonds:             |                                 |                     |                        |                       |                                  |
| Serial Bonds                      | 3,470,000                       | -                   | (185,000)              | 3,285,000             | 190,000                          |
| Term Bonds                        | 25,105,000                      | -                   | -                      | 25,105,000            | -                                |
| Capital Appreciation Bonds        | 575,000                         | -                   | -                      | 575,000               | -                                |
| Accretion of Interest             | 594,500                         | 241,382             | -                      | 835,882               | -                                |
| Premium on Bonds                  | 3,584,004                       | -                   | (181,745)              | 3,402,259             | -                                |
| Total General Obligation Bonds    | 51,983,787                      | 285,390             | (1,391,745)            | 50,877,432            | 1,220,000                        |
| Net Pension Liability:            |                                 |                     |                        |                       |                                  |
| STRS                              | 52,407,078                      | -                   | (7,470,334)            | 44,936,744            | -                                |
| SERS                              | 14,933,831                      | -                   | (1,929,309)            | 13,004,522            | -                                |
| Total Net Pension Liability       | 67,340,909                      | -                   | (9,399,643)            | 57,941,266            | -                                |
| Net OPEB Liability:               |                                 |                     |                        |                       |                                  |
| SERS                              | 4,580,160                       | -                   | (1,950,174)            | 2,629,986             | -                                |
| Other Long-Term Obligations:      |                                 |                     |                        |                       |                                  |
| Lease Payable                     | -                               | 1,682,093           | (47,258)               | 1,634,835             | 53,951                           |
| Notes Payable - Financed Purchase | -                               | 1,486,216           | (524,488)              | 961,728               | 466,881                          |
| Compensated Absences **           | 2,935,978                       | 121,354             | -                      | 3,057,332             | 147,297                          |
| Total Governmental Activities     | <u>\$ 126,840,834</u>           | <u>\$ 3,575,053</u> | <u>\$ (13,313,308)</u> | <u>\$ 117,102,579</u> | <u>\$ 1,888,129</u>              |

\*\* - Change in compensated absences is reported net.

Compensated absences and required pension and OPEB plan contributions will be paid from the fund from which the person is paid. All long-term bond payments will be paid out of the debt service fund. Lease payments are allocated to both the general fund and permanent improvement fund, while notes payable - financed purchases are paid from the permanent improvement fund.

#### **General Obligation Bonds:**

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

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

#### 9. Long-Term Obligations (continued)

The capital appreciation bonds have a total maturity value of \$2,885,000 (\$770,000 in fiscal year 2024, \$735,000 in fiscal year 2025, \$705,000 in fiscal year 2026, and \$675,000 in fiscal year 2027) and were issued at \$2,399,283. These bonds are not subject to redemption prior to scheduled maturity. Accretion on the capital appreciation bonds for the current fiscal year amounted to \$44,008.

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

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

The capital appreciation bonds have a total maturity value of \$3,075,000; \$625,000 in fiscal year 2028, \$630,000 in fiscal year 2029, \$620,000 in fiscal year 2030, \$610,000 in fiscal year 2031, and \$590,000 in fiscal year 2032. These bonds are not subject to redemption prior to scheduled maturity. Accretion on the capital appreciation bonds for the current fiscal year amounted to \$241,382.

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

| Fiscal<br>Year | General Obligation Bonds |                      |                      | Capital Appreciation Bonds |                     |                     |
|----------------|--------------------------|----------------------|----------------------|----------------------------|---------------------|---------------------|
|                | Principal                | Interest             | Total                | Principal                  | Interest            | Total               |
| 2026           | \$ 515,000               | \$ 1,355,959         | \$ 1,870,959         | \$ 179,874                 | \$ 525,126          | \$ 705,000          |
| 2027           | 570,000                  | 1,334,259            | 1,904,259            | 144,686                    | 530,314             | 675,000             |
| 2028           | 725,000                  | 1,309,822            | 2,034,822            | 160,000                    | 465,000             | 625,000             |
| 2029           | 745,000                  | 1,281,784            | 2,026,784            | 135,000                    | 495,000             | 630,000             |
| 2030           | 790,000                  | 1,251,184            | 2,041,184            | 115,000                    | 505,000             | 620,000             |
| 2031-2035      | 6,865,000                | 5,683,547            | 12,548,547           | 165,000                    | 1,035,000           | 1,200,000           |
| 2036-2040      | 10,180,000               | 4,434,740            | 14,614,740           | -                          | -                   | -                   |
| 2041-2045      | 12,285,000               | 2,823,218            | 15,108,218           | -                          | -                   | -                   |
| 2046-2049      | 12,045,000               | 818,672              | 12,863,672           | -                          | -                   | -                   |
| Total          | <u>\$ 44,720,000</u>     | <u>\$ 20,293,185</u> | <u>\$ 65,013,185</u> | <u>\$ 899,560</u>          | <u>\$ 3,555,440</u> | <u>\$ 4,455,000</u> |

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

#### 9. **Long-Term Obligations** (continued)

##### **Lease Payable:**

During the fiscal year, the District entered into a lease agreement for office space in the Englewood YMCA building for office space and preschool classes. The lease agreement, commencing on August 1, 2024, is for initial term of twenty (20) years, which may be renewed for two (2) terms of five (5) years each. Renewal periods, if exercised, will have rental payments adjusted by the consumer price index for the period in which the renewal takes place.

Initial base rent started at \$5.50 square foot, with additional rent rate of \$3.00 per square foot for a total annual rental payment of \$130,441 through July 2044. The following is a schedule of future minimum payments required under the lease liability as of June 30, 2025:

| Fiscal<br>Year | Lease Payable       |                   |                     |
|----------------|---------------------|-------------------|---------------------|
|                | Principal           | Interest          | Total               |
| 2026           | \$ 53,951           | \$ 76,490         | \$ 130,441          |
| 2027           | 56,570              | 73,871            | 130,441             |
| 2028           | 59,316              | 71,125            | 130,441             |
| 2029           | 62,196              | 68,245            | 130,441             |
| 2030           | 65,216              | 65,225            | 130,441             |
| 2031-2035      | 376,757             | 275,448           | 652,205             |
| 2036-2040      | 477,532             | 174,673           | 652,205             |
| 2041-2045      | 483,297             | 49,337            | 532,634             |
| Total          | <u>\$ 1,634,835</u> | <u>\$ 854,414</u> | <u>\$ 2,489,249</u> |

##### **Notes Payable – Financed Purchase:**

During the fiscal year, the District entered into an agreement to acquire notebook computers to be used by the District's student at a cost of \$1,486,216. The agreement requires the District to make three annual payments of \$524,488 with an interest rate of 5.99% commencing May 1, 2025. The computes acquired through this agreement were capitalized in total within these statements and will be depreciated over the useful life of the assets. The following is a schedule of the future minimum payments required under the notes payable – finance purchase agreement:

| Fiscal<br>Year | Notes Payable - Financed Purchase |                  |                     |
|----------------|-----------------------------------|------------------|---------------------|
|                | Principal                         | Interest         | Total               |
| 2026           | \$ 466,881                        | \$ 57,607        | \$ 524,488          |
| 2027           | 494,847                           | 29,641           | 524,488             |
| Total          | <u>\$ 961,728</u>                 | <u>\$ 87,248</u> | <u>\$ 1,048,976</u> |

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

#### **10. Risk Management**

##### **Property and Liability**

The District is exposed to various risks of loss related to torts, theft or, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2025, the District contracted with Southwestern Ohio Educational Purchasing Cooperative Liability, Fleet & Property Program (LFP) and Ambridge Partners, LLC for property, general liability, professional and fleet insurance. Coverage provided by the LFP is as follows:

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

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

##### **Workers' Compensation**

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

| Fiscal Year | Beginning<br>Claims<br>Payable | Current<br>Claims | Claims<br>Payments | Ending<br>Claims<br>Payable |
|-------------|--------------------------------|-------------------|--------------------|-----------------------------|
| 2025        | \$ 26,962                      | \$ 98,383         | \$ 103,680         | \$ 21,665                   |
| 2024        | 12,204                         | 146,819           | 132,061            | 26,962                      |

## Northmont City School District, Ohio

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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#### **11. Defined Benefits Pension Plans**

##### ***Net Pension Liability***

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

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

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

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

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

##### ***Plan Description - School Employees Retirement System (SERS)***

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

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

#### **11. Defined Benefits Pension Plans (continued)**

Age and service requirements for retirement are as follows:

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

**Funding Policy** – Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, and Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund and Medicare B Fund).

The District's contractually required contribution to SERS was \$1,525,890 for fiscal year 2025. Of this amount, \$213,775 is reported as an intergovernmental payable.

#### ***Plan Description - State Teachers Retirement System (STRS)***

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

## Northmont City School District, Ohio

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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#### **11. Defined Benefits Pension Plans** (continued)

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. For members who were eligible to retire on July 1, 2015, the annual benefit is the greater of the benefit amount calculated upon retirement under the new benefit formula or the frozen benefit amount as of July 1, 2015. Effective August 1, 2021 to July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective August 1, 2023 to May 31, 2025, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit at age 65. Retirement eligibility for reduced benefits is 29 years of service credit at any age; or 5 years of service credit and age 60. Effective June 1, 2025 to July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age or 5 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 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 29 years of service credit at any age or 5 years of service credit and age 60.

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

The CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate is deposited into the member's DC account and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the CO Plan payment is payable to a member on or after age 60 with 5 years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC Plan or CO Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CO Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

#### **11. Defined Benefits Pension Plans (continued)**

A DB or CO Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance.

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Funding Policy** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2025, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2025 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$4,640,275 for fiscal year 2025. Of this amount, \$795,309 is reported as an intergovernmental payable.

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

|                                                  | SERS          | STRS          | Total         |
|--------------------------------------------------|---------------|---------------|---------------|
| Proportionate share of the net pension liability | \$ 13,004,522 | \$ 44,936,744 | \$ 57,941,266 |
| Proportion of the net pension liability          | 0.254213%     | 0.233539%     |               |
| Change in proportionate share                    | -0.016057%    | -0.009819%    |               |
| Pension expense                                  | \$ 889,350    | \$ 2,108,959  | \$ 2,998,309  |

# Northmont City School District, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

### 11. Defined Benefits Pension Plans (continued)

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

|                                                                                    | SERS                | STRS                | Total                |
|------------------------------------------------------------------------------------|---------------------|---------------------|----------------------|
| <u>Deferred Outflows of Resources:</u>                                             |                     |                     |                      |
| Differences between expected and actual experience                                 | \$ 496,502          | \$ 2,829,839        | \$ 3,326,341         |
| Change in assumptions                                                              | 116,335             | 2,070,932           | 2,187,267            |
| Difference between employer contributions and proportionate share of contributions | -                   | 384,150             | 384,150              |
| District contributions subsequent to the measurement date                          | 1,525,890           | 4,640,275           | 6,166,165            |
| Total                                                                              | <u>\$ 2,138,727</u> | <u>\$ 9,925,196</u> | <u>\$ 12,063,923</u> |
| <u>Deferred Inflows of Resources:</u>                                              |                     |                     |                      |
| Differences between expected and actual experience                                 | \$ -                | \$ 24,607           | \$ 24,607            |
| Net difference between projected and actual earnings on pension plan investments   | 813,425             | 3,863,645           | 4,677,070            |
| Change in assumptions                                                              | -                   | 1,558,817           | 1,558,817            |
| Difference between employer contributions and proportionate share of contributions | 653,122             | 1,714,308           | 2,367,430            |
| Total                                                                              | <u>\$ 1,466,547</u> | <u>\$ 7,161,377</u> | <u>\$ 8,627,924</u>  |

\$6,166,165 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

|                             | SERS                | STRS                  | Total                 |
|-----------------------------|---------------------|-----------------------|-----------------------|
| Fiscal Year Ending June 30: |                     |                       |                       |
| 2026                        | \$ (874,835)        | \$ (2,653,214)        | \$ (3,528,049)        |
| 2027                        | 567,712             | 3,647,165             | 4,214,877             |
| 2028                        | (307,396)           | (1,617,969)           | (1,925,365)           |
| 2029                        | <u>(239,191)</u>    | <u>(1,252,438)</u>    | <u>(1,491,629)</u>    |
|                             | <u>\$ (853,710)</u> | <u>\$ (1,876,456)</u> | <u>\$ (2,730,166)</u> |

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

#### **11. Defined Benefits Pension Plans (continued)**

##### ***Actuarial Assumptions – SERS***

The total pension liability is determined by SERS' 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 are presented below:

|                                              |                                                                                                                   |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| Valuation Date:                              | June 30, 2024 (the measurement date)                                                                              |
| Actuarial Cost Method:                       | Entry age normal                                                                                                  |
| Experience Study Date:                       | Period of five (5) years ended June 30, 2020                                                                      |
| Inflation:                                   |                                                                                                                   |
| Current measurement period                   | 2.40 percent                                                                                                      |
| Prior measurement period                     | 2.40 percent                                                                                                      |
| Future salary increases, including inflation |                                                                                                                   |
| Current measurement period                   | 3.25 percent to 13.58 percent                                                                                     |
| Prior measurement period                     | 3.25 percent to 13.58 percent                                                                                     |
| COLA or Ad Hoc COLA                          |                                                                                                                   |
| Current measurement period                   | 2.00 percent, on and after 4/1/2018, COLA's for future retirees will be delayed for 3 years following retirement. |
| Prior measurement period                     | 2.00 percent, on and after 4/1/2018, COLA's for future retirees will be delayed for 3 years following retirement. |
| Investment rate of return                    |                                                                                                                   |
| Current measurement period                   | 7.00 percent net of investment expense, including inflation                                                       |
| Prior measurement period                     | 7.00 percent net of investment expense, including inflation                                                       |

## Northmont City School District, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

#### 11. **Defined Benefits Pension Plans** (continued)

Mortality assumptions for the June 30, 2024, actual valuation were based on the following:

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

Mortality rates for the June 30, 2023 actuarial valuation were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

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 the *Statement of Investment Policy*. ORC 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.

| Asset Class                 | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return<br>(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/real assets     | 13.00%               | 3.64%                                                    |
| Infrastructure              | 7.00%                | 4.80%                                                    |
| Private debt/private credit | <u>5.00%</u>         | 5.86%                                                    |
| Total                       | <u>100.00%</u>       |                                                          |

## Northmont City School District, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

#### 11. Defined Benefits Pension Plans (continued)

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

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.0%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%), or one percentage point higher (8.0%) than the current rate.

|                                                                | 1% Decrease<br>(6.00%) | Current<br>Discount Rate<br>(7.00%) | 1% Increase<br>(8.00%) |
|----------------------------------------------------------------|------------------------|-------------------------------------|------------------------|
| District's proportionate share<br>of the net pension liability | \$ 19,895,118          | \$ 13,004,522                       | \$ 7,203,011           |

#### **Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                                 |                                     |
|-------------------------------------------------|-------------------------------------|
| Inflation:                                      |                                     |
| Current measurement period                      | 2.50%                               |
| Prior measurement period                        | 2.50%                               |
| Salary increases:                               |                                     |
| Current measurement period                      | Varies by service from 2.5% to 8.5% |
| Prior measurement period                        | Varies by service from 2.5% to 8.5% |
| Payroll increases                               |                                     |
| Current measurement period                      | 3.00%                               |
| Prior measurement period                        | 3.00%                               |
| Investment rate of return, including inflation: |                                     |
| Current measurement period                      | 7.00%, net of investment expenses   |
| Prior measurement period                        | 7.00%, net of investment expenses   |
| Discount rate of return                         |                                     |
| Current measurement period                      | 7.00%                               |
| Prior measurement period                        | 7.00%                               |
| Cost-of-living adjustments (COLA)               | 0.00%                               |

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

#### 11. **Defined Benefits Pension Plans** (continued)

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

The actuarial assumptions used in the June 30, 2024 valuation are based on the results of the latest available actual experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

Assumption and benefit changes since the prior measurement date include: retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages, and demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.0% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.0% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2024.

## Northmont City School District, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025

### 11. Defined Benefits Pension Plans (continued)

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

|                                                                | 1% Decrease<br>(6.00%) | Current<br>Discount Rate<br>(7.00%) | 1% Increase<br>(8.00%) |
|----------------------------------------------------------------|------------------------|-------------------------------------|------------------------|
| District's proportionate share<br>of the net pension liability | \$ 72,490,843          | \$ 44,936,744                       | \$ 21,630,710          |

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

#### ***Net OPEB Liability (Asset)***

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

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

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

## Northmont City School District, Ohio

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

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

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

#### ***Health Care Plan Description - School Employees Retirement System (SERS)***

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

*Funding Policy*—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. SERS' 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, SERS shall manage the Health Care Fund on a pay-as-you-go basis.

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount,

## Northmont City School District, Ohio

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

pro-rated if less than a full year of service credit was earned. For fiscal year 2025, the minimum compensation amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$186,847.

#### ***Health Care Plan Description - State Teachers Retirement System (STRS)***

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

Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://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 to recover part of the cost for providing prescription coverage since all eligible STRS 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2025, no employer allocation was made to the health care fund.

#### ***OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability (asset) was measured as of June 30, 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 District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

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

|                                               | SERS         | STRS         | Total          |
|-----------------------------------------------|--------------|--------------|----------------|
| Proportionate share of the net OPEB asset     | \$ -         | \$ 4,429,795 | \$ 4,429,795   |
| Proportionate share of the net OPEB liability | 2,629,986    | -            | 2,629,986      |
| Proportion of the net OPEB asset/liability    | 0.258223%    | 0.233539%    |                |
| Change in proportionate share                 | -0.019793%   | -0.009819%   |                |
| OPEB (negative) expense                       | \$ (277,862) | \$ (924,177) | \$ (1,202,039) |

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

|                                                                                    | SERS                | STRS                | Total               |
|------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
| <b>Deferred Outflows of Resources:</b>                                             |                     |                     |                     |
| Differences between expected and actual experience                                 | \$ -                | \$ 192,573          | \$ 192,573          |
| Net difference between projected and actual earnings on OPEB plan investments      | 12,841              | -                   | 12,841              |
| Change in assumptions                                                              | 1,128,790           | 545,247             | 1,674,037           |
| Difference between employer contributions and proportionate share of contributions | 230,927             | 70,989              | 301,916             |
| District contributions subsequent to the measurement date                          | 186,847             | -                   | 186,847             |
| Total                                                                              | <u>\$ 1,559,405</u> | <u>\$ 808,809</u>   | <u>\$ 2,368,214</u> |
| <b>Deferred Inflows of Resources:</b>                                              |                     |                     |                     |
| Differences between expected and actual experience                                 | \$ 2,835,809        | \$ 477,379          | \$ 3,313,188        |
| Net difference between projected and actual earnings on OPEB plan investments      | -                   | 190,203             | 190,203             |
| Change in assumptions                                                              | 1,208,119           | 1,997,811           | 3,205,930           |
| Difference between employer contributions and proportionate share of contributions | 745,771             | 1,166               | 746,937             |
| Total                                                                              | <u>\$ 4,789,699</u> | <u>\$ 2,666,559</u> | <u>\$ 7,456,258</u> |

\$186,847 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or addition to the net OPEB asset in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

## Northmont City School District, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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

|                             | SERS                  | STRS                  | Total                 |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| Fiscal Year Ending June 30: |                       |                       |                       |
| 2026                        | \$ (698,220)          | \$ (664,495)          | \$ (1,362,715)        |
| 2027                        | (558,958)             | (288,020)             | (846,978)             |
| 2028                        | (486,672)             | (371,827)             | (858,499)             |
| 2029                        | (428,680)             | (345,721)             | (774,401)             |
| 2030                        | (424,814)             | (278,114)             | (702,928)             |
| thereafter                  | (819,797)             | 90,427                | (729,370)             |
|                             | <u>\$ (3,417,141)</u> | <u>\$ (1,857,750)</u> | <u>\$ (5,274,891)</u> |

#### **Actuarial Assumptions – SERS**

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation. 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 are presented below:

|                        |                                              |
|------------------------|----------------------------------------------|
| Valuation Date:        | June 30, 2024 (the measurement date)         |
| Actuarial Cost Method: | Entry age normal                             |
| Experience Study Date: | Period of five (5) years ended June 30, 2020 |

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

|                                                                     |                                                             |
|---------------------------------------------------------------------|-------------------------------------------------------------|
| Investment rate of return                                           |                                                             |
| Current measurement period                                          | 7.00 percent net of investment expense, including inflation |
| Prior measurement period                                            | 7.00 percent net of investment expense, including inflation |
| Municipal Bond Index Rate:                                          |                                                             |
| Current measurement period                                          | 3.93 percent                                                |
| Prior measurement period                                            | 3.86 percent                                                |
| Year Fiduciary Net Position is                                      |                                                             |
| Projected to be depleted                                            | 2059                                                        |
| Single equivalent interest rate, net of<br>plan investment expense: |                                                             |
| Current measurement date                                            | 4.88%                                                       |
| Prior measurement date                                              | 4.27%, including price inflation                            |
| Inflation:                                                          |                                                             |
| Current measurement period                                          | 2.40 percent                                                |
| Prior measurement period                                            | 2.40 percent                                                |
| Future salary increases, including inflation                        |                                                             |
| Current measurement period                                          | 3.25 percent to 13.58 percent                               |
| Prior measurement period                                            | 3.25 percent to 13.58 percent                               |
| Health Care Cost Trend Rate:                                        |                                                             |
| Current measurement date                                            | 7.00% - 4.40%                                               |
| Prior measurement date                                              | 6.75% - 4.40%                                               |

Mortality assumptions for the June 30, 2024, actual valuation were based on the following:

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

Mortality rates for the June 30, 2023 actuarial valuation were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

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

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

| Asset Class                 | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return<br>(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/real assets     | 13.00%               | 3.64%                                                    |
| Infrastructure              | 7.00%                | 4.80%                                                    |
| Private debt/private credit | <u>5.00%</u>         | 5.86%                                                    |
|                             | <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 SERS at the state statute contribution rate of 1.5% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 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.

## Northmont City School District, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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

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 District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates** – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability calculated using the discount rate of 4.88%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.88%) and one percentage point higher (5.88%) than the current rate.

|                                                             | 1% Decrease<br>(3.88%) | Current<br>Discount Rate<br>(4.88%) | 1% Increase<br>(5.88%) |
|-------------------------------------------------------------|------------------------|-------------------------------------|------------------------|
| District's proportionate<br>share of the net OPEB liability | \$ 3,506,991           | \$ 2,629,986                        | \$ 1,933,085           |

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.00% decreasing to 3.40%) and one percentage point higher (8.00% decreasing to 5.40%) than the current rates.

|                                                             | 1% Decrease<br>(6.00% decreasing<br>to 3.40%) | Current<br>Trend Rate<br>(7.00% decreasing<br>to 4.40%) | 1% Increase<br>(8.00% decreasing<br>to 5.40%) |
|-------------------------------------------------------------|-----------------------------------------------|---------------------------------------------------------|-----------------------------------------------|
| District's proportionate<br>share of the net OPEB liability | \$ 1,777,771                                  | \$ 2,629,986                                            | \$ 3,750,150                                  |

#### **Actuarial Assumptions - STRS**

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

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

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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

|                            |                                                        |                 |                          |                 |
|----------------------------|--------------------------------------------------------|-----------------|--------------------------|-----------------|
| Investment rate of return: |                                                        |                 |                          |                 |
| Current measurement date   | 7.00%, net of investment expenses, including inflation |                 |                          |                 |
| Prior measurement date     | 7.00%, net of investment expenses, including inflation |                 |                          |                 |
| Discount rate of return:   |                                                        |                 |                          |                 |
| Current measurement date   | 7.00%                                                  |                 |                          |                 |
| Prior measurement date     | 7.00%                                                  |                 |                          |                 |
| Health care cost trends:   | <u>Current Measurement</u>                             |                 | <u>Prior Measurement</u> |                 |
|                            | <u>Initial</u>                                         | <u>Ultimate</u> | <u>Initial</u>           | <u>Ultimate</u> |
| 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%           |

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

The actuarial assumptions used in the June 30, 2024 valuation are based on the results of the latest available actual experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

| Asset Class          | Target Allocation * | Long-Term Expected Real Rate of Return ** |
|----------------------|---------------------|-------------------------------------------|
| Domestic equity      | 26.00%              | 6.90%                                     |
| 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   | <u>1.00%</u>        | 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 does not include investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

## Northmont City School District, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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

Benefit term changes since the prior measurement date include 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.

**Discount Rate** – The discount rate used to measure the total OPEB liability was 7.0% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on OPEB plan assets of 7.0% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

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

|                                                         | 1% Decrease<br>(6.00%)        | Current<br>Discount Rate<br>(7.00%) | 1% Increase<br>(8.00%)        |
|---------------------------------------------------------|-------------------------------|-------------------------------------|-------------------------------|
| District's proportionate<br>share of the net OPEB asset | \$ 3,601,716                  | \$ 4,429,795                        | \$ 5,150,404                  |
|                                                         | 1% Decrease<br>In Trend Rates | Current<br>Trend Rates              | 1% Increase<br>In Trend Rates |
| District's proportionate<br>share of the net OPEB asset | \$ 5,199,081                  | \$ 4,429,795                        | \$ 3,504,629                  |

#### 13. **Statutory Reserve**

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

## Northmont City School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

#### **13. Statutory Reserve (continued)**

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

|                                            | <b>Capital<br/>Acquisition</b> |
|--------------------------------------------|--------------------------------|
| Set-aside cash balance as of June 30, 2024 | \$ -                           |
| Current year set-aside requirements        | 1,112,601                      |
| Current year offset - PI Levy              | <u>(1,121,126)</u>             |
| Total                                      | <u>\$ (8,525)</u>              |
| Set-aside cash balance as of June 30, 2025 | <u>\$ -</u>                    |

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

#### **14. Commitments - Encumbrances**

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

| <b><u>Fund Type</u></b>  | <b><u>Year-End<br/>Encumbrances</u></b> |
|--------------------------|-----------------------------------------|
| General fund             | \$ 903,245                              |
| Permanent Improvement    | 722,775                                 |
| Other governmental funds | <u>255,693</u>                          |
| Total                    | <u>\$ 1,881,713</u>                     |

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

#### **15. Contingencies**

##### **Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits should become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2025, if applicable, cannot be determined at this time.

## Northmont City School District, Ohio

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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#### **15. Contingencies (continued)**

##### **Litigation**

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

##### **Foundation Funding**

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education & Workforce (ODEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The results of the fiscal year 2025 ODEW review procedures conducted, resulted in no significant adjustments to the School District's foundation funding.

#### **16. Public Entity Shared Risk Pool**

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

#### **17. Jointly Governed Organizations**

##### **Southwestern Ohio Educational Purchasing Council (SOEPC)**

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

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One-year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2025, the District payments to SOEPC were limited to the premiums charged for employee health care benefits. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Kenneth Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

## Northmont City School District, Ohio

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*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025*

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### **17. Jointly Governed Organizations** (continued)

#### **META Solutions**

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

The governing board of META Solutions consists of an eight-person Board of Directors, with each of the directors elected by a majority vote of all members within each county in META Solutions membership. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302. The District paid \$313,084 to META Solutions during fiscal year 2025.

### **18. Tax Abatements**

During fiscal year 2025, the District's property tax revenues were reduced by \$339,275 under Community Reinvestment Area (CRA) entered into by the Cities of Englewood and Trotwood.

Under Ohio Revised Code Sections 3735 and 5709, municipalities may offer a property tax incentive to an individual or entity for improvements within certain targeted areas. The CRA program abates 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, which are administered as a reduction in the property tax bill.

During fiscal year 2025, the District received \$725,505 in payments in lieu of taxes from various municipalities, including monies from an income tax revenue sharing agreement with the City of Clayton.

### **19. Change in Accounting Principles**

For the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*.

GASB Statement No. 101 changes the focus of the liability recorded for compensated absences from a "vest vs nonvested" approach to accruing the cost of the benefit when it is earned and determining if it is more likely to be used or paid out at termination or retirement. The changes required by GASB Statement 101 have been incorporated into the District's full accrual statements as well as the amounts included in the footnote disclosures.

## Northmont City School District, Ohio

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### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025*

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#### **19. Change in Accounting Principles (continued)**

GASB Statement No. 102 requires disclosure of certain risks when circumstances make them vulnerable to a heightened possibility of loss or harm. Matters that should be assessed and disclosed, if necessary, include funding concentrations and external constraints that could have a substantial impact on the School District's financial position within the next twelve (12) months. The implementation of GASB Statement 102 did not have an impact on the School District's current year financial statements.

#### **19. Subsequent Events**

In May 2025, voters within the School District approved a 10-year, \$3.5 million operating levy. The additional tax money provided by this levy will be collected and paid to the School District starting with calendar year 2026. As such, only one-half of the additional property tax revenue will be collected in fiscal year 2026, with fiscal year 2027 being the first full year of collection of the additional \$3.5 million levy.

### ***Required Supplementary Information***

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## Northmont City School District, Ohio

*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2025*

|                                                        | Original<br>Budget          | Final<br>Budget             | Actual                      | Variance with<br>Final Budget |
|--------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|
| Budgetary Revenues and Other Financing Sources         | \$ 63,665,645               | \$ 66,419,399               | \$ 67,464,614               | \$ 1,045,215                  |
| <i>Budgetary Expenditures and Other Financing Uses</i> | <u>67,774,622</u>           | <u>71,118,922</u>           | <u>69,316,568</u>           | <u>1,802,354</u>              |
| <i>Net Change in Fund Balance</i>                      | (4,108,977)                 | (4,699,523)                 | (1,851,954)                 | 2,847,569                     |
| Fund Balance, July 1                                   | 27,099,276                  | 27,099,276                  | 27,099,276                  | -                             |
| Prior Year Encumbrances                                | <u>918,923</u>              | <u>918,923</u>              | <u>918,923</u>              | <u>-</u>                      |
| Fund Balance, June 30                                  | <u><u>\$ 23,909,222</u></u> | <u><u>\$ 23,318,676</u></u> | <u><u>\$ 26,166,245</u></u> | <u><u>\$ 2,847,569</u></u>    |

See accompanying notes to the required supplementary information.

**Northmont City School District, Ohio**

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

| Measurement<br>Date Fiscal<br>Year (1) | School District's<br>Proportion<br>of the Net<br>Pension Liability | School District's<br>Proportionate<br>Share of the Net<br>Pension Liability | School District's<br>Covered<br>Payroll | School District's<br>Proportionate<br>Share of the Net<br>Pension Liability as<br>a Percentage of its<br>Covered Payroll | Plan Fiduciary<br>Net Position as a<br>Percentage of the<br>Total Pension<br>Liability |
|----------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| 2016                                   | 0.258832%                                                          | \$ 14,769,176                                                               | \$ 8,276,973                            | 178.44%                                                                                                                  | 69.16%                                                                                 |
| 2017                                   | 0.261701%                                                          | 19,154,110                                                                  | 8,127,464                               | 235.67%                                                                                                                  | 62.98%                                                                                 |
| 2018                                   | 0.257003%                                                          | 15,355,379                                                                  | 8,225,421                               | 186.68%                                                                                                                  | 69.50%                                                                                 |
| 2019                                   | 0.240279%                                                          | 13,761,244                                                                  | 8,110,911                               | 169.66%                                                                                                                  | 71.36%                                                                                 |
| 2020                                   | 0.248720%                                                          | 14,881,335                                                                  | 8,893,541                               | 167.33%                                                                                                                  | 70.85%                                                                                 |
| 2021                                   | 0.268990%                                                          | 17,791,596                                                                  | 9,069,164                               | 196.18%                                                                                                                  | 68.55%                                                                                 |
| 2022                                   | 0.272728%                                                          | 10,062,872                                                                  | 9,414,079                               | 106.89%                                                                                                                  | 82.86%                                                                                 |
| 2023                                   | 0.271198%                                                          | 14,668,523                                                                  | 10,130,593                              | 144.79%                                                                                                                  | 75.82%                                                                                 |
| 2024                                   | 0.270270%                                                          | 14,933,831                                                                  | 10,722,343                              | 139.28%                                                                                                                  | 76.06%                                                                                 |
| 2025                                   | 0.254213%                                                          | 13,004,522                                                                  | 10,653,629                              | 122.07%                                                                                                                  | 78.52%                                                                                 |

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

| Fiscal<br>Year | Contractually<br>Required<br>Contributions | Contributions in<br>Relation to the<br>Contractually<br>Required<br>Contributions | Contribution<br>Deficiency<br>(Excess) | School District's<br>Covered<br>Payroll | Contributions<br>as a Percentage<br>of Covered<br>Payroll |
|----------------|--------------------------------------------|-----------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------|-----------------------------------------------------------|
| 2016           | \$ 1,137,845                               | \$ (1,137,845)                                                                    | \$ -                                   | \$ 8,127,464                            | 14.00%                                                    |
| 2017           | 1,151,559                                  | (1,151,559)                                                                       | -                                      | 8,225,421                               | 14.00%                                                    |
| 2018           | 1,094,973                                  | (1,094,973)                                                                       | -                                      | 8,110,911                               | 13.50%                                                    |
| 2019           | 1,200,628                                  | (1,200,628)                                                                       | -                                      | 8,893,541                               | 13.50%                                                    |
| 2020           | 1,269,683                                  | (1,269,683)                                                                       | -                                      | 9,069,164                               | 14.00%                                                    |
| 2021           | 1,317,971                                  | (1,317,971)                                                                       | -                                      | 9,414,079                               | 14.00%                                                    |
| 2022           | 1,418,283                                  | (1,418,283)                                                                       | -                                      | 10,130,593                              | 14.00%                                                    |
| 2023           | 1,501,128                                  | (1,501,128)                                                                       | -                                      | 10,722,343                              | 14.00%                                                    |
| 2024           | 1,491,508                                  | (1,491,508)                                                                       | -                                      | 10,653,629                              | 14.00%                                                    |
| 2025           | 1,525,890                                  | (1,525,890)                                                                       | -                                      | 10,899,214                              | 14.00%                                                    |

See Notes to Required Supplementary Information.

**Northmont City School District, Ohio**

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

| Measurement<br>Date Fiscal<br>Year (1) | School District's<br>Proportion<br>of the Net<br>Pension Liability | School District's<br>Proportionate<br>Share of the Net<br>Pension Liability | School District's<br>Covered<br>Payroll | School District's<br>Proportionate<br>Share of the Net<br>Pension Liability as<br>a Percentage of its<br>Covered Payroll | Plan Fiduciary<br>Net Position as a<br>Percentage of the<br>Total Pension<br>Liability |
|----------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| 2016                                   | 0.231757%                                                          | \$ 64,050,809                                                               | \$ 24,179,943                           | 264.89%                                                                                                                  | 72.1%                                                                                  |
| 2017                                   | 0.229585%                                                          | 76,848,869                                                                  | 24,156,707                              | 318.13%                                                                                                                  | 66.8%                                                                                  |
| 2018                                   | 0.228182%                                                          | 54,205,079                                                                  | 25,085,793                              | 216.08%                                                                                                                  | 75.3%                                                                                  |
| 2019                                   | 0.232992%                                                          | 51,229,617                                                                  | 26,487,214                              | 193.41%                                                                                                                  | 77.3%                                                                                  |
| 2020                                   | 0.235343%                                                          | 52,044,782                                                                  | 27,630,229                              | 188.36%                                                                                                                  | 77.4%                                                                                  |
| 2021                                   | 0.237179%                                                          | 57,388,820                                                                  | 28,623,771                              | 200.49%                                                                                                                  | 75.5%                                                                                  |
| 2022                                   | 0.243602%                                                          | 31,146,751                                                                  | 30,058,936                              | 103.62%                                                                                                                  | 87.8%                                                                                  |
| 2023                                   | 0.245684%                                                          | 54,615,960                                                                  | 31,940,150                              | 170.99%                                                                                                                  | 78.9%                                                                                  |
| 2024                                   | 0.243358%                                                          | 52,407,078                                                                  | 32,870,014                              | 159.44%                                                                                                                  | 80.0%                                                                                  |
| 2025                                   | 0.233539%                                                          | 44,936,744                                                                  | 32,414,093                              | 138.63%                                                                                                                  | 82.5%                                                                                  |

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

| Fiscal<br>Year | Contractually<br>Required<br>Contributions | Contributions in<br>Relation to the<br>Contractually<br>Required<br>Contributions | Contribution<br>Deficiency<br>(Excess) | School District's<br>Covered<br>Payroll | Contributions<br>as a Percentage<br>of Covered<br>Payroll |
|----------------|--------------------------------------------|-----------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------|-----------------------------------------------------------|
| 2016           | \$ 3,381,939                               | \$ (3,381,939)                                                                    | \$ -                                   | \$ 24,156,707                           | 14.00%                                                    |
| 2017           | 3,512,011                                  | (3,512,011)                                                                       | -                                      | 25,085,793                              | 14.00%                                                    |
| 2018           | 3,708,210                                  | (3,708,210)                                                                       | -                                      | 26,487,214                              | 14.00%                                                    |
| 2019           | 3,868,232                                  | (3,868,232)                                                                       | -                                      | 27,630,229                              | 14.00%                                                    |
| 2020           | 4,007,328                                  | (4,007,328)                                                                       | -                                      | 28,623,771                              | 14.00%                                                    |
| 2021           | 4,208,251                                  | (4,208,251)                                                                       | -                                      | 30,058,936                              | 14.00%                                                    |
| 2022           | 4,471,621                                  | (4,471,621)                                                                       | -                                      | 31,940,150                              | 14.00%                                                    |
| 2023           | 4,601,802                                  | (4,601,802)                                                                       | -                                      | 32,870,014                              | 14.00%                                                    |
| 2024           | 4,537,973                                  | (4,537,973)                                                                       | -                                      | 32,414,093                              | 14.00%                                                    |
| 2025           | 4,640,275                                  | (4,640,275)                                                                       | -                                      | 33,144,821                              | 14.00%                                                    |

See Notes to Required Supplementary Information.

**Northmont City School District, Ohio**

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

| Measurement<br>Date Fiscal<br>Year (1)(2) | School District's<br>Proportion<br>of the Net<br>OPEB Liability | School District's<br>Proportionate<br>Share of the Net<br>OPEB Liability | School District's<br>Covered<br>Payroll | School District's<br>Proportionate<br>Share of the Net<br>OPEB Liability as<br>a Percentage of its<br>Covered Payroll | Plan Fiduciary<br>Net Position as a<br>Percentage of the<br>Total OPEB<br>Liability |
|-------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 2017                                      | 0.263716%                                                       | \$ 7,516,869                                                             | \$ 8,127,464                            | 92.49%                                                                                                                | 11.49%                                                                              |
| 2018                                      | 0.259957%                                                       | 6,976,561                                                                | 8,225,421                               | 84.82%                                                                                                                | 12.46%                                                                              |
| 2019                                      | 0.243480%                                                       | 6,754,800                                                                | 8,110,911                               | 83.28%                                                                                                                | 13.57%                                                                              |
| 2020                                      | 0.255024%                                                       | 6,413,330                                                                | 8,893,541                               | 72.11%                                                                                                                | 15.57%                                                                              |
| 2021                                      | 0.278389%                                                       | 6,050,303                                                                | 9,069,164                               | 66.71%                                                                                                                | 18.17%                                                                              |
| 2022                                      | 0.280386%                                                       | 5,306,532                                                                | 9,414,079                               | 56.37%                                                                                                                | 24.08%                                                                              |
| 2023                                      | 0.277469%                                                       | 3,895,688                                                                | 10,130,593                              | 38.45%                                                                                                                | 30.34%                                                                              |
| 2024                                      | 0.278016%                                                       | 4,580,160                                                                | 10,722,343                              | 42.72%                                                                                                                | 30.02%                                                                              |
| 2025                                      | 0.258223%                                                       | 2,629,986                                                                | 10,653,629                              | 24.69%                                                                                                                | 44.50%                                                                              |

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

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

| Fiscal<br>Year | Contractually<br>Required<br>Contributions (3) | Contributions in<br>Relation to the<br>Contractually<br>Required<br>Contributions | Contribution<br>Deficiency<br>(Excess) | School District's<br>Covered<br>Payroll | Contributions<br>as a Percentage<br>of Covered<br>Payroll |
|----------------|------------------------------------------------|-----------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------|-----------------------------------------------------------|
| 2016           | \$ 126,664                                     | \$ (126,664)                                                                      | \$ -                                   | \$ 8,127,464                            | 1.56%                                                     |
| 2017           | 137,788                                        | (137,788)                                                                         | -                                      | 8,225,421                               | 1.68%                                                     |
| 2018           | 170,836                                        | (170,836)                                                                         | -                                      | 8,110,911                               | 2.11%                                                     |
| 2019           | 200,763                                        | (200,763)                                                                         | -                                      | 8,893,541                               | 2.26%                                                     |
| 2020           | 175,334                                        | (175,334)                                                                         | -                                      | 9,069,164                               | 1.93%                                                     |
| 2021           | 176,280                                        | (176,280)                                                                         | -                                      | 9,414,079                               | 1.87%                                                     |
| 2022           | 182,050                                        | (182,050)                                                                         | -                                      | 10,130,593                              | 1.80%                                                     |
| 2023           | 202,732                                        | (202,732)                                                                         | -                                      | 10,722,343                              | 1.89%                                                     |
| 2024           | 180,920                                        | (180,920)                                                                         | -                                      | 10,653,629                              | 1.70%                                                     |
| 2025           | 186,847                                        | (186,847)                                                                         | -                                      | 10,899,214                              | 1.71%                                                     |

(3) Includes Surcharge.

See Notes to Required Supplementary Information.

**Northmont City School District, Ohio**

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

| Measurement<br>Date Fiscal<br>Year (1)(2) | School District's<br>Proportion<br>of the Net<br>OPEB Liability/<br>(Asset) | School District's<br>Proportionate<br>Share of the Net<br>OPEB Liability/<br>(Asset) | School District's<br>Covered<br>Payroll | School District's<br>Proportionate<br>Share of the Net<br>OPEB Liability/(Asset)<br>as a Percentage of<br>its Covered Payroll | Plan Fiduciary<br>Net Position as a<br>Percentage of the<br>Total OPEB<br>Liability |
|-------------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 2017                                      | 0.229585%                                                                   | \$ 12,278,241                                                                        | \$ 24,156,707                           | 50.83%                                                                                                                        | 37.3%                                                                               |
| 2018                                      | 0.228182%                                                                   | 8,902,812                                                                            | 25,085,793                              | 35.49%                                                                                                                        | 47.1%                                                                               |
| 2019                                      | 0.232992%                                                                   | (3,743,937)                                                                          | 26,487,214                              | (14.13%)                                                                                                                      | 176.0%                                                                              |
| 2020                                      | 0.235343%                                                                   | (3,897,853)                                                                          | 27,630,229                              | (14.11%)                                                                                                                      | 174.7%                                                                              |
| 2021                                      | 0.237179%                                                                   | (4,168,411)                                                                          | 28,623,771                              | (14.56%)                                                                                                                      | 182.1%                                                                              |
| 2022                                      | 0.243602%                                                                   | (5,136,159)                                                                          | 30,058,936                              | (17.09%)                                                                                                                      | 174.7%                                                                              |
| 2023                                      | 0.245684%                                                                   | (6,361,588)                                                                          | 31,940,150                              | (19.92%)                                                                                                                      | 230.7%                                                                              |
| 2024                                      | 0.243358%                                                                   | (4,732,983)                                                                          | 32,870,014                              | (14.40%)                                                                                                                      | 168.5%                                                                              |
| 2025                                      | 0.233539%                                                                   | (4,429,795)                                                                          | 32,414,093                              | (13.67%)                                                                                                                      | 158.0%                                                                              |

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

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

| Fiscal<br>Year | Contractually<br>Required<br>Contributions (3) | Contributions in<br>Relation to the<br>Contractually<br>Required<br>Contributions | Contribution<br>Deficiency<br>(Excess) | School District's<br>Covered<br>Payroll | Contributions<br>as a Percentage<br>of Covered<br>Payroll |
|----------------|------------------------------------------------|-----------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------|-----------------------------------------------------------|
| 2016           | \$ -                                           | \$ -                                                                              | \$ -                                   | 24,156,707                              | 0.00%                                                     |
| 2017           | -                                              | -                                                                                 | -                                      | 25,085,793                              | 0.00%                                                     |
| 2018           | -                                              | -                                                                                 | -                                      | 26,487,214                              | 0.00%                                                     |
| 2019           | -                                              | -                                                                                 | -                                      | 27,630,229                              | 0.00%                                                     |
| 2020           | -                                              | -                                                                                 | -                                      | 28,623,771                              | 0.00%                                                     |
| 2021           | -                                              | -                                                                                 | -                                      | 30,058,936                              | 0.00%                                                     |
| 2022           | -                                              | -                                                                                 | -                                      | 31,940,150                              | 0.00%                                                     |
| 2023           | -                                              | -                                                                                 | -                                      | 32,870,014                              | 0.00%                                                     |
| 2024           | -                                              | -                                                                                 | -                                      | 32,414,093                              | 0.00%                                                     |
| 2025           | -                                              | -                                                                                 | -                                      | 33,144,821                              | 0.00%                                                     |

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

See Notes to Required Supplementary Information.

## Northmont City School District, Ohio

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### *Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2025*

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#### **Note 1 – Budgetary Process**

##### **Budgets and Budgetary Accounting**

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

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

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

##### **Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include unencumbered cash balances from the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue collected is greater or less than the current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2025.

##### **Appropriations**

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

## Northmont City School District, Ohio

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### *Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2025*

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#### **Note 1 – Budgetary Process** (continued)

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

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

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

#### **Lapsing of Appropriations**

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

#### **Reconciliation of Budgetary Information**

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

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

## Northmont City School District, Ohio

### *Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2025*

#### **Note 1 – Budgetary Process** (continued)

3. In order to determine compliance with Ohio law, and reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to an assignment of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
4. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

| Net Change in Fund Balance          |                       |
|-------------------------------------|-----------------------|
|                                     | General Fund          |
| Budget Basis                        | \$ (1,851,954)        |
| Adjustments:                        |                       |
| Revenue Accruals                    | (146,475)             |
| Expenditure Accruals                | (295,635)             |
| Encumbrances                        | 832,963               |
| Other Financing Sources(Uses)       | (548,478)             |
| Perspective Budgeting Difference ** | 794,288               |
| GAAP Basis                          | \$ <u>(1,215,291)</u> |

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

## Northmont City School District, Ohio

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### *Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2025*

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#### **Note 2 – Defined Benefits Pension Plans**

##### **School Employees Retirement System of Ohio:**

###### *Change in benefit and funding terms:*

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

###### *Change in assumptions:*

- For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.
- For measurement period 2020, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.
- For measurement period 2022 through 2024, the cost of living adjustments was increased from 2.00% to 2.50% in the subsequent calendar years.

##### **State Teachers Retirement System of Ohio:**

###### *Change in benefit and funding terms:*

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

###### *Change in assumptions:*

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

## Northmont City School District, Ohio

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### *Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2025*

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#### **Note 2 – Defined Benefits Pension Plans** (continued)

##### **State Teachers Retirement System of Ohio** (continued):

##### *Change in assumptions* (continued):

- 2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- For measurement period 2021, the discount rate was adjusted to 7.00% from 7.45%.
  - For measurement period 2022, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.
  - For measurement period 2024, retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.

#### **Note 3 – Other Postemployment Benefit (OPEB) Plans**

##### **School Employees Retirement System of Ohio:**

##### *Change in benefit and funding terms:*

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

##### *Change in assumptions:*

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

## Northmont City School District, Ohio

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### *Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2025*

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#### **Note 3 – Other Postemployment Benefit (OPEB) Plans**

##### **School Employees Retirement System of Ohio: (continued)**

##### *Change in assumptions: (continued)*

Yamamoto, and from the Actuarial Standards of Practice (ASOP) 6 practice note developed by the American Academy of Actuaries.

- For measurement period 2024, the discount rate was increased from 4.27% to 4.88% and health care trend rates were updated.

##### **State Teachers Retirement System of Ohio:**

##### *Change in benefit and funding terms:*

- For the measurement period 2017, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.
- For the measurement period 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year for service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For the measurement period 2019, there was no change to the claims cost process. Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For measurement year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For measurement year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

## Northmont City School District, Ohio

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### *Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2025*

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

##### **State Teachers Retirement System of Ohio:** (continued)

##### *Change in benefit and funding terms:* (continued)

- For measurement year 2022, salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age-based to service-based.
- For measurement year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.
- For measurement period 2024, health care trends were updated to reflect emerging claims and 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.

##### *Change in assumptions:*

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

**NORTHMONT CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

| <b>Federal Agency/<br/>Pass Through Agency/<br/>Program Title</b>                               | <b>Assistance<br/>Listing<br/>Number</b> | <b>Federal<br/>Expenditures</b> |
|-------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------|
| <b>U.S. Department of Agriculture:</b>                                                          |                                          |                                 |
| <i>Passed through Ohio Department of Education:</i>                                             |                                          |                                 |
| <u>Child Nutrition Cluster:</u>                                                                 |                                          |                                 |
| <i>Non-Cash Assistance (Food Distribution):</i>                                                 |                                          |                                 |
| National School Lunch Program                                                                   | 10.555                                   | \$ 279,301                      |
| <i>Cash Assistance:</i>                                                                         |                                          |                                 |
| School Breakfast Program                                                                        | 10.553                                   | 426,265                         |
| National School Lunch Program                                                                   | 10.555                                   | 1,807,899                       |
| <i>Cash Assistance Subtotal</i>                                                                 |                                          | <u>2,234,164</u>                |
| Total Child Nutrition Cluster                                                                   |                                          | <u>2,513,465</u>                |
| Total U.S. Department of Agriculture                                                            |                                          | <u>2,513,465</u>                |
| <b>U.S. Department of the Treasury:</b>                                                         |                                          |                                 |
| <i>Passed through State of Ohio Office of Budget and Management:</i>                            |                                          |                                 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Safety Grant                       | 21.027                                   | <u>8,160</u>                    |
| Total U.S. Department of the Treasury                                                           |                                          | <u>8,160</u>                    |
| <b>U.S. Department of Education:</b>                                                            |                                          |                                 |
| <i>Passed through Ohio Department of Education:</i>                                             |                                          |                                 |
| Title I Grants to Local Educational Agencies                                                    | 84.010A                                  | 746,273                         |
| <u>Special Education Cluster (IDEA):</u>                                                        |                                          |                                 |
| Special Education Grants to States                                                              | 84.027A                                  | 1,151,493                       |
| Special Education Preschool Grants                                                              | 84.173A                                  | <u>59,602</u>                   |
| Total Special Education Cluster (IDEA)                                                          |                                          | <u>1,211,095</u>                |
| Student Support and Academic Enrichment Program:                                                |                                          |                                 |
| Title IV, Part A                                                                                | 84.424A                                  | 52,560                          |
| Stronger Connections Grant (SCG)                                                                | 84.424F                                  | <u>40,190</u>                   |
| Total Student Support and Academic Enrichment Program                                           |                                          | <u>92,750</u>                   |
| English Language Acquisition State Grants                                                       | 84.365A                                  | 13,390                          |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | 84.367A                                  | 163,686                         |
| Comprehensive Literacy Development                                                              | 84.371C                                  | 58,203                          |
| Education Stabilization Fund:                                                                   |                                          |                                 |
| COVID-19 American Rescue Plan—Elementary and Secondary School Emergency Relief (ARP ESSER)      | 84.425U                                  | <u>670,317</u>                  |
| Total U.S. Department of Education                                                              |                                          | <u>2,955,714</u>                |
| Total Federal Expenditures                                                                      |                                          | <u>\$ 5,477,339</u>             |

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

**NORTHMONT CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

**NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Northmont City School District (the District) under programs of the federal government for the fiscal year ended June 30, 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 - NUTRITION CLUSTER**

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

**NOTE E - FOOD DISTRIBUTION PROGRAM**

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

**NOTE F - MATCHING REQUIREMENTS**

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northmont City School District (the "District"), as of and for the year ended June 30, 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 January 28, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

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

### **District's Response to Finding**

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

### **Purpose of This Report**

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

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
January 28, 2026



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

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

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

#### ***Opinion on Each Major Federal Program***

We have audited the Northmont City School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

#### ***Basis for Opinion on Each Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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

## ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

## **Report on Internal Control Over Compliance**

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

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

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

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

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
January 28, 2026

## Section I – Summary of Auditors’ Results

### Financial Statements

|                                                                                      |            |
|--------------------------------------------------------------------------------------|------------|
| Type of auditors’ report issued:                                                     | Unmodified |
| Internal control over financial reporting:                                           |            |
| • Material weakness(es) identified?                                                  | No         |
| • Significant deficiency(ies) identified not considered to be material weakness(es)? | Yes        |
| Noncompliance material to financial statements noted?                                | No         |

### Federal Awards

|                                                                                          |               |
|------------------------------------------------------------------------------------------|---------------|
| Internal control over major program:                                                     |               |
| • Material weakness(es) identified?                                                      | No            |
| • Significant deficiency(ies) identified not considered to be material weakness(es)?     | None reported |
| Type of auditors’ report issued on compliance for major federal program:                 | Unmodified    |
| Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |
| Identification of major program:                                                         |               |
| <i>Child Nutrition Cluster:</i>                                                          |               |
| ALN 10.553 – School Breakfast Program                                                    |               |
| ALN 10.555 – National School Lunch Program                                               |               |
| Dollar threshold to distinguish between Type A and Type B programs:                      | \$750,000     |
| Auditee qualified as low-risk auditee?                                                   | Yes           |

## **Section II – Financial Statement Findings**

### **2025-001: Significant Deficiency – Financial Reporting**

Management of the District is responsible for the preparation and fair presentation of financial statements and related footnote disclosures in accordance with generally accepted accounting principles. This responsibility includes establishing and maintaining effective internal control procedures to ensure that financial statements are free from material misstatement, whether due to error or fraud, and that errors are prevented or detected and corrected in a timely manner.

During our audit, we identified misstatements in the District's financial statements that were not detected by the District's internal control over financial reporting. Specifically, audit adjustments were required to correct amounts associated with a financing purchase transaction executed during the fiscal year. This condition resulted from internal controls over the preparation and review of financial statements not operating effectively as designed. Consequently, the financial statements were initially misstated, increasing the risk of inaccurate reporting and noncompliance with generally accepted accounting principles.

We recommend the District strengthen its internal controls over financial reporting by enhancing management's review of conversion documentation and, when necessary, consulting with external experts for complex or unusual transactions. These actions will help ensure the District prepares complete, accurate, and compliant financial statements.

*District's Response: Please see response in District's Corrective Action Plan*

## **Section III – Federal Awards Findings and Questioned Costs**

None noted

**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**June 30, 2025**

| <b>Finding Number</b> | <b>Planned Corrective Action</b>                                                                                                                                                                                                                                                            | <b>Anticipated Completion Date</b> | <b>Responsible Contact Person</b>               |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------------------|
| 2025-001              | The District will enhance its internal review procedures and strengthen controls to ensure financial statements and related disclosures are accurate. Management will also seek outside expertise when needed to ensure complex or unusual transactions are properly recorded and reviewed. | 06/30/2026                         | Ann Ferraro,<br>Treasurer/CFO<br>(937) 832-5000 |



# OHIO AUDITOR OF STATE KEITH FABER



**NORTHMONT CITY SCHOOL DISTRICT**

**MONTGOMERY COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 4/2/2026**

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](http://www.ohioauditor.gov)