

**NORTHMOR LOCAL SCHOOL DISTRICT**  
**MORROW COUNTY, OHIO**

**SINGLE AUDIT**

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





65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

Board of Education  
Northmor Local School District  
5247 County Road 29  
Galion, OH 44833-9655

We have reviewed the *Independent Auditor's Report* of Northmor Local School District, Morrow County, prepared by Julian & Grube, Inc., 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. Northmor Local 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

**April 28, 2026**

**This page intentionally left blank.**

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

**TABLE OF CONTENTS**

|                                                                                                                                                                                                                                       |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Independent Auditor's Report.....                                                                                                                                                                                                     | 1 - 3   |
| Management's Discussion and Analysis.....                                                                                                                                                                                             | 4 - 15  |
| Basic Financial Statements:                                                                                                                                                                                                           |         |
| Government-Wide Financial Statements:                                                                                                                                                                                                 |         |
| Statement of Net Position .....                                                                                                                                                                                                       | 16      |
| Statement of Activities.....                                                                                                                                                                                                          | 17      |
| Fund Financial Statements:                                                                                                                                                                                                            |         |
| Balance Sheet - Governmental Funds .....                                                                                                                                                                                              | 18      |
| Reconciliation of Total Governmental Fund Balances to Net Position<br>of Governmental Activities .....                                                                                                                                | 19      |
| Statement of Revenues, Expenditures and Changes in Fund<br>Balances - Governmental Funds .....                                                                                                                                        | 20      |
| Reconciliation of the Statement of Revenues, Expenditures and Changes<br>in Fund Balances of Governmental Funds to the Statement of Activities .....                                                                                  | 21      |
| Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....                                                                                                                                                                  | 22      |
| Notes to the Basic Financial Statements .....                                                                                                                                                                                         | 24 - 63 |
| Required Supplementary Information:                                                                                                                                                                                                   |         |
| Schedule of Revenues, Expenditures and Changes in Fund                                                                                                                                                                                |         |
| Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund .....                                                                                                                                                           | 66      |
| Schedule of the District's Proportionate Share of the Net Pension Liability and<br>District Pension Contributions:                                                                                                                    |         |
| School Employees Retirement System (SERS) of Ohio .....                                                                                                                                                                               | 67      |
| State Teachers Retirement System (STRS) of Ohio.....                                                                                                                                                                                  | 68      |
| Schedule of the District's Proportionate Share of the Net OPEB Liability/(Asset) and<br>District OPEB Contributions:                                                                                                                  |         |
| School Employees Retirement System (SERS) of Ohio .....                                                                                                                                                                               | 69      |
| State Teachers Retirement System (STRS) of Ohio.....                                                                                                                                                                                  | 70      |
| Notes to the Required Supplementary Information .....                                                                                                                                                                                 | 71 - 77 |
| Supplementary Information:                                                                                                                                                                                                            |         |
| Schedule of Expenditures of Federal Awards .....                                                                                                                                                                                      | 78      |
| Notes to the Schedule of Expenditures of Federal Awards 2 <i>CFR</i> § 200.510(b)(6).....                                                                                                                                             | 79      |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance<br>and Other Matters Based on an Audit of Financial Statements Performed in Accordance With<br><i>Government Auditing Standards</i> ..... | 80 - 81 |
| Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal<br>Control Over Compliance Required by the Uniform Guidance .....                                                                           | 82 - 84 |
| Schedule of Findings 2 <i>CFR</i> § 200.515 .....                                                                                                                                                                                     | 85      |

**This page intentionally left blank.**

## **Independent Auditor's Report**

Northmor Local School District  
Morrow County  
5247 County Road 29  
Galion, Ohio 44833

To the Members of the Board of Education:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northmor Local School District, Morrow County, Ohio, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Northmor Local School District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Northmor Local School District, as of June 30, 2025, and the respective changes in financial position, thereof for the fiscal 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Northmor Local School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 3 to the financial statements, Northmor Local School District restated beginning net position as a result of a change in accounting principle by implementing GASB Statement No. 101, "Compensated Absences". Our opinions are not modified with respect to this matter.

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

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Northmor Local School 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 Northmor Local School 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, schedules of net pension and other postemployment benefit assets and liabilities and pension and other postemployment benefit contributions, and budgetary comparison information 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northmor Local School District's basic financial statements. The accompanying 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025 on our consideration of Northmor Local School 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 Northmor Local School 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 Northmor Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
December 15, 2025

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

The management's discussion and analysis of Northmor Local School District's (the "District") financial performance provides an overall review 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**

Key financial highlights for fiscal year 2025 are as follows:

- In total, net position of governmental activities increased \$958,330 which represents a 5.78% increase from 2024's restated net position.
- General revenues accounted for \$16,207,028 in revenue or 86.49% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,532,557 or 13.51% of total revenues of \$18,739,585.
- The District had \$17,781,255 in expenses related to governmental activities; \$2,532,557 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$16,207,028 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, the bond retirement fund, and the capital projects fund. The general fund had \$15,760,557 in revenues and other financing sources and \$19,383,976 in expenditures and other financing uses. During fiscal year 2025, the general fund's fund balance decreased \$3,623,419 from a fund balance of \$9,757,619 to fund balance of \$6,134,200.
- The bond retirement fund had \$1,435,376 in revenues and \$921,423 in expenditures. During fiscal year 2025, the bond retirement fund's fund balance increased \$513,953 from a fund balance of \$2,583,123 to a fund balance of \$3,097,076.
- The capital projects fund had other financing sources of \$3,800,000 during fiscal year 2025 which resulted in an increase of \$3,800,000 in the capital projects fund fund balance.

**Using these Basic Financial Statements**

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

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2025?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, the bond retirement fund, and the capital projects fund.

***Governmental Funds***

Most 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 all other *financial assets* than can readily be converted to cash. The governmental fund financial 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 fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements.

***Reporting the District's Fiduciary Responsibilities***

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

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

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

***Required Supplementary Information***

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

**The District as a Whole**

Recall that the statement of net position provides the perspective of the District as a whole.

The table below provides a summary of the District's net position at June 30, 2025 and June 30, 2024. For the table below, amounts for fiscal year 2025 have been presented in accordance with the provisions of GASB Statement No. 101 (see Note 3) while amounts for fiscal year 2024 have been presented in accordance with previous guidance.

|                                              | <b>Net Position</b>                       |                                           |
|----------------------------------------------|-------------------------------------------|-------------------------------------------|
|                                              | Governmental<br>Activities<br><u>2025</u> | Governmental<br>Activities<br><u>2024</u> |
| <b><u>Assets</u></b>                         |                                           |                                           |
| Current and other assets                     | \$ 23,337,835                             | \$ 22,201,109                             |
| Capital assets, net                          | <u>27,466,831</u>                         | <u>28,476,524</u>                         |
| Total assets                                 | <u>50,804,666</u>                         | <u>50,677,633</u>                         |
| <b><u>Deferred Outflows of Resources</u></b> | <u>3,512,586</u>                          | <u>3,181,624</u>                          |
| <b><u>Liabilities</u></b>                    |                                           |                                           |
| Current liabilities                          | 1,625,077                                 | 1,575,170                                 |
| Long-term liabilities:                       |                                           |                                           |
| Due within one year                          | 1,163,561                                 | 898,248                                   |
| Due in more than one year:                   |                                           |                                           |
| Net pension liability                        | 10,618,336                                | 11,151,577                                |
| Net OPEB liability                           | 469,225                                   | 666,700                                   |
| Other amounts                                | <u>13,972,153</u>                         | <u>11,974,284</u>                         |
| Total liabilities                            | <u>27,848,352</u>                         | <u>26,265,979</u>                         |
| <b><u>Deferred Inflows of Resources</u></b>  | <u>8,932,752</u>                          | <u>7,976,147</u>                          |
| <b><u>Net Position</u></b>                   |                                           |                                           |
| Net investment in capital assets             | 16,844,540                                | 16,916,162                                |
| Restricted                                   | 4,806,294                                 | 4,465,837                                 |
| Unrestricted (deficit)                       | <u>(4,114,686)</u>                        | <u>(1,764,868)</u>                        |
| Total net position                           | <u>\$ 17,536,148</u>                      | <u>\$ 19,617,131</u>                      |

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the 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 system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2025, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,536,148. At fiscal year-end, unrestricted net position was a deficit of \$4,114,686.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

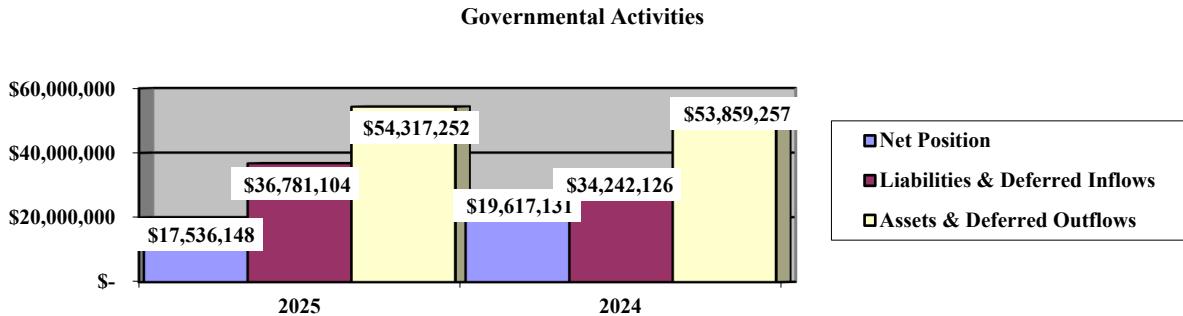
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

At fiscal year-end, capital assets represented 54.06% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right to use assets. Net investment in capital assets at June 30, 2025, was \$16,844,540. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$4,806,294, represents resources that are subject to external restriction on how they may be used.

All assets, deferred outflows of resources, liabilities, and deferred inflows of resources remained comparable to fiscal year 2024.

The graph below illustrates the District's assets and deferred outflows, liabilities and deferred inflows, and net position at June 30, 2025 and 2024.



THIS SPACE INTENTIONALLY LEFT BLANK

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

The table below shows the change in net position for fiscal years 2025 and 2024. During fiscal year 2025, the District implemented GASB Statement No. 101 (see Note 3). For the table below, the implementation has been reported as a change in accounting principle.

|                                                              | <b>Change in Net Position</b>             |                                           |
|--------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
|                                                              | Governmental<br>Activities<br><u>2025</u> | Governmental<br>Activities<br><u>2024</u> |
| <b><u>Revenues</u></b>                                       |                                           |                                           |
| Program revenues:                                            |                                           |                                           |
| Charges for services and sales                               | \$ 814,140                                | \$ 711,373                                |
| Operating grants and contributions                           | 1,718,417                                 | 2,519,957                                 |
| Capital grants and contributions                             | -                                         | 10,769                                    |
| General revenues:                                            |                                           |                                           |
| Property taxes                                               | 7,094,695                                 | 7,600,157                                 |
| Income taxes                                                 | 2,410,785                                 | 2,267,499                                 |
| Grants and entitlements                                      | 6,071,567                                 | 6,269,798                                 |
| Investment earnings                                          | 609,701                                   | 511,770                                   |
| Other                                                        | 20,280                                    | 28,497                                    |
| Total revenues                                               | <u>18,739,585</u>                         | <u>19,919,820</u>                         |
| <b><u>Expenses</u></b>                                       |                                           |                                           |
| Program expenses:                                            |                                           |                                           |
| Instruction:                                                 |                                           |                                           |
| Regular                                                      | 6,170,283                                 | 6,166,413                                 |
| Special                                                      | 2,268,341                                 | 2,159,653                                 |
| Vocational                                                   | 203,310                                   | 185,729                                   |
| Other                                                        | 309,367                                   | 322,464                                   |
| Support services:                                            |                                           |                                           |
| Pupil                                                        | 1,081,984                                 | 897,714                                   |
| Instructional staff                                          | 722,875                                   | 511,753                                   |
| Board of education                                           | 56,257                                    | 75,918                                    |
| Administration                                               | 1,097,463                                 | 1,064,533                                 |
| Fiscal                                                       | 571,791                                   | 556,372                                   |
| Business                                                     | 24                                        | -                                         |
| Operations and maintenance                                   | 2,294,744                                 | 1,930,702                                 |
| Pupil transportation                                         | 1,317,581                                 | 1,121,642                                 |
| Central                                                      | 185,912                                   | 174,153                                   |
| Operation of non-instructional services:                     |                                           |                                           |
| Food service operations                                      | 539,927                                   | 622,895                                   |
| Other non-instructional services                             | 10,045                                    | 15,570                                    |
| Extracurricular activities                                   | 620,712                                   | 631,064                                   |
| Interest                                                     | <u>330,639</u>                            | <u>355,602</u>                            |
| Total expenses                                               | <u>17,781,255</u>                         | <u>16,792,177</u>                         |
| Change in net position                                       | 958,330                                   | 3,127,643                                 |
| Net position at beginning of year,<br>as previously reported | 19,617,131                                | 16,489,488                                |
| Change in accounting principle                               | <u>(3,039,313)</u>                        | <u>-</u>                                  |
| Net position at beginning of year (restated)                 | <u>16,577,818</u>                         | <u>16,489,488</u>                         |
| Net position at end of year                                  | <u>\$ 17,536,148</u>                      | <u>\$ 19,617,131</u>                      |

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**Governmental Activities**

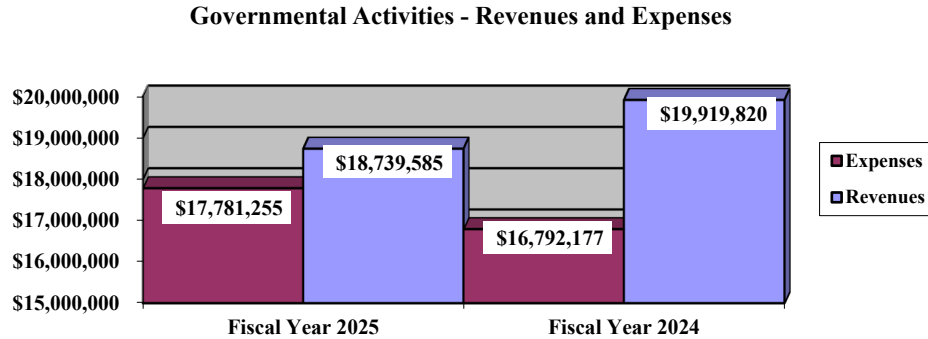
Net position of the District's governmental activities increased \$958,330. Total governmental expenses of \$17,781,255 were offset by program revenues of \$2,532,557 and general revenues of \$16,207,028. Program revenues supported 14.24% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and unrestricted grants and entitlements. These revenue sources represent 83.12% of total governmental revenue. Property taxes increased from fiscal year 2024 as a result of an increase in the amount available to advance at June 30, 2025. The amount available for advance at fiscal year-end can vary based on the date the tax bills are sent. The increase in investment earnings is a result of an increase in interest rates in fiscal year 2025.

Overall, expenses of the governmental activities remained stable with an increase of \$989,078 or 5.89%. This increase is primarily the result of an increase in operational costs.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$8,951,301 or 50.34% of total governmental expenses for fiscal year 2025.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2025 and 2024.



THIS SPACE INTENTIONALLY LEFT BLANK

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

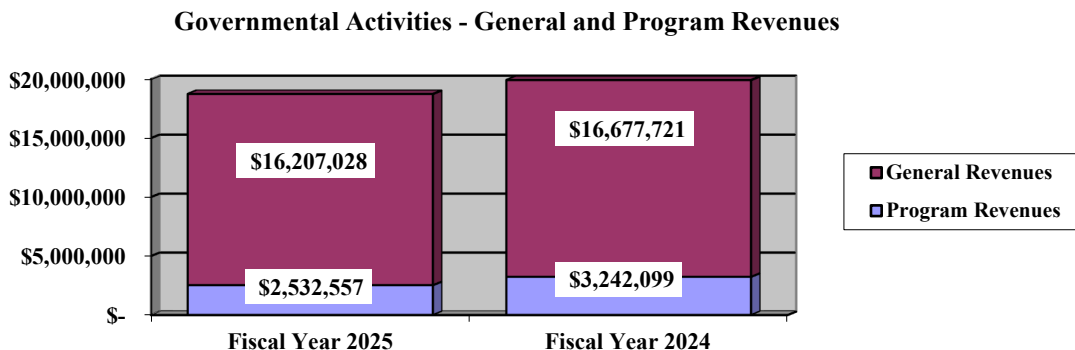
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

|                                          | <b>Governmental Activities</b>    |                                 |                                   |                                 |
|------------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|                                          | Total Cost of<br>Services<br>2025 | Net Cost of<br>Services<br>2025 | Total Cost of<br>Services<br>2024 | Net Cost of<br>Services<br>2024 |
| <b>Program expenses</b>                  |                                   |                                 |                                   |                                 |
| Instruction:                             |                                   |                                 |                                   |                                 |
| Regular                                  | \$ 6,170,283                      | \$ 5,769,627                    | \$ 6,166,413                      | \$ 5,738,394                    |
| Special                                  | 2,268,341                         | 1,160,542                       | 2,159,653                         | 747,736                         |
| Vocational                               | 203,310                           | 168,603                         | 185,729                           | 142,729                         |
| Other                                    | 309,367                           | 309,367                         | 322,464                           | 322,464                         |
| Support services:                        |                                   |                                 |                                   |                                 |
| Pupil                                    | 1,081,984                         | 907,687                         | 897,714                           | 422,579                         |
| Instructional staff                      | 722,875                           | 689,393                         | 511,753                           | 491,129                         |
| Board of education                       | 56,257                            | 56,257                          | 75,918                            | 75,918                          |
| Administration                           | 1,097,463                         | 1,091,457                       | 1,064,533                         | 1,058,604                       |
| Fiscal                                   | 571,791                           | 571,791                         | 556,372                           | 556,372                         |
| Business                                 | 24                                | 24                              | -                                 | -                               |
| Operations and maintenance               | 2,294,744                         | 2,294,744                       | 1,930,702                         | 1,906,474                       |
| Pupil transportation                     | 1,317,581                         | 1,275,525                       | 1,121,642                         | 1,074,561                       |
| Central                                  | 185,912                           | 185,912                         | 174,153                           | 174,153                         |
| Operation of non-instructional services: |                                   |                                 |                                   |                                 |
| Food service operations                  | 539,927                           | (8,788)                         | 622,895                           | 51,962                          |
| Other non-instructional services         | 10,045                            | 3,836                           | 15,570                            | 4,772                           |
| Extracurricular activities               | 620,712                           | 442,082                         | 631,064                           | 426,629                         |
| Interest                                 | 330,639                           | 330,639                         | 355,602                           | 355,602                         |
| <b>Total expenses</b>                    | <b>\$ 17,781,255</b>              | <b>\$ 15,248,698</b>            | <b>\$ 16,792,177</b>              | <b>\$ 13,550,078</b>            |

The dependence upon tax and other general revenues for governmental activities is apparent as 82.76% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 85.76%.

The District's taxpayers and unrestricted grants and entitlements, from the state are the primary support for District's students. The graph below presents the District's governmental activities revenue for fiscal year 2025 and 2024.



**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$13,878,580, which is \$524,018 more than last year's total of \$13,354,562. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2025 and 2024.

|                    | <u>Fund Balance<br/>June 30, 2025</u> | <u>Fund Balance,<br/>as adjusted<br/>June 30, 2024</u> | <u>Fund Balance,<br/>as Previously Reported<br/>June 30, 2024</u> | <u>Change</u>     | <u>Percentage<br/>Change</u> |
|--------------------|---------------------------------------|--------------------------------------------------------|-------------------------------------------------------------------|-------------------|------------------------------|
| General            | \$ 6,134,200                          | \$ 9,757,619                                           | \$ 9,757,619                                                      | \$ (3,623,419)    | (37.13) %                    |
| Bond retirement    | 3,097,076                             | 2,583,123                                              | 2,583,123                                                         | 513,953           | 19.90 %                      |
| Capital projects   | 3,800,000                             | -                                                      | -                                                                 | 3,800,000         | 100.00 %                     |
| Other governmental | 847,304                               | 1,013,820                                              | 1,013,820                                                         | (166,516)         | (16.42) %                    |
| Total              | <u>\$ 13,878,580</u>                  | <u>\$ 13,354,562</u>                                   | <u>\$ 13,354,562</u>                                              | <u>\$ 524,018</u> | 3.92 %                       |

**General Fund**

The District's general fund balance increased \$3,623,419.

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

|                            | <u>2025<br/>Amount</u> | <u>2024<br/>Amount</u> | <u>Change</u>       | <u>Percentage<br/>Change</u> |
|----------------------------|------------------------|------------------------|---------------------|------------------------------|
| <b><u>Revenues</u></b>     |                        |                        |                     |                              |
| Taxes                      | \$ 8,056,937           | \$ 8,292,541           | \$ (235,604)        | (2.84) %                     |
| Tuition and fees           | 476,966                | 379,075                | 97,891              | 25.82 %                      |
| Earnings on investments    | 603,996                | 492,621                | 111,375             | 22.61 %                      |
| Intergovernmental          | 6,587,583              | 6,883,871              | (296,288)           | (4.30) %                     |
| Other revenues             | 34,635                 | 49,487                 | (14,852)            | (30.01) %                    |
| Total                      | <u>\$ 15,760,117</u>   | <u>\$ 16,097,595</u>   | <u>\$ (337,478)</u> | (2.10) %                     |
| <b><u>Expenditures</u></b> |                        |                        |                     |                              |
| Instruction                | \$ 8,311,994           | \$ 7,517,709           | \$ 794,285          | 10.57 %                      |
| Support services           | 6,477,836              | 5,119,338              | 1,358,498           | 26.54 %                      |
| Extracurricular activities | 462,917                | 404,653                | 58,264              | 14.40 %                      |
| Debt service               | 331,229                | 331,351                | (122)               | (0.04) %                     |
| Total                      | <u>\$ 15,583,976</u>   | <u>\$ 13,373,051</u>   | <u>\$ 2,210,925</u> | 16.53 %                      |

Total revenues decreased by \$337,478 or 2.10% during the fiscal year. This decrease is primarily due to a decrease in property tax revenue which decreased as a result of the amount available to advance as of June 30, 2025. Tuition and fees increased by 25.82% as a result of increased foundation funding. Earnings on investments increased by 22.61% as a result of increased interest rates in fiscal year 2025. All other revenues remained comparable to fiscal year 2025.

Overall expenditures in the general fund had increase of \$2,210,925 or 16.53% primarily due to general inflationary trends. The largest increase was in support services.

**Bond Retirement Fund**

The bond retirement fund had \$1,435,376 in revenues and \$921,423 in expenditures. During fiscal year 2025, the bond retirement fund's fund balance increased \$513,953 from a fund balance of \$2,583,123 to \$3,097,076.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

***Capital Projects Fund***

The capital projects fund had other financing sources of \$3,800,000 during fiscal year 2025, which was a transfer in from the general fund. The fund balance of the capital projects fund at June 30, 2025 was \$3,800,000.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2025, the District amended its general fund budget multiple times. For the general fund, original budgeted revenues and other financing sources were \$15,550,480. Final budgeted revenues and other financing sources were \$15,829,722. Actual revenues and other financing sources for fiscal year 2025 were \$15,854,798, which was \$25,076 more than final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures) of \$16,770,440 were increased to \$20,098,147 in the final appropriations. The actual budget basis expenditures for fiscal year 2025 totaled \$19,938,446, which is \$159,701 less than the final budget appropriations.

***Capital Assets***

At the end of fiscal year 2025, the District had \$27,466,831 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right to use assets. This entire amount is reported in governmental activities. The following table shows June 30, 2025 balances compared to June 30, 2024.

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

|                                | <u>Governmental Activities</u> |                      |
|--------------------------------|--------------------------------|----------------------|
|                                | <u>2025</u>                    | <u>2024</u>          |
| Land                           | \$ 198,754                     | \$ 198,754           |
| Land improvements              | 2,701,455                      | 2,832,136            |
| Building and improvements      | 23,254,578                     | 24,235,436           |
| Furniture and equipment        | 484,657                        | 506,183              |
| Vehicles                       | 580,507                        | 544,098              |
| Intangible right to use assets | 246,880                        | 159,917              |
| Total                          | <u>\$ 27,466,831</u>           | <u>\$ 28,476,524</u> |

The overall decrease in capital assets of \$1,009,693 is due to depreciation/amortization expense of \$1,441,548 and capital asset disposals (net of accumulated depreciation/amortization) of \$27,093 exceeding capital asset additions of \$458,948.

See Note 8 to the basic financial statements for additional information.

***Debt Administration***

At June 30, 2025, the District had \$8,945,000 in general obligation bonds, \$1,309,000 in a financed purchase agreement and \$35,422 in leases payable outstanding. Of this total, \$871,176 is due within one year and \$9,418,246 is due in more than one year.

The following table summarizes the debt outstanding.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**Outstanding Debt, at Year End**

|                                      | Governmental<br>Activities<br><u>2025</u> | Governmental<br>Activities<br><u>2024</u> |
|--------------------------------------|-------------------------------------------|-------------------------------------------|
| Current interest bonds - Series 2016 | \$ 8,375,000                              | \$ 8,375,000                              |
| Current interest bonds - Series 2017 | 570,000                                   | 1,115,000                                 |
| Financed purchase agreement          | 1,309,000                                 | 1,583,000                                 |
| Leases payable                       | <u>35,422</u>                             | <u>56,943</u>                             |
| Total                                | <u>\$ 10,289,422</u>                      | <u>\$ 11,129,943</u>                      |

See Note 9 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

The District has been able to use a very conservative financial approach. The District operates just above the 20 mill floor and has an inside millage rate of 5.10. The District does benefit from a 1% income tax that was passed in 1992. There have been no requests by the District to its voters since 1992 for operating funds. The District tried unsuccessfully to pass an operating levy for additional funds in November 2013. The District continues to exhibit financial stability; meaning, there has not been a need to return to the voters for additional funding.

The Board and administration closely monitor expenditures to stay in line with the five-year financial forecast. Cuts to operating budgets and cuts in staffing throughout the District have been employed to avoid the need to seek additional money from the community. The Board and the administration have continued to monitor the State funding issue for schools.

The District continues to closely monitor income amounts. Property tax revenue estimates are based on historical growth patterns, including updates and reappraisals, and are substantiated by information provided for the upcoming fiscal year from the county auditor. The property tax figures are based on historical collection levels. The District is just above the 20-mill floor. Property re-evaluations do directly impact the revenue. Estimates for income tax revenue are based on information provided by the department of taxation. The current tax rate is continuing. Current economic and employment conditions can substantially affect this amount. Revenue from State foundation payments is expected to remain consistent based on the current State formula, historical patterns are other indicators included in legislation. The property tax allocation is calculated as a fixed percentage of property tax receipts. The percentage is calculated as an average of this percentage from the prior three years. The growth in this revenue parallels the anticipated growth in property taxes. Revenues from all other sources are based on historical patterns, and a conservative approach has been taken.

The amounts for salaries and benefits are based on existing negotiated agreements. For periods beyond the current agreements, historical patterns regarding salary and benefit increases have been used. Retirements or the lack thereof will affect this significantly. Anticipated expenditures in purchased services, supplies and other are based on historical patterns. The District anticipates spending all reserve requirements. Capital outlay is based on historical patterns and consideration of District growth and goals. Anticipated expenditures in other, advances and transfers are based on historical patterns. Estimated encumbrances are based on historical patterns.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

HB110 the current state budget implements that has been referred to as the Fair School Funding Plan (FSFP) for fiscal year 2024 and fiscal year 2025. The actual release of the new Fair School Funding Plan formula calculations was delayed until January 2022. The FSFP has many significant changes to the way foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the District where a student is enrolled to be educated. There will be no separate open enrollment revenue payments to school districts beginning in fiscal year 2022. There will also be direct funding to the District where students are educated for expenses previously deducted from districts state foundation funding for open enrollment, community schools, STEM schools and scholarship recipients. The State budget represents approximately 39% of district revenues.

In May 2025, the District adopted a long-range Capital Spending Plan designed to responsibly manage facility and infrastructure needs over the next ten years. This plan prioritizes critical areas including HVAC system upgrades, technology improvements, parking lot resurfacing, roofing repairs, and the ongoing maintenance of athletic turf and track facilities. By taking a proactive approach, the District is ensuring that our schools remain safe, efficient, and supportive of student learning and community use well into the future.

In addition, the District has established a Severance Fund to responsibly plan for anticipated retirement obligations. This fund allows the District to set aside resources in advance, ensuring that the District can meet future commitments without placing additional strain on annual operating budgets. Together, the Capital Spending Plan and Severance Fund reflect the District's commitment to strong financial stewardship, long-term planning, and the continued success of our students and community.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Mrs. Gina Roop Deppert, Treasurer, Northmor Local School District, 5247 County Road 29, Galion, Ohio 44833.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2025

|                                                | <b>Governmental<br/>Activities</b> |
|------------------------------------------------|------------------------------------|
| <b>Assets:</b>                                 |                                    |
| Equity in pooled cash and investments          | \$ 13,606,978                      |
| Receivables:                                   |                                    |
| Property taxes                                 | 7,584,695                          |
| Income taxes                                   | 1,056,604                          |
| Accounts                                       | 3,631                              |
| Accrued interest                               | 62,229                             |
| Intergovernmental                              | 160,539                            |
| Prepayments                                    | 34,723                             |
| Materials and supplies inventory               | 5,610                              |
| Inventory held for resale                      | 6,102                              |
| Net OPEB asset                                 | 816,724                            |
| Capital assets:                                |                                    |
| Not being depreciated/amortized                | 198,754                            |
| Being depreciated/amortized, net               | 27,268,077                         |
| Capital assets, net                            | <u>27,466,831</u>                  |
| Total assets                                   | <u>50,804,666</u>                  |
| <b>Deferred outflows of resources:</b>         |                                    |
| Unamortized deferred charges on debt refunding | 323,945                            |
| Pension                                        | 2,684,964                          |
| OPEB                                           | 503,677                            |
| Total deferred outflows of resources           | <u>3,512,586</u>                   |
| <b>Liabilities:</b>                            |                                    |
| Accounts payable                               | 93,181                             |
| Accrued wages and benefits payable             | 1,118,352                          |
| Matured compensated absences payable           | 16,455                             |
| Intergovernmental payable                      | 92,278                             |
| Pension obligation payable                     | 247,745                            |
| Accrued interest payable                       | 57,066                             |
| Long-term liabilities:                         |                                    |
| Due within one year                            | 1,163,561                          |
| Due in more than one year:                     |                                    |
| Net pension liability                          | 10,618,336                         |
| Net OPEB liability                             | 469,225                            |
| Other amounts due in more than one year        | 13,972,153                         |
| Total liabilities                              | <u>27,848,352</u>                  |
| <b>Deferred inflows of resources:</b>          |                                    |
| Property taxes levied for the next fiscal year | 6,360,021                          |
| Pension                                        | 1,228,174                          |
| OPEB                                           | 1,344,557                          |
| Total deferred inflows of resources            | <u>8,932,752</u>                   |
| <b>Net position:</b>                           |                                    |
| Net investment in capital assets               | 16,844,540                         |
| Restricted for:                                |                                    |
| Capital projects                               | 182,657                            |
| Classroom facilities maintenance               | 26,929                             |
| Debt service                                   | 3,138,568                          |
| Food service operations                        | 521,372                            |
| Extracurricular activities                     | 56,145                             |
| Other purposes                                 | 63,899                             |
| OPEB                                           | 816,724                            |
| Unrestricted (deficit)                         | (4,114,686)                        |
| Total net position                             | <u>\$ 17,536,148</u>               |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

|                                                                      |                      | <b>Program Revenues</b>                   |                                               | <b>Net (Expense)<br/>Revenue and<br/>Changes in<br/>Net Position</b> |
|----------------------------------------------------------------------|----------------------|-------------------------------------------|-----------------------------------------------|----------------------------------------------------------------------|
|                                                                      | <b>Expenses</b>      | <b>Charges for<br/>Services and Sales</b> | <b>Operating Grants<br/>and Contributions</b> | <b>Governmental<br/>Activities</b>                                   |
| <b>Governmental activities:</b>                                      |                      |                                           |                                               |                                                                      |
| Instruction:                                                         |                      |                                           |                                               |                                                                      |
| Regular                                                              | \$ 6,170,283         | \$ 341,991                                | \$ 58,665                                     | \$ (5,769,627)                                                       |
| Special                                                              | 2,268,341            | 134,975                                   | 972,824                                       | (1,160,542)                                                          |
| Vocational                                                           | 203,310              | -                                         | 34,707                                        | (168,603)                                                            |
| Other                                                                | 309,367              | -                                         | -                                             | (309,367)                                                            |
| Support services:                                                    |                      |                                           |                                               |                                                                      |
| Pupil                                                                | 1,081,984            | -                                         | 174,297                                       | (907,687)                                                            |
| Instructional staff                                                  | 722,875              | -                                         | 33,482                                        | (689,393)                                                            |
| Board of education                                                   | 56,257               | -                                         | -                                             | (56,257)                                                             |
| Administration                                                       | 1,097,463            | -                                         | 6,006                                         | (1,091,457)                                                          |
| Fiscal                                                               | 571,791              | -                                         | -                                             | (571,791)                                                            |
| Business                                                             | 24                   | -                                         | -                                             | (24)                                                                 |
| Operations and maintenance                                           | 2,294,744            | -                                         | -                                             | (2,294,744)                                                          |
| Pupil transportation                                                 | 1,317,581            | -                                         | 42,056                                        | (1,275,525)                                                          |
| Central                                                              | 185,912              | -                                         | -                                             | (185,912)                                                            |
| Operation of non-instructional<br>services:                          |                      |                                           |                                               |                                                                      |
| Food service operations                                              | 539,927              | 162,274                                   | 386,441                                       | 8,788                                                                |
| Other non-instructional services                                     | 10,045               | -                                         | 6,209                                         | (3,836)                                                              |
| Extracurricular activities                                           | 620,712              | 174,900                                   | 3,730                                         | (442,082)                                                            |
| Interest                                                             | 330,639              | -                                         | -                                             | (330,639)                                                            |
| <b>Totals</b>                                                        | <b>\$ 17,781,255</b> | <b>\$ 814,140</b>                         | <b>\$ 1,718,417</b>                           | <b>(15,248,698)</b>                                                  |
| <b>General revenues:</b>                                             |                      |                                           |                                               |                                                                      |
| Property taxes levied for:                                           |                      |                                           |                                               |                                                                      |
| General purposes                                                     |                      |                                           |                                               | 5,664,959                                                            |
| Debt service                                                         |                      |                                           |                                               | 1,260,183                                                            |
| Capital outlay                                                       |                      |                                           |                                               | 96,074                                                               |
| Classroom facilities maintenance                                     |                      |                                           |                                               | 73,479                                                               |
| Income taxes levied for:                                             |                      |                                           |                                               |                                                                      |
| General purposes                                                     |                      |                                           |                                               | 2,410,785                                                            |
| Grants and entitlements not restricted<br>to specific programs       |                      |                                           |                                               |                                                                      |
|                                                                      |                      |                                           |                                               | 6,071,567                                                            |
| Investment earnings                                                  |                      |                                           |                                               | 609,701                                                              |
| Miscellaneous                                                        |                      |                                           |                                               | 20,280                                                               |
| Total general revenues                                               |                      |                                           |                                               | 16,207,028                                                           |
| Change in net position                                               |                      |                                           |                                               | 958,330                                                              |
| <b>Net position at beginning of year,<br/>as previously reported</b> |                      |                                           |                                               | 19,617,131                                                           |
| Restatement - change in accounting principle                         |                      |                                           |                                               | (3,039,313)                                                          |
| <b>Net position at beginning of year, restated</b>                   |                      |                                           |                                               | 16,577,818                                                           |
| <b>Net position at end of year</b>                                   |                      |                                           |                                               | <b>\$ 17,536,148</b>                                                 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025

|                                                       | General              | Bond Retirement     | Capital Projects    | Nonmajor Governmental Funds | Total Governmental Funds |
|-------------------------------------------------------|----------------------|---------------------|---------------------|-----------------------------|--------------------------|
| <b>Assets:</b>                                        |                      |                     |                     |                             |                          |
| Equity in pooled cash and investments                 | \$ 6,008,073         | \$ 2,968,012        | \$ 3,800,000        | \$ 830,893                  | \$ 13,606,978            |
| Receivables:                                          |                      |                     |                     |                             |                          |
| Property taxes                                        | 6,070,812            | 1,320,042           | -                   | 193,841                     | 7,584,695                |
| Income taxes                                          | 1,056,604            | -                   | -                   | -                           | 1,056,604                |
| Accounts                                              | 2,140                | -                   | -                   | 1,491                       | 3,631                    |
| Accrued interest                                      | 62,229               | -                   | -                   | -                           | 62,229                   |
| Interfund loans                                       | 170                  | -                   | -                   | -                           | 170                      |
| Intergovernmental                                     | 142,734              | -                   | -                   | 17,805                      | 160,539                  |
| Prepayments                                           | 34,530               | -                   | -                   | 193                         | 34,723                   |
| Materials and supplies inventory                      | 4,263                | -                   | -                   | 1,347                       | 5,610                    |
| Inventory held for resale                             | -                    | -                   | -                   | 6,102                       | 6,102                    |
| Total assets                                          | <u>\$ 13,381,555</u> | <u>\$ 4,288,054</u> | <u>\$ 3,800,000</u> | <u>\$ 1,051,672</u>         | <u>\$ 22,521,281</u>     |
| <b>Liabilities:</b>                                   |                      |                     |                     |                             |                          |
| Accounts payable                                      | \$ 91,747            | \$ -                | \$ -                | \$ 1,434                    | \$ 93,181                |
| Accrued wages and benefits payable                    | 1,095,750            | -                   | -                   | 22,602                      | 1,118,352                |
| Compensated absences payable                          | 16,455               | -                   | -                   | -                           | 16,455                   |
| Intergovernmental payable                             | 91,968               | -                   | -                   | 310                         | 92,278                   |
| Pension obligation payable                            | 245,691              | -                   | -                   | 2,054                       | 247,745                  |
| Interfund loans payable                               | -                    | -                   | -                   | 170                         | 170                      |
| Total liabilities                                     | <u>1,541,611</u>     | <u>-</u>            | <u>-</u>            | <u>26,570</u>               | <u>1,568,181</u>         |
| <b>Deferred inflows of resources:</b>                 |                      |                     |                     |                             |                          |
| Property taxes levied for the next fiscal year        | 5,099,212            | 1,094,841           | -                   | 165,968                     | 6,360,021                |
| Delinquent property tax revenue not available         | 414,421              | 96,137              | -                   | 11,830                      | 522,388                  |
| Income tax revenue not available                      | 157,034              | -                   | -                   | -                           | 157,034                  |
| Accrued interest not available                        | 35,077               | -                   | -                   | -                           | 35,077                   |
| Total deferred inflows of resources                   | <u>5,705,744</u>     | <u>1,190,978</u>    | <u>-</u>            | <u>177,798</u>              | <u>7,074,520</u>         |
| <b>Fund balances:</b>                                 |                      |                     |                     |                             |                          |
| Nonspendable:                                         |                      |                     |                     |                             |                          |
| Materials and supplies inventory                      | 4,263                | -                   | -                   | 1,347                       | 5,610                    |
| Prepays                                               | 34,530               | -                   | -                   | 193                         | 34,723                   |
| Unclaimed monies                                      | 25,626               | -                   | -                   | -                           | 25,626                   |
| Restricted:                                           |                      |                     |                     |                             |                          |
| Debt service                                          | -                    | 3,097,076           | -                   | -                           | 3,097,076                |
| Capital improvements                                  | -                    | -                   | -                   | 182,657                     | 182,657                  |
| Classroom facilities maintenance                      | -                    | -                   | -                   | 15,099                      | 15,099                   |
| Food service operations                               | -                    | -                   | -                   | 553,590                     | 553,590                  |
| Extracurricular activities                            | -                    | -                   | -                   | 56,145                      | 56,145                   |
| Other purposes                                        | -                    | -                   | -                   | 38,273                      | 38,273                   |
| Committed:                                            |                      |                     |                     |                             |                          |
| Termination benefits                                  | 303,545              | -                   | -                   | -                           | 303,545                  |
| Capital improvements                                  | -                    | -                   | 3,800,000           | -                           | 3,800,000                |
| Assigned:                                             |                      |                     |                     |                             |                          |
| Student instruction                                   | 150,957              | -                   | -                   | -                           | 150,957                  |
| Student and staff support                             | 311,408              | -                   | -                   | -                           | 311,408                  |
| Extracurricular activities                            | 812                  | -                   | -                   | -                           | 812                      |
| Subsequent year's appropriations                      | 253,141              | -                   | -                   | -                           | 253,141                  |
| Unassigned                                            | <u>5,049,918</u>     | <u>-</u>            | <u>-</u>            | <u>-</u>                    | <u>5,049,918</u>         |
| Total fund balances                                   | <u>6,134,200</u>     | <u>3,097,076</u>    | <u>3,800,000</u>    | <u>847,304</u>              | <u>13,878,580</u>        |
| Total liabilities, deferred inflows and fund balances | <u>\$ 13,381,555</u> | <u>\$ 4,288,054</u> | <u>\$ 3,800,000</u> | <u>\$ 1,051,672</u>         | <u>\$ 22,521,281</u>     |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

|                                                                                                                                                                                                                        |              |                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------------------|
| <b>Total governmental fund balances</b>                                                                                                                                                                                |              | \$ 13,878,580               |
| <i>Amounts reported for governmental activities on the statement of net position are different because:</i>                                                                                                            |              |                             |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.                                                                                                |              | 27,466,831                  |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.                                                                          |              |                             |
| Delinquent property taxes receivable                                                                                                                                                                                   | \$ 522,388   |                             |
| Income taxes receivable                                                                                                                                                                                                | 157,034      |                             |
| Accrued interest receivable                                                                                                                                                                                            | 35,077       |                             |
| Total                                                                                                                                                                                                                  |              | 714,499                     |
| Unamortized premiums on bonds issued are not recognized in the funds.                                                                                                                                                  |              | (656,814)                   |
| Unamortized charges on refundings are not recognized in the funds.                                                                                                                                                     |              | 323,945                     |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.                                                                                                      |              | (57,066)                    |
| The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows of resources are not reported in governmental funds. |              |                             |
| Deferred outflows - pension                                                                                                                                                                                            | 2,684,964    |                             |
| Deferred inflows - pension                                                                                                                                                                                             | (1,228,174)  |                             |
| Net pension liability                                                                                                                                                                                                  | (10,618,336) |                             |
| Deferred outflows - OPEB                                                                                                                                                                                               | 503,677      |                             |
| Deferred inflows - OPEB                                                                                                                                                                                                | (1,344,557)  |                             |
| Net OPEB asset                                                                                                                                                                                                         | 816,724      |                             |
| Net OPEB liability                                                                                                                                                                                                     | (469,225)    |                             |
| Total                                                                                                                                                                                                                  |              | (9,654,927)                 |
| 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                                                                                                                                                                                               | (8,945,000)  |                             |
| Leases payable                                                                                                                                                                                                         | (35,422)     |                             |
| Notes payable - financed purchase agreement                                                                                                                                                                            | (1,309,000)  |                             |
| Compensated absences                                                                                                                                                                                                   | (4,189,478)  |                             |
| Total                                                                                                                                                                                                                  |              | (14,478,900)                |
| <b>Net position of governmental activities</b>                                                                                                                                                                         |              | <u><u>\$ 17,536,148</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

|                                                              | General             | Bond<br>Retirement  | Capital<br>Projects | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------------------------------------|---------------------|---------------------|---------------------|-----------------------------------|--------------------------------|
| <b>Revenues:</b>                                             |                     |                     |                     |                                   |                                |
| Property taxes                                               | \$ 5,653,638        | \$ 1,257,532        | \$ -                | \$ 169,390                        | \$ 7,080,560                   |
| Income taxes                                                 | 2,403,299           | -                   | -                   | -                                 | 2,403,299                      |
| Intergovernmental                                            | 6,587,583           | 177,844             | -                   | 1,019,401                         | 7,784,828                      |
| Investment earnings                                          | 603,996             | -                   | -                   | 2,680                             | 606,676                        |
| Tuition and fees                                             | 476,966             | -                   | -                   | -                                 | 476,966                        |
| Extracurricular                                              | 14,355              | -                   | -                   | 160,545                           | 174,900                        |
| Rental income                                                | 975                 | -                   | -                   | -                                 | 975                            |
| Charges for services                                         | -                   | -                   | -                   | 162,274                           | 162,274                        |
| Contributions and donations                                  | 58                  | -                   | -                   | 2,897                             | 2,955                          |
| Miscellaneous                                                | 19,247              | -                   | -                   | -                                 | 19,247                         |
| Total revenues                                               | <u>15,760,117</u>   | <u>1,435,376</u>    | <u>-</u>            | <u>1,517,187</u>                  | <u>18,712,680</u>              |
| <b>Expenditures:</b>                                         |                     |                     |                     |                                   |                                |
| Current:                                                     |                     |                     |                     |                                   |                                |
| Instruction:                                                 |                     |                     |                     |                                   |                                |
| Regular                                                      | 5,974,948           | -                   | -                   | 78,302                            | 6,053,250                      |
| Special                                                      | 1,819,676           | -                   | -                   | 527,595                           | 2,347,271                      |
| Vocational                                                   | 208,003             | -                   | -                   | 3,429                             | 211,432                        |
| Other                                                        | 309,367             | -                   | -                   | -                                 | 309,367                        |
| Support services:                                            |                     |                     |                     |                                   |                                |
| Pupil                                                        | 1,046,592           | -                   | -                   | 3,400                             | 1,049,992                      |
| Instructional staff                                          | 534,869             | -                   | -                   | 44,162                            | 579,031                        |
| Board of education                                           | 56,930              | -                   | -                   | -                                 | 56,930                         |
| Administration                                               | 1,074,519           | -                   | -                   | 7,000                             | 1,081,519                      |
| Fiscal                                                       | 543,343             | 32,139              | -                   | 4,227                             | 579,709                        |
| Business                                                     | 24                  | -                   | -                   | -                                 | 24                             |
| Operations and maintenance                                   | 1,895,956           | -                   | -                   | 103,744                           | 1,999,700                      |
| Pupil transportation                                         | 1,139,038           | -                   | -                   | 134,140                           | 1,273,178                      |
| Central                                                      | 186,565             | -                   | -                   | -                                 | 186,565                        |
| Operation of non-instructional services:                     |                     |                     |                     |                                   |                                |
| Food service operations                                      | -                   | -                   | -                   | 607,877                           | 607,877                        |
| Other non-instructional services                             | -                   | -                   | -                   | 7,236                             | 7,236                          |
| Extracurricular activities                                   | 462,917             | -                   | -                   | 161,227                           | 624,144                        |
| Facilities acquisition and construction                      | -                   | -                   | -                   | 924                               | 924                            |
| Debt service:                                                |                     |                     |                     |                                   |                                |
| Principal retirement                                         | 295,521             | 545,000             | -                   | -                                 | 840,521                        |
| Interest                                                     | 35,708              | 344,284             | -                   | -                                 | 379,992                        |
| Total expenditures                                           | <u>15,583,976</u>   | <u>921,423</u>      | <u>-</u>            | <u>1,683,263</u>                  | <u>18,188,662</u>              |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>176,141</u>      | <u>513,953</u>      | <u>-</u>            | <u>(166,076)</u>                  | <u>524,018</u>                 |
| <b>Other financing sources (uses):</b>                       |                     |                     |                     |                                   |                                |
| Transfers in                                                 | 440                 | -                   | 3,800,000           | 42,139                            | 3,842,579                      |
| Transfers (out)                                              | (3,800,000)         | -                   | -                   | (42,579)                          | (3,842,579)                    |
| Total other financing sources (uses)                         | <u>(3,799,560)</u>  | <u>-</u>            | <u>3,800,000</u>    | <u>(440)</u>                      | <u>-</u>                       |
| Net change in fund balances                                  | (3,623,419)         | 513,953             | 3,800,000           | (166,516)                         | 524,018                        |
| <b>Fund balances at beginning of year</b>                    | 9,757,619           | 2,583,123           | -                   | 1,013,820                         | 13,354,562                     |
| <b>Fund balances at end of year</b>                          | <u>\$ 6,134,200</u> | <u>\$ 3,097,076</u> | <u>\$ 3,800,000</u> | <u>\$ 847,304</u>                 | <u>\$ 13,878,580</u>           |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**Net change in fund balances - total governmental funds** \$ 524,018

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

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

|                                        |             |           |
|----------------------------------------|-------------|-----------|
| Capital asset additions                | \$ 458,948  |           |
| Current year depreciation/amortization | (1,441,548) |           |
| <b>Total</b>                           |             | (982,600) |

The net effect of various miscellaneous transactions involving  
capital assets (i.e., sales, disposals, trade-ins, and donations) is to  
decrease net position. (27,093)

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

|                         |        |        |
|-------------------------|--------|--------|
| Property taxes          | 14,135 |        |
| Income taxes            | 7,486  |        |
| Earnings on investments | 5,705  |        |
| Intergovernmental       | (421)  |        |
| <b>Total</b>            |        | 26,905 |

Repayment of bond, notes and lease principal is an expenditure in the  
governmental funds, but the repayment reduces long-term liabilities  
on the statement of net position. 840,521

In the statement of activities, interest is accrued on outstanding bonds,  
whereas in governmental funds, an interest expenditure is reported  
when due. The following items resulted in less interest being  
reported in the statement of activities:

|                                      |          |        |
|--------------------------------------|----------|--------|
| Decrease in accrued interest payable | 4,985    |        |
| Amortization of bond premiums        | 84,014   |        |
| Amortization of deferred charges     | (39,646) |        |
| <b>Total</b>                         |          | 49,353 |

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

|              |           |           |
|--------------|-----------|-----------|
| Pension      | 1,176,788 |           |
| OPEB         | 33,618    |           |
| <b>Total</b> |           | 1,210,406 |

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

|              |           |           |
|--------------|-----------|-----------|
| Pension      | (730,176) |           |
| OPEB         | 209,262   |           |
| <b>Total</b> |           | (520,914) |

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

(162,266)

**Change in net position of governmental activities** \$ 958,330

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                          | <u>Custodial</u>   |
|------------------------------------------|--------------------|
| <b>Additions:</b>                        |                    |
| Extracurricular collections for OHSAA    | <u>\$ 8,893</u>    |
| <b>Deductions:</b>                       |                    |
| Extracurricular distributions to OHSAA   | <u>8,893</u>       |
| Change in net position                   | -                  |
| <b>Net position at beginning of year</b> | <u>-</u>           |
| <b>Net position at end of year</b>       | <u><u>\$ -</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Northmor Local School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education and is responsible for providing public education to residents of the District.

The District is staffed by 40 non-certified and 77 certified personnel and 8 administrators to provide services to approximately 993 students and other community members.

Management believes the financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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 Board 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; or (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 that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Metropolitan Regional Service Council (MRSC) / Northeast Ohio Network for Educational Technology (NEOnet)  
The Metropolitan Regional Service Council (MRSC), Summit County, is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio as defined by Section 167.04 of the Ohio Revised Code.

MRSC is a Council of Governments owned and operated by sixty-four districts in the Ohio counties of Crawford, Cuyahoga, Geauga, Huron, Medina, Morrow, Portage, Richland and Summit. The Superintendents of these member districts comprise MRSC's assembly. From the Assembly, members will be elected to a Board of Directors to make decisions on the operation of the consortium for those powers not specifically allocated to the Assembly. The Board of Directors consists of five Superintendents, three Treasurers, and one Technology Director.

The MRSC is one of sixteen regional service organizations serving public school districts, career centers, educational service centers, community schools and other local educational entities in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as Information Technology Centers (ITC). The OECN is a collective group of ITCs, authorized pursuant to Section 3301.075 of the Ohio Revised Code, and their member school districts. Such sites, in conjunction with the Ohio Department of Education and Workforce, comprise a statewide delivery system to provide comprehensive, cost-efficient accounting, and other administrative and instructional computer services for participating Ohio school districts. Funding for this network, which includes MRSC, is primarily derived from user fees assessed to the respective member districts and from the State of Ohio.

The primary program of MRSC known as the Northeast Ohio Network for Educational Technology (NEOnet) was established in 1995. Its purpose is to improve student education through the use of technology. NEOnet represents over 200,000 students and provides services to two hundred twenty educational entities that include sixty-eight school districts, six career centers, twenty-two private schools, four educational service centers, one hundred ten community schools, two stem schools, two non-profit entities, and six city governments. NEOnet's mission is to provide internet, network, and application service and support. During fiscal year 2025, the District paid \$220,056 to the MRSC for various services. Financial information can be obtained from the treasurer for the Metropolitan Regional Service Council, who serves as fiscal agent, at 700 Graham Road, Cuyahoga Falls, OH 44221.

*RELATED ENTITY*

Perry Cook Memorial Library (the "Library")

The District appoints the governing board of the Library, however, the District cannot influence the Library's operation nor does the Library represent a potential financial benefit for or burden on the District. The District serves in a ministerial capacity as taxing authority for the Library. Once the Library Board determines to present a levy to the voters, including the determination of its rate and duration, the District must place the levy on the ballot. The Library may not issue debt. The Library did not receive any funding from the District during 2025.

*INSURANCE PURCHASING POOL*

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "GRP") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

*GOVERNMENTAL FUNDS*

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

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

Bond retirement fund - The bond retirement fund is used to account for financial resources and expenditures restricted for principal and interest for general obligation bonds.

Capital projects fund - The capital projects fund is used to accumulate money for one or more capital projects.

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

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

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

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: private-purpose trust funds, custodial funds, pension trust funds and investment trust funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial fund accounts for tournament monies collected on behalf of the Ohio High School Athletic Association (OHSAA).

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

**C. Basis of Presentation and Measurement Focus**

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

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

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

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 nonmajor funds are aggregated into one column.

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

**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from income taxes is recognized in the period in which the income is earned (see Note 10). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 13 and 14 for deferred outflows of resources related to net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes, income taxes, interest, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 13 and 14 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except custodial funds). The specific timetable for fiscal year 2025 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Morrow County Budget Commission for tax rate determination. The Morrow County Commissioners waived this requirement for 2025.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

3. 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 July 1, 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 a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary schedule, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2025.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. The budget figures, as shown in the accompanying budgetary schedule, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at fiscal year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.
9. Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments".

During fiscal year 2025, investments were limited to negotiable certificates of deposit (CD's), federal agency securities, municipal bonds, commercial paper, a U.S. Government money market fund, U.S. Treasury notes, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements and non-negotiable certificates of deposits, are reported at cost.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

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 Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio and the U.S Government money market fund at the net asset value (NAV) per share provided by STAR Ohio and the respective mutual fund. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the general fund during fiscal year 2025 amounted to \$603,996, which includes \$254,089 assigned from other funds.

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

An analysis of the District's investment accounts at year end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method on the fund statements and on the government-wide statements.

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

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their acquisition value as of the date received. The District's capitalization threshold is \$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. In addition, assets having an estimated useful life of more than one year that are below the capitalization threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant. The District does not possess infrastructure.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

All reported capital assets except land are depreciated/amortized. Improvements are depreciated/amortized 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>Governmental<br/>Activities<br/>Estimated Lives</u> |
|--------------------------------------------|--------------------------------------------------------|
| Land improvements                          | 20 years                                               |
| Buildings and improvements                 | 45 years                                               |
| Furniture and equipment                    | 5 - 15 years                                           |
| Vehicles                                   | 6 - 15 years                                           |
| Intangible right to use - leased equipment | 3 - 5 years                                            |
| Intangible right to use - software         | 2 - 5 years                                            |

The District is reporting intangible right to use assets related to leased equipment and Subscription Based Information Technology Arrangements (SBITAs). The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease/subscription term or the useful life of the underlying asset.

**I. Interfund Balances**

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

**J. Compensated Absences**

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

*Vacation*

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

*Sick Leave*

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

**K. Accrued Liabilities and Long-Term Obligations**

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

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

**L. Fund Balance**

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

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

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

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

**M. Net Position**

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

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**O. Estimates**

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

**P. Bond Premium and Discount/Accounting Gain or Loss**

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

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized using the straight-line method, which approximates the effective interest method, over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow on the government-wide financial statements.

On the governmental fund financial statements bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.

**Q. Interfund Activity**

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

**R. Pensions/Other Postemployment Benefits (OPEB)**

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had neither item during fiscal year 2025.

**T. Fair Value**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. These changes were incorporated into the District's fiscal year 2025 financial statements.

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

**B. Restatement of Net Position**

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation 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.

**A. Deposits with Financial Institutions**

At June 30, 2025, the carrying amount of all District deposits was \$3,114,207 and the bank balance of all District deposits was \$3,434,528. The entire bank balance of \$3,434,528 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**B. Investments**

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

| Measurement/<br><u>Investment type</u> | Measurement<br><u>Value</u> | <u>Investment Maturities</u> |                           |                            |                            |                                 |
|----------------------------------------|-----------------------------|------------------------------|---------------------------|----------------------------|----------------------------|---------------------------------|
|                                        |                             | <u>6 months<br/>or less</u>  | <u>7 to 12<br/>months</u> | <u>13 to 18<br/>months</u> | <u>19 to 24<br/>months</u> | <u>24 months<br/>or greater</u> |
| <i>Fair Value:</i>                     |                             |                              |                           |                            |                            |                                 |
| FHLMC                                  | \$ 216,486                  | \$ 216,486                   | \$ -                      | \$ -                       | \$ -                       | \$ -                            |
| FHLB                                   | 1,510,189                   | -                            | 98,823                    | -                          | -                          | 1,411,366                       |
| FFCB                                   | 1,158,192                   | -                            | 503,107                   | -                          | -                          | 655,085                         |
| FNMA                                   | 138,623                     | 138,623                      | -                         | -                          | -                          | -                               |
| Municipal Bonds                        | 237,173                     | 237,173                      | -                         | -                          | -                          | -                               |
| U.S. Treasury Notes                    | 3,183,117                   | 423,384                      | -                         | -                          | -                          | 2,759,733                       |
| Negotiable CDs                         | 492,046                     | 243,217                      | -                         | 248,829                    | -                          | -                               |
| Commercial Paper                       | 1,464,944                   | 523,946                      | 940,998                   | -                          | -                          | -                               |
| <i>Net Asset Value per Share:</i>      |                             |                              |                           |                            |                            |                                 |
| U.S. Government money market fund      | 550,001                     | 550,001                      | -                         | -                          | -                          | -                               |
| STAR Ohio                              | 1,542,000                   | 1,542,000                    | -                         | -                          | -                          | -                               |
| Total                                  | \$ 10,492,771               | \$ 3,874,830                 | \$ 1,542,928              | \$ 248,829                 | \$ -                       | \$ 4,826,184                    |

The weighted average of maturity of investments is 2.02 years.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. The District's investments in negotiable CD's, federal agency securities, U.S. Treasury Notes, municipal bonds, and commercial paper are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). The District's investment in the U.S Government money market fund and STAR Ohio are measured at the Net Asset Value (NAV) per share.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District's investments in federal agency securities were rated AA+ by Standard & Poor's and Aa1 by Moody's. The municipal bonds were rated Aa2 by Moody's. The District's investments in U. S. Treasury Notes were rated AA+ and Aa1 by Standard & Poor's and Moody's, respectively. The District's investments in commercial paper were rated P-1 by Moody's and A-1+ through A-1 by Standard & Poor's. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market an AAAm money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable CD's are fully covered by the FDIC and are not rated. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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

| <u>Measurement/<br/>Investment type</u> | <u>Measurement<br/>Value</u> | <u>% of Total</u> |
|-----------------------------------------|------------------------------|-------------------|
| <i>Fair Value:</i>                      |                              |                   |
| FHLMC                                   | \$ 216,486                   | 2.06              |
| FHLB                                    | 1,510,189                    | 14.39             |
| FFCB                                    | 1,158,192                    | 11.04             |
| FNMA                                    | 138,623                      | 1.32              |
| Municipal Bonds                         | 237,173                      | 2.26              |
| U.S. Treasury Notes                     | 3,183,117                    | 30.34             |
| Negotiable CDs                          | 492,046                      | 4.69              |
| Commercial Paper                        | 1,464,944                    | 13.96             |
| <i>Net Asset Value per Share:</i>       |                              |                   |
| U.S. Government money market fund       | 550,001                      | 5.24              |
| STAR Ohio                               | 1,542,000                    | 14.70             |
| Total                                   | <u>\$ 10,492,771</u>         | <u>100.00</u>     |

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

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

|                                                           |                      |
|-----------------------------------------------------------|----------------------|
| <u>Cash and investments per note</u>                      |                      |
| Carrying amount of deposits                               | \$ 3,114,207         |
| Investments                                               | <u>10,492,771</u>    |
| Total                                                     | <u>\$ 13,606,978</u> |
| <u>Cash and investments per statement of net position</u> |                      |
| Governmental activities                                   | <u>\$ 13,606,978</u> |

**NOTE 5 - INTERFUND TRANSACTIONS**

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

|                                                      |                     |
|------------------------------------------------------|---------------------|
| <u>Transfer from nonmajor governmental funds to:</u> | <u>Amount</u>       |
| General fund                                         | \$ 440              |
| Nonmajor governmental funds                          | <u>42,139</u>       |
| <u>Transfer from general fund to:</u>                |                     |
| Capital projects fund                                | <u>3,800,000</u>    |
| Total                                                | <u>\$ 3,842,579</u> |

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization and approval from the budget commission. Transfers from the nonmajor governmental funds to the nonmajor governmental funds were related to ODEW approved transfers between federal programs. The District closed out various student activity funds in fiscal year 2025 which were no longer active and transferred the residual fund balances to the general fund. Transfers between governmental funds are eliminated on the statement of activities.

All transfers made in fiscal year 2025 were in accordance with Ohio Revised Code Sections 5705.13(C) and 5705.14 through 5705.16.

- B. Interfund loans receivable/payable consisted of the following at June 30, 2025, as reported on the fund financial statements:

|                         |                             |               |
|-------------------------|-----------------------------|---------------|
| <u>Receivable fund:</u> | <u>Payable fund:</u>        | <u>Amount</u> |
| General fund            | Nonmajor governmental funds | <u>\$ 170</u> |

The primary purpose of interfund balances is to cover costs in specific funds where revenues were not received by June 30. The interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated in the government-wide financial statements; therefore, no internal balances at June 30, 2025 are reported on the statement of net position.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed values as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Public utility real and personal property taxes received in calendar year 2025 became a lien on December 31, 2023, were levied after April 1, 2024, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Marion, Richland, and Morrow 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 as an advance at June 30, 2025 and 2024 were:

|                              | <u>June 30, 2025</u> | <u>June 30, 2024</u> |
|------------------------------|----------------------|----------------------|
| Major governmental funds:    |                      |                      |
| General fund                 | \$ 557,179           | \$ 965,525           |
| Bond retirement fund         | 129,064              | 223,868              |
| Nonmajor governmental funds: |                      |                      |
| Permanent improvement fund   | 16,043               | 27,602               |

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

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

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

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

|                                                   | 2024 Second<br>Half Collections |                | 2025 First<br>Half Collections |                |
|---------------------------------------------------|---------------------------------|----------------|--------------------------------|----------------|
|                                                   | <u>Amount</u>                   | <u>Percent</u> | <u>Amount</u>                  | <u>Percent</u> |
| Agricultural/residential<br>and other real estate | \$ 297,817,770                  | 90.50          | \$ 303,040,780                 | 90.32          |
| Public utility personal                           | 31,267,980                      | 9.50           | 32,494,720                     | 9.68           |
| Total                                             | <u>\$ 329,085,750</u>           | <u>100.00</u>  | <u>\$ 335,535,500</u>          | <u>100.00</u>  |
| Tax rate per \$1,000 of<br>assessed valuation     | \$33.04                         |                | \$33.04                        |                |

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2025 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

|                   |                     |
|-------------------|---------------------|
| Property taxes    | \$ 7,584,695        |
| Income taxes      | 1,056,604           |
| Accounts          | 3,631               |
| Accrued interest  | 62,229              |
| Intergovernmental | <u>160,539</u>      |
| Total             | <u>\$ 8,867,698</u> |

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

**NOTE 8 - CAPITAL ASSETS**

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

|                                                         | Balance<br>06/30/24  | Additions           | Disposals          | Balance<br>06/30/25  |
|---------------------------------------------------------|----------------------|---------------------|--------------------|----------------------|
| <b>Governmental activities:</b>                         |                      |                     |                    |                      |
| <i>Capital assets, not being depreciated/amortized:</i> |                      |                     |                    |                      |
| Land                                                    | \$ 198,754           | \$ -                | \$ -               | \$ 198,754           |
| Total capital assets, not being depreciated/amortized   | <u>198,754</u>       | <u>-</u>            | <u>-</u>           | <u>198,754</u>       |
| <i>Capital assets, being depreciated/amortized:</i>     |                      |                     |                    |                      |
| Land improvements                                       | 4,862,795            | 13,369              | -                  | 4,876,164            |
| Buildings and improvements                              | 37,793,587           | -                   | -                  | 37,793,587           |
| Furniture and equipment                                 | 1,738,788            | 120,387             | (10,468)           | 1,848,707            |
| Vehicles                                                | 1,670,019            | 134,139             | (229,240)          | 1,574,918            |
| Intangible right to use assets:                         |                      |                     |                    |                      |
| Leased equipment                                        | 106,634              | -                   | -                  | 106,634              |
| Software                                                | <u>234,318</u>       | <u>191,053</u>      | <u>(23,132)</u>    | <u>402,239</u>       |
| Total capital assets, being depreciated/amortized       | <u>46,406,141</u>    | <u>458,948</u>      | <u>(262,840)</u>   | <u>46,602,249</u>    |
| <i>Less: accumulated depreciation/amortization</i>      |                      |                     |                    |                      |
| Land improvements                                       | (2,030,659)          | (144,050)           | -                  | (2,174,709)          |
| Buildings and improvements                              | (13,558,151)         | (980,858)           | -                  | (14,539,009)         |
| Furniture and equipment                                 | (1,232,605)          | (137,744)           | 6,299              | (1,364,050)          |
| Vehicles                                                | (1,125,921)          | (74,806)            | 206,316            | (994,411)            |
| Intangible right to use assets:                         |                      |                     |                    |                      |
| Leased equipment                                        | (51,540)             | (21,327)            | -                  | (72,867)             |
| Software                                                | <u>(129,495)</u>     | <u>(82,763)</u>     | <u>23,132</u>      | <u>(189,126)</u>     |
| Total accumulated depreciation/amortization             | <u>(18,128,371)</u>  | <u>(1,441,548)</u>  | <u>235,747</u>     | <u>(19,334,172)</u>  |
| Governmental activities capital assets, net             | <u>\$ 28,476,524</u> | <u>\$ (982,600)</u> | <u>\$ (27,093)</u> | <u>\$ 27,466,831</u> |

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 8 - CAPITAL ASSETS - (Continued)**

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

|                                         |                     |
|-----------------------------------------|---------------------|
| <u>Instruction:</u>                     |                     |
| Regular                                 | \$ 596,530          |
| Vocational                              | 408                 |
| <u>Support services:</u>                |                     |
| Instructional staff                     | 166,314             |
| Administration                          | 43,386              |
| Fiscal                                  | 688                 |
| Operations and maintenance              | 392,571             |
| Pupil transportation                    | 173,501             |
| Food service operations                 | 2,852               |
| Other non-instructional services        | 2,809               |
| Extracurricular activities              | <u>62,489</u>       |
| Total depreciation/amortization expense | <u>\$ 1,441,548</u> |

**NOTE 9 - LONG-TERM OBLIGATIONS**

- A. Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the District has restated compensated absences as of June 30, 2024 which is reflected in the schedule below. During fiscal year 2025, the following changes occurred in governmental activities long-term obligations:

|                                                        | Restated<br>Balance<br><u>June 30, 2024</u> | <u>Additions</u>  | <u>Deductions</u>     | Balance<br><u>June 30, 2025</u> | Amounts<br>Due Within<br><u>One Year</u> |
|--------------------------------------------------------|---------------------------------------------|-------------------|-----------------------|---------------------------------|------------------------------------------|
| <b>Governmental activities:</b>                        |                                             |                   |                       |                                 |                                          |
| <u>General obligation bonds:</u>                       |                                             |                   |                       |                                 |                                          |
| Refunding bonds - series 2016:                         |                                             |                   |                       |                                 |                                          |
| Current interest                                       | \$ 8,375,000                                | \$ -              | \$ -                  | \$ 8,375,000                    | \$ -                                     |
| Refunding bonds - series 2017:                         |                                             |                   |                       |                                 |                                          |
| Current interest                                       | <u>1,115,000</u>                            | <u>-</u>          | <u>(545,000)</u>      | <u>570,000</u>                  | <u>570,000</u>                           |
| Total general obligation bonds                         | <u>9,490,000</u>                            | <u>-</u>          | <u>(545,000)</u>      | <u>8,945,000</u>                | <u>570,000</u>                           |
| <u>Other long-term obligations:</u>                    |                                             |                   |                       |                                 |                                          |
| Notes payable - financed purchase                      | 1,583,000                                   | -                 | (274,000)             | 1,309,000                       | 279,000                                  |
| Leases payable                                         | 56,943                                      | -                 | (21,521)              | 35,422                          | 22,176                                   |
| Net pension liability                                  | 11,151,577                                  | 143,974           | (677,215)             | 10,618,336                      | -                                        |
| Net OPEB liability                                     | 666,700                                     | -                 | (197,475)             | 469,225                         | -                                        |
| Compensated absences*                                  | <u>4,041,074</u>                            | <u>148,404</u>    | <u>-</u>              | <u>4,189,478</u>                | <u>292,385</u>                           |
| Total governmental activities<br>long-term obligations | <u>\$ 26,989,294</u>                        | <u>\$ 292,378</u> | <u>\$ (1,715,211)</u> | 25,566,461                      | <u>\$ 1,163,561</u>                      |
|                                                        | Add: premium on bonds                       |                   |                       | <u>656,814</u>                  |                                          |
|                                                        | Total on statement of net position          |                   |                       | <u>\$ 26,223,275</u>            |                                          |

\*The change in compensated absences is reported as a net change.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

Net Pension Liability - The District's net pension liability is described in Note 13. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability - The District's net OPEB liability is described in Note 14. The District pays obligations related to employee compensation from the fund benefitting from their service.

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

Refunding Bonds - Series 2016 - On November 8, 2016, the District issued general obligation bonds (series 2016 refunding bonds) to advance refund a portion of the series 2008 current interest general obligation bonds. The issuance proceeds of \$9,349,459 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The principal balance outstanding of the defeased bonds was \$8,635,000 at June 30, 2025.

At June 30, 2025, the refunding issue is comprised of current interest bonds, par value \$8,375,000. The interest rate on the current interest bonds ranges from 2.25-4.00%.

The reacquisition price exceeded the net carrying amount of the old debt by \$564,514. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments by \$2,122,767 and resulted in an economic gain of \$1,755,435.

Interest payments on the current interest bonds are due May 1 and November 1 each year. The final maturity stated on the issue is November 1, 2036.

Refunding Bonds - Series 2017 - On January 4, 2017, the District issued general obligation bonds (series 2017 refunding bonds) to advance refund a portion of the series 2008 current interest general obligation bonds. The issuance proceeds of \$2,348,550 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The principal balance outstanding of the defeased bonds was \$585,000 at June 30, 2025.

At June 30, 2025, the refunding issue is comprised of current interest bonds, par value \$570,000. The interest rate on the current interest bonds ranges from 2.00-5.00%.

The reacquisition price exceeded the net carrying amount of the old debt by \$100,681. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments by \$131,024 and resulted in an economic gain of \$120,704.

Interest payments on the current interest bonds are due May 1 and November 1 each year. The final maturity stated on the issue is November 1, 2025.

All of the District's bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net position. Payments of principal and interest relating to this bond are recorded as an expenditure in the bond retirement fund.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a summary of the future debt service requirements to maturity for the general obligation bonds:

| Fiscal Year<br>Ending June 30, | Series 2016 - Current Interest Bonds |              |               | Series 2017 - Current Interest Bonds |           |            |
|--------------------------------|--------------------------------------|--------------|---------------|--------------------------------------|-----------|------------|
|                                | Principal                            | Interest     | Total         | Principal                            | Interest  | Total      |
| 2026                           | \$ -                                 | \$ 303,012   | \$ 303,012    | \$ 570,000                           | \$ 14,250 | \$ 584,250 |
| 2027                           | 645,000                              | 295,757      | 940,757       | -                                    | -         | -          |
| 2028                           | 660,000                              | 275,300      | 935,300       | -                                    | -         | -          |
| 2029                           | 685,000                              | 255,250      | 940,250       | -                                    | -         | -          |
| 2030                           | 700,000                              | 237,900      | 937,900       | -                                    | -         | -          |
| 2031 - 2035                    | 3,900,000                            | 759,000      | 4,659,000     | -                                    | -         | -          |
| 2036 - 2037                    | 1,785,000                            | 72,100       | 1,857,100     | -                                    | -         | -          |
| Total                          | \$ 8,375,000                         | \$ 2,198,319 | \$ 10,573,319 | \$ 570,000                           | \$ 14,250 | \$ 584,250 |

Notes payable - financed purchase – On November 6, 2019, the District entered into a financed purchase obligation for the financing of the construction on the District's football field. During fiscal year 2025, the District made principal and interest payments on the financed purchase obligation in the amount of \$274,000 and \$34,402, respectively. The payments are due on June 1 and December 1 of each year through 2029. The payments will be recorded as expenditures in the general fund.

The following is a schedule of future payments under the financed purchase agreement:

| Fiscal Year<br>Ending June 30, | Notes Payable - Financed Purchase |           |              |
|--------------------------------|-----------------------------------|-----------|--------------|
|                                | Principal                         | Interest  | Total        |
| 2026                           | \$ 279,000                        | \$ 28,148 | \$ 307,148   |
| 2027                           | 286,000                           | 21,770    | 307,770      |
| 2028                           | 293,000                           | 15,243    | 308,243      |
| 2029                           | 300,000                           | 8,558     | 308,558      |
| 2030                           | 151,000                           | 1,714     | 152,714      |
| Total                          | \$ 1,309,000                      | \$ 75,433 | \$ 1,384,433 |

Leases payable – During a prior fiscal year, the District entered into a lease agreement for the right to use copier equipment. The lease payments will be paid from the general fund.

The District has entered into a lease agreement for copier equipment at terms as follows:

| Description      | Lease<br>Commencement | Years | Lease<br>End | Payment<br>Method |
|------------------|-----------------------|-------|--------------|-------------------|
|                  | Fiscal Year           |       | Fiscal Year  |                   |
| Copier Equipment | 2022                  | 5     | 2027         | Monthly           |

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

| Fiscal Year<br>Ending June 30, | Lease Payable |          |           |
|--------------------------------|---------------|----------|-----------|
|                                | Principal     | Interest | Total     |
| 2026                           | \$ 22,176     | \$ 759   | \$ 22,935 |
| 2027                           | 13,246        | 133      | 13,379    |
| Total                          | \$ 35,422     | \$ 892   | \$ 36,314 |

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2025, are a voted debt margin of \$24,350,271 (including available funds of \$3,097,076) and an unvoted debt margin of \$335,536.

**NOTE 10 - SCHOOL DISTRICT INCOME TAX**

The voters of the District passed a 1% school district income tax effective June 2, 1992. This tax is effective indefinitely. School district income tax revenue received by the general fund during fiscal year 2025 was \$2,403,299.

**NOTE 11 - COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per year, depending upon length of service. With a maximum carryover of 30 days per calendar year. Accumulated unused vacation time is paid to classified employees upon termination of employment. Administrators who are contracted to work 260 days in a year are given five to twenty-five days of vacation per year by contract. Administrators who earn vacation are paid for accumulated unused vacation time upon termination of employment.

Certified and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 300 days. Upon retirement, payment is made for 30% of the total sick leave accumulation up to a maximum of 285 days.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2025, the District retained property insurance coverage, underwritten by Argonaut Insurance Company, in the blanket amount of \$75,548,080 with 100% coinsurance, replacement cost and agreed amount endorsement and a \$1,000 deductible. Boiler and machinery coverage is provided within the property coverage and limits. The District also has inland marine coverages as needed for audio visual equipment, musical instruments, band uniforms, mobile maintenance equipment and miscellaneous property.

Physical damage to vehicles is covered by Schools of Ohio Risk Shared Authority (SORSA) and carries a \$1,000 deductible for claims related to both collision and comprehensive.

SORSA Insurance provides liability coverage in the amount of \$15,000,000 applicable to each of the following: General Liability (includes Sexual Misconduct/Molestation), Automobile Liability, Employee Benefits Liability, School Leaders Errors and Omissions Liability, and Employers Stop Gap Liability. Annual aggregates are \$15,000,000 for all lines except for General Liability which is \$17,000,000 and Automobile Liability which does not have an aggregate.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 12 - RISK MANAGEMENT - (Continued)**

The District also carries Employee Dishonesty coverage including Faithful Performance in the amount of \$1,000,000 any one occurrence which carries a \$1,000 deductible.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in insurance from the prior year.

**B. Employee Group Life, Medical, Dental, and Vision Insurance**

The District provides life insurance and accidental death and dismemberment insurance to all regular contracted employees in the amount of \$40,000 for certified and classified employees.

The District has elected to provide a comprehensive medical benefits package to the employees through Medical Mutual of Ohio. This package provides a comprehensive medical plan with a \$500 single and \$1,000 family deductible in network. Included in the plan is a prescription drug card with a \$20/40/60 per prescription deductible for PCS 30 day supply drugs and a \$40/80/1,200 per prescription deductible for mail-order 3 month supply of drugs. The total monthly premium for the medical and prescription drug plan is \$901.79 for single coverage and \$2,114.34 for family coverage which is paid out of the same fund that pays the salary for the employee. The employee pays 15% of the medical premium, while the District pays the remaining 85% of the medical premium and 100% of the Dental/Vision prescription drug premiums.

The employee amounts are capped by negotiated union contracts and cannot be increased except through negotiations.

The District provides dental coverage for its employees with a \$25 deductible per person, or \$50 deductible for a family. The total monthly premium for this dental coverage is \$39.40 for single and \$101.30 for family coverage.

The District also provides vision coverage for its employees with no deductible coverage. The total monthly premium is \$22.55 for single or family coverage.

The above employee portions of premiums for medical, dental and vision insurance are for full-time employees.

**C. Workers' Compensation Plan**

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate.

Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sedgwick provides administrative, cost control and actuarial services to the GRP. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 12 - RISK MANAGEMENT - (Continued)**

**D. Employee Dishonesty Bonds**

The District also has coverage for employee dishonesty in the amount of \$1,000,000 per loss and a \$1,000 deductible including Faithful Performance of Duty.

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability/Asset***

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

Age and service requirements for retirement are as follows:

|                              | Eligible to<br>Retire before<br>August 1, 2017 *                                    | Eligible to<br>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<br>Age 57 with 30 years of service credit |
| Actuarially reduced benefits | Age 60 with 5 years of service credit; or<br>Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or<br>Age 60 with 25 years of service credit |

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

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

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

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$294,306 for fiscal year 2025. Of this amount, \$56,785 is reported as pension obligation payable.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

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

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

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2025 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2025, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$882,482 for fiscal year 2025. Of this amount, \$154,480 is reported as pension obligation payable.

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

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

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

|                                                                  | <u>SERS</u>         | <u>STRS</u>         | <u>Total</u>  |
|------------------------------------------------------------------|---------------------|---------------------|---------------|
| Proportion of the net pension liability prior measurement date   | 0.039622500%        | 0.041617170%        |               |
| Proportion of the net pension liability current measurement date | <u>0.045611900%</u> | <u>0.043057800%</u> |               |
| Change in proportionate share                                    | <u>0.005989400%</u> | <u>0.001440630%</u> |               |
| Proportionate share of the net pension liability                 | \$ 2,333,320        | \$ 8,285,016        | \$ 10,618,336 |
| Pension expense                                                  | \$ 217,688          | \$ 512,488          | \$ 730,176    |

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 13 - DEFINED BENEFIT 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:

|                                                                                                                   | <u>SERS</u>       | <u>STRS</u>         | <u>Total</u>        |
|-------------------------------------------------------------------------------------------------------------------|-------------------|---------------------|---------------------|
| <b>Deferred outflows of resources</b>                                                                             |                   |                     |                     |
| Differences between expected and actual experience                                                                | \$ 89,084         | \$ 521,738          | \$ 610,822          |
| Changes of assumptions                                                                                            | 20,873            | 381,819             | 402,692             |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | 245,592           | 249,070             | 494,662             |
| Contributions subsequent to the measurement date                                                                  | <u>294,306</u>    | <u>882,482</u>      | <u>1,176,788</u>    |
| Total deferred outflows of resources                                                                              | <u>\$ 649,855</u> | <u>\$ 2,035,109</u> | <u>\$ 2,684,964</u> |
|                                                                                                                   | <u>SERS</u>       | <u>STRS</u>         | <u>Total</u>        |
| <b>Deferred inflows of resources</b>                                                                              |                   |                     |                     |
| Differences between expected and actual experience                                                                | \$ -              | \$ 4,538            | \$ 4,538            |
| Net difference between projected and actual earnings on pension plan investments                                  | 145,945           | 712,341             | 858,286             |
| Changes of assumptions                                                                                            | -                 | 287,400             | 287,400             |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | <u>55,347</u>     | <u>22,603</u>       | <u>77,950</u>       |
| Total deferred inflows of resources                                                                               | <u>\$ 201,292</u> | <u>\$ 1,026,882</u> | <u>\$ 1,228,174</u> |

\$1,176,788 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 the net pension liability in the fiscal year ending June 30, 2026.

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

|                             | <u>SERS</u>       | <u>STRS</u>       | <u>Total</u>      |
|-----------------------------|-------------------|-------------------|-------------------|
| Fiscal Year Ending June 30: |                   |                   |                   |
| 2026                        | \$ (60,370)       | \$ (399,703)      | \$ (460,073)      |
| 2027                        | 207,499           | 803,969           | 1,011,468         |
| 2028                        | 50,041            | (166,766)         | (116,725)         |
| 2029                        | <u>(42,913)</u>   | <u>(111,755)</u>  | <u>(154,668)</u>  |
| Total                       | <u>\$ 154,257</u> | <u>\$ 125,745</u> | <u>\$ 280,002</u> |

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions - SERS***

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

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

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

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

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

In 2024, mortality rates were based on the following:

**Service Retirement:** PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

**Disabled Retirement:** PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

As of June 30, 2024:

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

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

**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 proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

|                                                                | 1% Decrease  | Current<br>Discount Rate | 1% Increase  |
|----------------------------------------------------------------|--------------|--------------------------|--------------|
| District's proportionate share<br>of the net pension liability | \$ 3,569,658 | \$ 2,333,320             | \$ 1,292,392 |

***Actuarial Assumptions - STRS***

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

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

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

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

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

THIS SPACE INTENTIONALLY LEFT BLANK

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

| Asset Class          | Target<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   | 1.00                  | 2.40                                         |
| Total                | <u>100.00 %</u>       |                                              |

\* Final target weights reflected at October 1, 2022.

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

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

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

|                                                                | 1% Decrease   | Current<br>Discount Rate | 1% Increase  |
|----------------------------------------------------------------|---------------|--------------------------|--------------|
| District's proportionate share<br>of the net pension liability | \$ 13,365,183 | \$ 8,285,016             | \$ 3,988,068 |

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

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

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/Asset***

See Note 13 for a description of the net OPEB liability (asset).

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

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2025, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$33,618.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$33,618 for fiscal year 2025. Of this amount, \$33,618 is reported as pension obligation payable.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](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 Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

|                                          | <u>SERS</u>         | <u>STRS</u>         | <u>Total</u> |
|------------------------------------------|---------------------|---------------------|--------------|
| Proportion of the net OPEB               |                     |                     |              |
| liability/asset prior measurement date   | 0.040468700%        | 0.041617170%        |              |
| Proportion of the net OPEB               |                     |                     |              |
| liability/asset current measurement date | <u>0.046070400%</u> | <u>0.043057800%</u> |              |
| Change in proportionate share            | <u>0.005601700%</u> | <u>0.001440630%</u> |              |
| Proportionate share of the net           |                     |                     |              |
| OPEB liability                           | \$ 469,225          | \$ -                | \$ 469,225   |
| Proportionate share of the net           |                     |                     |              |
| OPEB asset                               | \$ -                | \$ (816,724)        | \$ (816,724) |
| OPEB expense                             | \$ (37,122)         | \$ (172,140)        | \$ (209,262) |

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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                                                                   | \$ -              | \$ 35,506         | \$ 35,506           |
| Net difference between projected and actual earnings on OPEB plan investments                                        | 2,296             | -                 | 2,296               |
| Changes of assumptions                                                                                               | 201,389           | 100,529           | 301,918             |
| Difference between employer contributions and proportionate share of contributions/<br>change in proportionate share | 127,762           | 2,577             | 130,339             |
| Contributions subsequent to the measurement date                                                                     | <u>33,618</u>     | <u>-</u>          | <u>33,618</u>       |
| Total deferred outflows of resources                                                                                 | <u>\$ 365,065</u> | <u>\$ 138,612</u> | <u>\$ 503,677</u>   |
|                                                                                                                      | SERS              | STRS              | Total               |
| <b>Deferred inflows of resources</b>                                                                                 |                   |                   |                     |
| Differences between expected and actual experience                                                                   | \$ 505,949        | \$ 88,020         | \$ 593,969          |
| Net difference between projected and actual earnings on OPEB plan investments                                        | -                 | 35,066            | 35,066              |
| Changes of assumptions                                                                                               | 215,545           | 368,335           | 583,880             |
| Difference between employer contributions and proportionate share of contributions/<br>change in proportionate share | <u>122,924</u>    | <u>8,718</u>      | <u>131,642</u>      |
| Total deferred inflows of resources                                                                                  | <u>\$ 844,418</u> | <u>\$ 500,139</u> | <u>\$ 1,344,557</u> |

\$33,618 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/asset in the fiscal year ending June 30, 2026.

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

|                             | SERS                | STRS                | Total               |
|-----------------------------|---------------------|---------------------|---------------------|
| Fiscal Year Ending June 30: |                     |                     |                     |
| 2026                        | \$ (138,271)        | \$ (123,805)        | \$ (262,076)        |
| 2027                        | (91,507)            | (56,321)            | (147,828)           |
| 2028                        | (72,074)            | (71,522)            | (143,596)           |
| 2029                        | (66,626)            | (66,682)            | (133,308)           |
| 2030                        | (65,939)            | (54,218)            | (120,157)           |
| Thereafter                  | <u>(78,554)</u>     | <u>11,021</u>       | <u>(67,533)</u>     |
| Total                       | <u>\$ (512,971)</u> | <u>\$ (361,527)</u> | <u>\$ (874,498)</u> |

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Actuarial Assumptions - SERS***

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

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

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

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

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

In 2024, the following mortality assumptions were used:

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

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

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

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

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

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

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

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

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

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

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

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

As of June 30, 2024:

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88%. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023 and the June 30, 2024 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the proportionate share of the net OPEB liability, what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what the proportionate share of the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

|                                                             | 1% Decrease | Current<br>Discount Rate | 1% Increase |
|-------------------------------------------------------------|-------------|--------------------------|-------------|
| District's proportionate share<br>of the net OPEB liability | \$ 625,695  | \$ 469,225               | \$ 344,888  |

|                                                             | 1% Decrease | Current<br>Trend Rate | 1% Increase |
|-------------------------------------------------------------|-------------|-----------------------|-------------|
| District's proportionate share<br>of the net OPEB liability | \$ 317,178  | \$ 469,225            | \$ 669,078  |

**Actuarial Assumptions - STRS**

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

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

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

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

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

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

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

| <u>Asset Class</u>   | <u>Target<br/>Allocation*</u> | <u>Long-Term Expected<br/>Real Rate of Return **</u> |
|----------------------|-------------------------------|------------------------------------------------------|
| 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 is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

**Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** - The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the proportionate share of the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

|                                                         | 1% Decrease | Current<br>Discount Rate | 1% Increase |
|---------------------------------------------------------|-------------|--------------------------|-------------|
| District's proportionate share<br>of the net OPEB asset | \$ 664,051  | \$ 816,724               | \$ 949,583  |

|                                                         | 1% Decrease | Current<br>Trend Rate | 1% Increase |
|---------------------------------------------------------|-------------|-----------------------|-------------|
| District's proportionate share<br>of the net OPEB asset | \$ 958,558  | \$ 816,724            | \$ 646,151  |

**NOTE 15 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The District is a party to legal proceedings. However, the outcome of any legal action is unknown at this time and the District is not able to estimate the financial impact, if any, on the financial condition of the District.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 16 - SET-ASIDES**

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

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

|                                      | Capital<br>Improvements |
|--------------------------------------|-------------------------|
| Set-aside balance June 30, 2024      | \$ -                    |
| Current year set-aside requirement   | 245,415                 |
| Current year qualifying expenditures | (52,383)                |
| Current year offsets                 | <u>(202,751)</u>        |
| Total                                | <u>\$ (9,719)</u>       |
| Set-aside balance June 30, 2025      | <u>\$ -</u>             |

During fiscal year 2009, the District issued \$14,500,000 in capital related classroom facilities improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount for future years. None were utilized as offsets in fiscal 2025. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$14,383,614 at June 30, 2025.

**NOTE 17 - OTHER COMMITMENTS**

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

| <u>Fund</u>                 | Year-End<br><u>Encumbrances</u> |
|-----------------------------|---------------------------------|
| General fund                | \$ 450,867                      |
| Capital projects fund       | 119,813                         |
| Nonmajor governmental funds | <u>45,814</u>                   |
| Total                       | <u>\$ 616,494</u>               |

THIS PAGE IS INTENTIONALLY LEFT BLANK

## REQUIRED SUPPLEMENTARY INFORMATION

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

|                                                    | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts</u> | <u>Variance with</u>  |
|----------------------------------------------------|-------------------------|---------------------|-----------------------|-----------------------|
|                                                    | <u>Original</u>         | <u>Final</u>        | <u>Budgetary</u>      | <u>Final Budget -</u> |
|                                                    |                         |                     | <u>Basis</u>          | <u>over (under)</u>   |
|                                                    |                         |                     |                       | <u>Actual Amounts</u> |
| Budgetary revenues and other financing sources     | \$ 15,550,480           | \$ 15,829,722       | \$ 15,854,798         | \$ 25,076             |
| Budgetary expenditures and other financing uses    | 16,770,440              | 20,098,147          | 19,938,446            | (159,701)             |
| Net change in fund balance                         | (1,219,960)             | (4,268,425)         | (4,083,648)           | 184,777               |
| <b>Budgetary fund balance at beginning of year</b> | 8,765,925               | 8,765,925           | 8,765,925             | -                     |
| <b>Prior year encumbrances appropriated</b>        | 354,872                 | 354,872             | 354,872               | -                     |
| <b>Budgetary fund balance at end of year</b>       | <u>\$ 7,900,837</u>     | <u>\$ 4,852,372</u> | <u>\$ 5,037,149</u>   | <u>\$ 184,777</u>     |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

| <b>Fiscal<br/>Year (1)</b> | <b>District's<br/>Proportion<br/>of the Net<br/>Pension Liability</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>Pension Liability</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>Pension Liability as<br/>a Percentage of its<br/>Covered Payroll</b> | <b>Plan Fiduciary<br/>Net Position as a<br/>Percentage of the<br/>Total Pension<br/>Liability</b> |
|----------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| 2025                       | 0.045611900%                                                          | \$ 2,333,320                                                                   | \$ 2,009,814                              | 116.10%                                                                                                                       | 78.52%                                                                                            |
| 2024                       | 0.039622500%                                                          | 2,189,346                                                                      | 1,551,679                                 | 141.10%                                                                                                                       | 76.06%                                                                                            |
| 2023                       | 0.041807600%                                                          | 2,261,280                                                                      | 1,549,386                                 | 145.95%                                                                                                                       | 75.82%                                                                                            |
| 2022                       | 0.044187200%                                                          | 1,630,380                                                                      | 1,563,229                                 | 104.30%                                                                                                                       | 82.86%                                                                                            |
| 2021                       | 0.040537500%                                                          | 2,681,236                                                                      | 1,139,386                                 | 235.32%                                                                                                                       | 68.55%                                                                                            |
| 2020                       | 0.041181300%                                                          | 2,463,949                                                                      | 1,937,133                                 | 127.20%                                                                                                                       | 70.85%                                                                                            |
| 2019                       | 0.044812700%                                                          | 2,566,506                                                                      | 1,021,037                                 | 251.36%                                                                                                                       | 71.36%                                                                                            |
| 2018                       | 0.040674100%                                                          | 2,430,188                                                                      | 1,391,736                                 | 174.62%                                                                                                                       | 69.50%                                                                                            |
| 2017                       | 0.043675800%                                                          | 3,196,666                                                                      | 1,654,900                                 | 193.16%                                                                                                                       | 62.98%                                                                                            |
| 2016                       | 0.046889600%                                                          | 2,675,566                                                                      | 1,413,058                                 | 189.35%                                                                                                                       | 69.16%                                                                                            |

| <b>Fiscal<br/>Year</b> | <b>Contractually<br/>Required<br/>Contributions</b> | <b>Contributions in<br/>Relation to the<br/>Contractually<br/>Required<br/>Contributions</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</b> |
|------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------|
| 2025                   | \$ 294,306                                          | \$ (294,306)                                                                                 | \$ -                                            | \$ 2,102,186                              | 14.00%                                                              |
| 2024                   | 281,374                                             | (281,374)                                                                                    | -                                               | 2,009,814                                 | 14.00%                                                              |
| 2023                   | 217,235                                             | (217,235)                                                                                    | -                                               | 1,551,679                                 | 14.00%                                                              |
| 2022                   | 216,914                                             | (216,914)                                                                                    | -                                               | 1,549,386                                 | 14.00%                                                              |
| 2021                   | 218,852                                             | (218,852)                                                                                    | -                                               | 1,563,229                                 | 14.00%                                                              |
| 2020                   | 159,514                                             | (159,514)                                                                                    | -                                               | 1,139,386                                 | 14.00%                                                              |
| 2019                   | 261,513                                             | (261,513)                                                                                    | -                                               | 1,937,133                                 | 13.50%                                                              |
| 2018                   | 137,840                                             | (137,840)                                                                                    | -                                               | 1,021,037                                 | 13.50%                                                              |
| 2017                   | 194,843                                             | (194,843)                                                                                    | -                                               | 1,391,736                                 | 14.00%                                                              |
| 2016                   | 231,686                                             | (231,686)                                                                                    | -                                               | 1,654,900                                 | 14.00%                                                              |

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

| <b>Fiscal<br/>Year (1)</b> | <b>District's<br/>Proportion<br/>of the Net<br/>Pension Liability</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>Pension Liability</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>Pension Liability as<br/>a Percentage of its<br/>Covered Payroll</b> | <b>Plan Fiduciary<br/>Net Position as a<br/>Percentage of the<br/>Total Pension<br/>Liability</b> |
|----------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| 2025                       | 0.043057800%                                                          | \$ 8,285,016                                                                   | \$ 6,073,693                              | 136.41%                                                                                                                       | 82.55%                                                                                            |
| 2024                       | 0.041617170%                                                          | 8,962,231                                                                      | 5,689,450                                 | 157.52%                                                                                                                       | 80.02%                                                                                            |
| 2023                       | 0.041611810%                                                          | 9,250,358                                                                      | 5,428,179                                 | 170.41%                                                                                                                       | 78.88%                                                                                            |
| 2022                       | 0.041525521%                                                          | 5,309,411                                                                      | 5,173,107                                 | 102.63%                                                                                                                       | 87.78%                                                                                            |
| 2021                       | 0.040599720%                                                          | 9,823,688                                                                      | 4,961,550                                 | 198.00%                                                                                                                       | 75.48%                                                                                            |
| 2020                       | 0.041352450%                                                          | 9,144,846                                                                      | 4,876,764                                 | 187.52%                                                                                                                       | 77.40%                                                                                            |
| 2019                       | 0.038911040%                                                          | 8,555,664                                                                      | 4,514,214                                 | 189.53%                                                                                                                       | 77.31%                                                                                            |
| 2018                       | 0.038102880%                                                          | 9,051,421                                                                      | 4,416,693                                 | 204.94%                                                                                                                       | 75.30%                                                                                            |
| 2017                       | 0.040309230%                                                          | 13,492,714                                                                     | 4,260,164                                 | 316.72%                                                                                                                       | 66.80%                                                                                            |
| 2016                       | 0.043530640%                                                          | 12,030,596                                                                     | 4,558,571                                 | 263.91%                                                                                                                       | 72.10%                                                                                            |

| <b>Fiscal<br/>Year</b> | <b>Contractually<br/>Required<br/>Contributions</b> | <b>Contributions in<br/>Relation to the<br/>Contractually<br/>Required<br/>Contributions</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</b> |
|------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------|
| 2025                   | \$ 882,482                                          | \$ (882,482)                                                                                 | \$ -                                            | \$ 6,303,443                              | 14.00%                                                              |
| 2024                   | 850,317                                             | (850,317)                                                                                    | -                                               | 6,073,693                                 | 14.00%                                                              |
| 2023                   | 796,523                                             | (796,523)                                                                                    | -                                               | 5,689,450                                 | 14.00%                                                              |
| 2022                   | 759,945                                             | (759,945)                                                                                    | -                                               | 5,428,179                                 | 14.00%                                                              |
| 2021                   | 724,235                                             | (724,235)                                                                                    | -                                               | 5,173,107                                 | 14.00%                                                              |
| 2020                   | 694,617                                             | (694,617)                                                                                    | -                                               | 4,961,550                                 | 14.00%                                                              |
| 2019                   | 682,747                                             | (682,747)                                                                                    | -                                               | 4,876,764                                 | 14.00%                                                              |
| 2018                   | 631,990                                             | (631,990)                                                                                    | -                                               | 4,514,214                                 | 14.00%                                                              |
| 2017                   | 618,337                                             | (618,337)                                                                                    | -                                               | 4,416,693                                 | 14.00%                                                              |
| 2016                   | 596,423                                             | (596,423)                                                                                    | -                                               | 4,260,164                                 | 14.00%                                                              |

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

| <b>Fiscal<br/>Year (1) (2)</b> | <b>District's<br/>Proportion<br/>of the Net<br/>OPEB Liability</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>OPEB Liability</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>OPEB Liability as<br/>a Percentage of its<br/>Covered Payroll</b> | <b>Plan Fiduciary<br/>Net Position as a<br/>Percentage of the<br/>Total OPEB<br/>Liability</b> |
|--------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| 2025                           | 0.046070400%                                                       | \$ 469,225                                                                  | \$ 2,009,814                              | 23.35%                                                                                                                     | 44.50%                                                                                         |
| 2024                           | 0.040468700%                                                       | 666,700                                                                     | 1,551,679                                 | 42.97%                                                                                                                     | 30.02%                                                                                         |
| 2023                           | 0.042486300%                                                       | 596,512                                                                     | 1,549,386                                 | 38.50%                                                                                                                     | 30.34%                                                                                         |
| 2022                           | 0.045057900%                                                       | 852,758                                                                     | 1,563,229                                 | 54.55%                                                                                                                     | 24.08%                                                                                         |
| 2021                           | 0.042276100%                                                       | 918,798                                                                     | 1,139,386                                 | 80.64%                                                                                                                     | 18.17%                                                                                         |
| 2020                           | 0.042331800%                                                       | 1,064,556                                                                   | 1,937,133                                 | 54.96%                                                                                                                     | 15.57%                                                                                         |
| 2019                           | 0.045201700%                                                       | 1,254,017                                                                   | 1,021,037                                 | 122.82%                                                                                                                    | 13.57%                                                                                         |
| 2018                           | 0.041375200%                                                       | 1,110,402                                                                   | 1,391,736                                 | 79.79%                                                                                                                     | 12.46%                                                                                         |
| 2017                           | 0.044107350%                                                       | 1,257,223                                                                   | 1,654,900                                 | 75.97%                                                                                                                     | 11.49%                                                                                         |

| <b>Fiscal<br/>Year</b> | <b>Contractually<br/>Required<br/>Contributions</b> | <b>Contributions in<br/>Relation to the<br/>Contractually<br/>Required<br/>Contributions</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</b> |
|------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------|
| 2025                   | \$ 33,618                                           | \$ (33,618)                                                                                  | \$ -                                            | \$ 2,102,186                              | 1.60%                                                               |
| 2024                   | 30,772                                              | (30,772)                                                                                     | -                                               | 2,009,814                                 | 1.53%                                                               |
| 2023                   | 27,949                                              | (27,949)                                                                                     | -                                               | 1,551,679                                 | 1.80%                                                               |
| 2022                   | 26,404                                              | (26,404)                                                                                     | -                                               | 1,549,386                                 | 1.70%                                                               |
| 2021                   | 26,614                                              | (26,614)                                                                                     | -                                               | 1,563,229                                 | 1.70%                                                               |
| 2020                   | 28,154                                              | (28,154)                                                                                     | -                                               | 1,139,386                                 | 2.47%                                                               |
| 2019                   | 36,129                                              | (36,129)                                                                                     | -                                               | 1,937,133                                 | 1.87%                                                               |
| 2018                   | 28,367                                              | (28,367)                                                                                     | -                                               | 1,021,037                                 | 2.78%                                                               |
| 2017                   | 23,015                                              | (23,015)                                                                                     | -                                               | 1,391,736                                 | 1.65%                                                               |
| 2016                   | 24,402                                              | (24,402)                                                                                     | -                                               | 1,654,900                                 | 1.47%                                                               |

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

| <b>Fiscal<br/>Year (1) (2)</b> | <b>District's<br/>Proportion<br/>of the Net OPEB<br/>Liability/(Asset)</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>OPEB<br/>Liability/(Asset)</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>OPEB<br/>Liability/(Asset) as<br/>a Percentage of its<br/>Covered Payroll</b> | <b>Plan Fiduciary<br/>Net Position as a<br/>Percentage of the<br/>Total OPEB<br/>Liability/(Asset)</b> |
|--------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| 2025                           | 0.043057800%                                                               | \$ (816,724)                                                                            | \$ 6,073,693                              | 13.45%                                                                                                                                 | 158.01%                                                                                                |
| 2024                           | 0.041617170%                                                               | (809,396)                                                                               | 5,689,450                                 | 14.23%                                                                                                                                 | 168.52%                                                                                                |
| 2023                           | 0.041611810%                                                               | (1,077,468)                                                                             | 5,428,179                                 | 19.85%                                                                                                                                 | 230.73%                                                                                                |
| 2022                           | 0.041525521%                                                               | (875,532)                                                                               | 5,173,107                                 | 16.92%                                                                                                                                 | 174.73%                                                                                                |
| 2021                           | 0.040599700%                                                               | (713,540)                                                                               | 4,961,550                                 | 14.38%                                                                                                                                 | 182.10%                                                                                                |
| 2020                           | 0.041352450%                                                               | (684,896)                                                                               | 4,876,764                                 | 14.04%                                                                                                                                 | 174.74%                                                                                                |
| 2019                           | 0.038911040%                                                               | (625,261)                                                                               | 4,514,214                                 | 13.85%                                                                                                                                 | 176.00%                                                                                                |
| 2018                           | 0.038102880%                                                               | 1,486,634                                                                               | 4,416,693                                 | 33.66%                                                                                                                                 | 47.10%                                                                                                 |
| 2017                           | 0.040309230%                                                               | 2,155,748                                                                               | 4,260,164                                 | 50.60%                                                                                                                                 | 37.30%                                                                                                 |

| <b>Fiscal<br/>Year</b> | <b>Contractually<br/>Required<br/>Contributions</b> | <b>Contributions in<br/>Relation to the<br/>Contractually<br/>Required<br/>Contributions</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</b> |
|------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------|
| 2025                   | \$ -                                                | \$ -                                                                                         | \$ -                                            | \$ 6,303,443                              | 0.00%                                                               |
| 2024                   | -                                                   | -                                                                                            | -                                               | 6,073,693                                 | 0.00%                                                               |
| 2023                   | -                                                   | -                                                                                            | -                                               | 5,689,450                                 | 0.00%                                                               |
| 2022                   | -                                                   | -                                                                                            | -                                               | 5,428,179                                 | 0.00%                                                               |
| 2021                   | -                                                   | -                                                                                            | -                                               | 5,173,107                                 | 0.00%                                                               |
| 2020                   | -                                                   | -                                                                                            | -                                               | 4,961,550                                 | 0.00%                                                               |
| 2019                   | -                                                   | -                                                                                            | -                                               | 4,876,764                                 | 0.00%                                                               |
| 2018                   | -                                                   | -                                                                                            | -                                               | 4,514,214                                 | 0.00%                                                               |
| 2017                   | -                                                   | -                                                                                            | -                                               | 4,416,693                                 | 0.00%                                                               |
| 2016                   | -                                                   | -                                                                                            | -                                               | 4,260,164                                 | 0.00%                                                               |

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 1 - BUDGETARY PROCESS**

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

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

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

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

**Net Change in Fund Balance**

|                                                                     | <u>General fund</u>   |
|---------------------------------------------------------------------|-----------------------|
| Budget basis                                                        | \$ (4,083,648)        |
| Net adjustment for revenue and other<br>financing sources accruals  | (121,820)             |
| Net adjustment for expenditure and other<br>financing uses accruals | (252,696)             |
| Funds budgeted elsewhere                                            | 296,490               |
| Adjustments for encumbrances                                        | <u>538,255</u>        |
| GAAP Basis                                                          | <u>\$ (3,623,419)</u> |

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

**PENSION**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- For fiscal year 2023, SERS changed from a Cost of Living Adjustment (COLA) of 2.0% to 2.5%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

*Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50% - 18.20% to 3.25% - 13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

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

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2025.

*Changes in assumptions:*

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Change in benefit terms:*

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

*Change in assumptions:*

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50% - 5.00% to a range of 5.375% - 4.75% and Pre-Medicare were changed from a range of 7.50% - 5.00% to a range of 7.25% - 4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375% - 4.75% to a range of 5.25% - 4.75% and Pre-Medicare were changed from a range of 7.25% - 4.75% to a range of 7.00% - 4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50% - 18.20% to 3.25% - 13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.
- For fiscal year 2025, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.86% to 3.93%, (b) single equivalent interest rate when from 4.27% to 4.88% and (c) medical trend assumptions went from 6.75% to 4.40% to 7.00% to 4.40%.

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

*Change in benefit terms:*

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

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

*Change in assumptions:*

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

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

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

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

## **SUPPLEMENTARY INFORMATION**

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

| <b>FEDERAL GRANTOR/<br/>PASS THROUGH GRANTOR/<br/>PROGRAM/CLUSTER TITLE</b>                         | <b>ASSISTANCE<br/>LISTING<br/>NUMBER</b> | <b>PASS-THROUGH ENTITY<br/>IDENTIFYING NUMBER /<br/>ADDITIONAL AWARD<br/>IDENTIFICATION</b> | <b>TOTAL<br/>EXPENDITURES<br/>OF FEDERAL<br/>AWARDS</b> |
|-----------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                                               |                                          |                                                                                             |                                                         |
| <i>Passed Through the Ohio Department of Education and Workforce</i>                                |                                          |                                                                                             |                                                         |
| <b>Child Nutrition Cluster</b>                                                                      |                                          |                                                                                             |                                                         |
| School Breakfast Program                                                                            | 10.553                                   | 2024                                                                                        | \$ 72,409                                               |
| School Breakfast Program                                                                            | 10.553                                   | 2025                                                                                        | 116,114                                                 |
| <b>Total School Breakfast Program</b>                                                               |                                          |                                                                                             | <u>188,523</u>                                          |
| National School Lunch Program                                                                       | 10.555                                   | 2024                                                                                        | 126,537                                                 |
| National School Lunch Program                                                                       | 10.555                                   | 2025                                                                                        | 228,701                                                 |
| National School Lunch Program - Food Donation                                                       | 10.555                                   | 2025                                                                                        | 29,423                                                  |
| <b>Total National School Lunch Program</b>                                                          |                                          |                                                                                             | <u>384,661</u>                                          |
| <b>Total Child Nutrition Cluster</b>                                                                |                                          |                                                                                             | <u>573,184</u>                                          |
| <b>Total U.S. Department of Agriculture</b>                                                         |                                          |                                                                                             | <u>573,184</u>                                          |
| <b>U.S. DEPARTMENT OF EDUCATION</b>                                                                 |                                          |                                                                                             |                                                         |
| <i>Passed Through the Ohio Department of Education and Workforce</i>                                |                                          |                                                                                             |                                                         |
| Title I Grants to Local Educational Agencies                                                        | 84.010A                                  | 84.010A, 2025                                                                               | 254,727                                                 |
| Title I Grants to Local Educational Agencies                                                        | 84.010A                                  | 84.010A, 2025                                                                               | 42,139                                                  |
| <b>Total Title I Grants to Local Educational Agencies</b>                                           |                                          |                                                                                             | <u>296,866</u>                                          |
| <b>Special Education Cluster (IDEA)</b>                                                             |                                          |                                                                                             |                                                         |
| Special Education-Grants to States (IDEA, Part B)                                                   | 84.027A                                  | 84.027A, 2024                                                                               | 33,574                                                  |
| Special Education-Grants to States (IDEA, Part B)                                                   | 84.027A                                  | 84.027A, 2025                                                                               | 226,208                                                 |
| <b>Total Special Education-Grants to States (IDEA, Part B)</b>                                      |                                          |                                                                                             | <u>259,782</u>                                          |
| Special Education-Preschool Grants (IDEA Preschool)                                                 | 84.173A                                  | 84.173A, 2025                                                                               | 3,943                                                   |
| <b>Total Special Education Cluster (IDEA)</b>                                                       |                                          |                                                                                             | <u>263,725</u>                                          |
| Student Support and Academic Enrichment Program                                                     | 84.424A                                  | 84.424A, 2024                                                                               | 489                                                     |
| Student Support and Academic Enrichment Program                                                     | 84.424A                                  | 84.424A, 2025                                                                               | 20,026                                                  |
| <b>Total Student Support and Academic Enrichment Program</b>                                        |                                          |                                                                                             | <u>20,515</u>                                           |
| COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund | 84.425U                                  | COVID-19, 84.425U, 2024                                                                     | 54,537                                                  |
| <b>Total U.S. Department of Education</b>                                                           |                                          |                                                                                             | <u>635,643</u>                                          |
| <b>Total Expenditures of Federal Awards</b>                                                         |                                          |                                                                                             | <u>\$ 1,208,827</u>                                     |

*The accompanying notes are an integral part of this schedule.*

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

**NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Northmor Local School District under programs of the federal government for the fiscal year ended June 30, 2025 and is prepared in accordance with the cash basis of accounting. 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 Northmor Local School District, it is not intended to and does not present the financial position, or changes in net position of Northmor Local School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

**NOTE 2 – DE MINIMIS COST RATE**

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. Northmor Local School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 – CHILD NUTRITION CLUSTER**

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

**NOTE 4 – FOOD DONATION PROGRAM**

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

**NOTE 5 – TRANSFERS BETWEEN PROGRAMS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education and Workforce's consent, school districts can transfer certain, unobligated amounts to the subsequent program/fiscal year or a similar program. During fiscal year 2025, Northmor Local School District, with the Ohio Department of Education and Workforce's consent, made the following transfer:

| Transferred From                              |      |         | Transferred To                               |      |         | Amount    |
|-----------------------------------------------|------|---------|----------------------------------------------|------|---------|-----------|
| Grant/Program Name                            | Year | ALN     | Grant/Program Name                           | Year | ALN     |           |
| Supporting Effective Instruction State Grants | 2025 | 84.367A | Title I Grants to Local Educational Agencies | 2025 | 84.010A | \$ 42,139 |

**Independent Auditor's 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***

Northmor Local School District  
Morrow County  
5247 County Road 29  
Galion, Ohio 44833

To the Members of the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northmor Local School District, Morrow County, Ohio, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Northmor Local School District's basic financial statements, and have issued our report thereon dated December 15, 2025, wherein we noted as described in Note 3 to the financial statements, Northmor Local School District restated beginning net position as a result of a change in accounting principle by implementing GASB Statement No. 101, "Compensated Absences".

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northmor Local School 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 Northmor Local School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Northmor Local School 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 Northmor Local School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Northmor Local School District

Morrow County

Independent Auditor's 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*

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northmor Local School 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 Northmor Local School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.

December 15, 2025

**Independent Auditor's Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

Northmor Local School District  
Morrow County  
5247 County Road 29  
Galion, Ohio 44833

To the Members of the Board of Education:

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

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

We have audited Northmor Local School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Northmor Local School District's major federal programs for the fiscal year ended June 30, 2025. Northmor Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, Northmor Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of Northmor Local School 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 Northmor Local School 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 Northmor Local School District's federal programs.

Northmor Local School District  
Morrow County  
Independent Auditor's Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by the Uniform Guidance

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northmor Local School 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 generally accepted auditing standards, *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 Northmor Local School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Northmor Local School 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 Northmor Local School 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 Northmor Local School 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 "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Northmor Local School District  
Morrow County  
Independent Auditor's Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by the Uniform Guidance

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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
December 15, 2025

**NORTHMOR LOCAL SCHOOL DISTRICT  
MORROW COUNTY, OHIO**

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

| <b>1. SUMMARY OF AUDITOR'S RESULTS</b> |                                                                                                                             |                                           |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| <i>(d)(1)(i)</i>                       | <i>Type of Financial Statement Opinion</i>                                                                                  | Unmodified                                |
| <i>(d)(1)(ii)</i>                      | <i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>            | No                                        |
| <i>(d)(1)(ii)</i>                      | <i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i> | None Reported                             |
| <i>(d)(1)(iii)</i>                     | <i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>                              | No                                        |
| <i>(d)(1)(iv)</i>                      | <i>Were there any material weaknesses in internal control reported for major federal programs?</i>                          | No                                        |
| <i>(d)(1)(iv)</i>                      | <i>Were there any significant deficiencies in internal control reported for major federal programs?</i>                     | None Reported                             |
| <i>(d)(1)(v)</i>                       | <i>Type of Major Program's Compliance Opinion</i>                                                                           | Unmodified                                |
| <i>(d)(1)(vi)</i>                      | <i>Are there any reportable findings under 2 CFR §200.516(a)?</i>                                                           | No                                        |
| <i>(d)(1)(vii)</i>                     | <i>Major Program (listed):</i>                                                                                              | Special Education Cluster                 |
| <i>(d)(1)(viii)</i>                    | <i>Dollar Threshold: Type A/B Programs</i>                                                                                  | Type A: > \$750,000<br>Type B: all others |
| <i>(d)(1)(ix)</i>                      | <i>Low Risk Auditee under 2 CFR § 200.520?</i>                                                                              | Yes                                       |

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

# OHIO AUDITOR OF STATE KEITH FABER



**NORTHMOR LOCAL SCHOOL DISTRICT**

**MORROW 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 5/12/2026**

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)