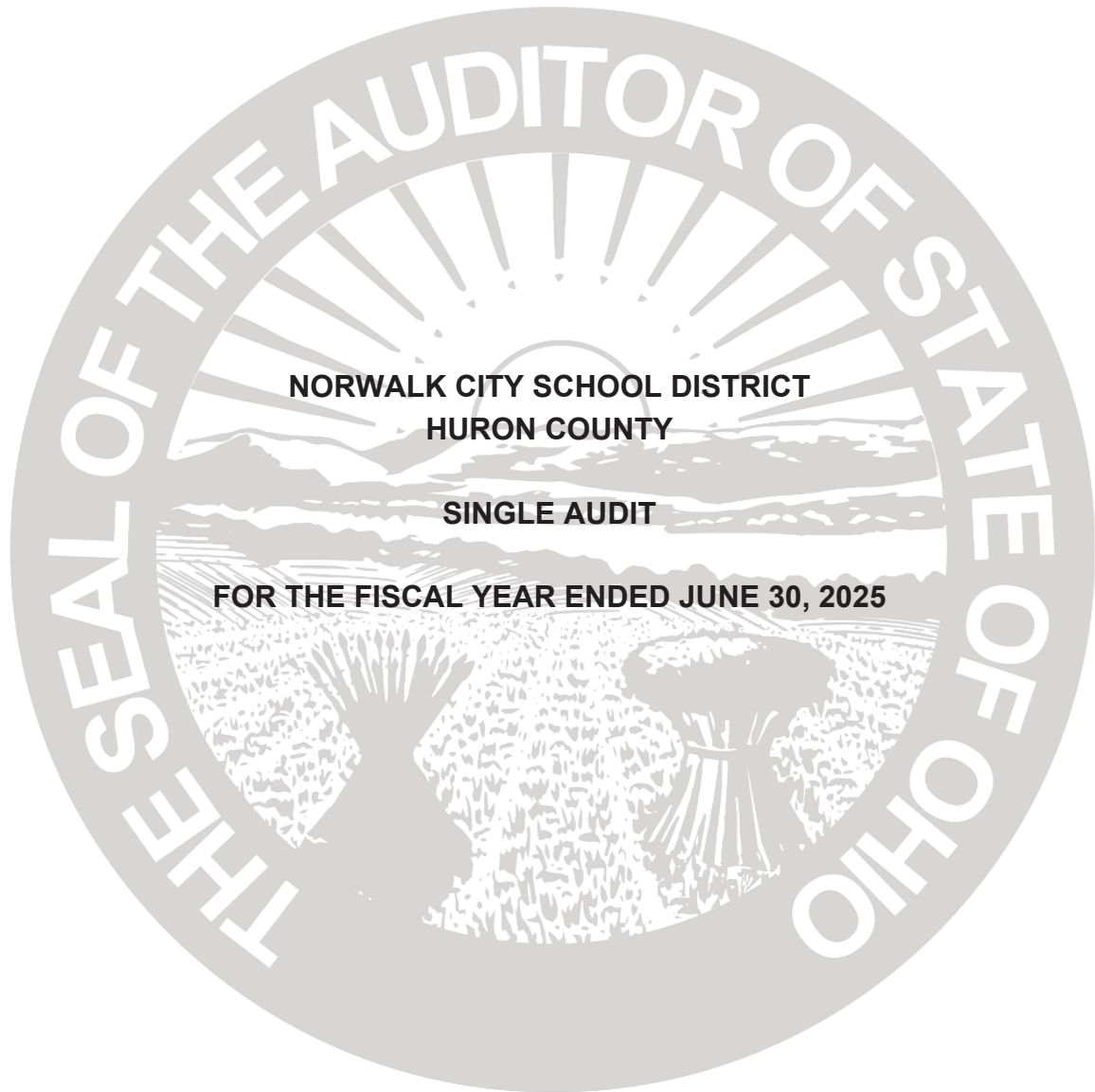




**NORWALK CITY SCHOOL DISTRICT
HURON COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

**NORWALK CITY SCHOOL DISTRICT
HURON COUNTY
JUNE 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

Norwalk City School District
Huron County
134 Benedict Avenue
Norwalk, Ohio 44857

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General Fund in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash-basis of accounting described in Note 2, and for determining that the cash-basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the management's discussion and analysis, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

March 25, 2026

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Norwalk City School District
Huron County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

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

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- ❑ In total, net position increased \$49,691,602.
- ❑ Outstanding debt increased from \$1,985,000 to \$48,780,000.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the School District as a whole, 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 – Cash Basis* provide information about the activities of the whole School District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2025, the general fund, bond retirement fund, building fund, and the classroom facilities fund are the School District's most significant funds.

Basis of Accounting

The School District has elected to present its financial statements on the cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and investments and changes in cash and investments resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net position will be cash and investments. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Norwalk City School District
Huron County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2025?" The statement of net position and the statement of activities answer this question.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Reporting the School District's Fiduciary Responsibilities

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources are not available to support the School District's own programs.

Norwalk City School District
Huron County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

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.

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2025 compared to 2024.

(Table 1)
Net Position – Cash Basis

	Governmental Activities		
	2025	2024	Change
Assets			
Equity in Pooled Cash and Investments	\$ 59,238,427	\$ 9,535,938	\$49,702,489
Cash and Cash Equivalents in Segregated Accounts	236,828	247,715	(10,887)
<i>Total Assets</i>	<u>59,475,255</u>	<u>9,783,653</u>	<u>49,691,602</u>
Net Position			
Restricted for:			
Capital Outlay	48,708,870	537,801	48,171,069
Debt Service	3,773,725	1,662,291	2,111,434
Other Purposes	531,964	1,300,353	(768,389)
Unrestricted	<u>6,460,696</u>	<u>6,283,208</u>	<u>177,488</u>
<i>Total Net Position</i>	<u>\$ 59,475,255</u>	<u>\$ 9,783,653</u>	<u>\$49,691,602</u>

See explanation of change in cash and net position below Table 2.

A portion of the School District's net position represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position may be used to meet the School District's ongoing obligations.

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Norwalk City School District
Huron County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Table 2 shows the changes in net position for fiscal year 2025 as compared to fiscal year 2024.

(Table 2)
Changes in Net Position – Cash Basis

	Governmental Activities		
	2025	2024	Change
Receipts			
<i>Program Receipts</i>			
Charges for Services and Sales	\$ 910,814	\$ 1,051,645	\$ (140,831)
Operating Grants, Contributions and Interest	6,175,746	6,825,863	(650,117)
Capital Grants and Contributions	3,294	61,007	(57,713)
<i>Total Program Receipts</i>	7,089,854	7,938,515	(848,661)
<i>General Receipts</i>			
Property Taxes	11,938,398	10,272,457	1,665,941
Income Taxes	3,443,237	3,146,392	296,845
Grants and Entitlements not Restricted to			
Specific Programs	17,577,839	17,512,094	65,745
Proceeds of Bonds	47,780,000	-	47,780,000
Premium on Debt Issuance	2,019,780	-	2,019,780
Investment Earnings	680,018	392,389	287,629
Miscellaneous	226,825	440,939	(214,114)
<i>Total General Receipts</i>	83,666,097	31,764,271	51,901,826
<i>Total Receipts</i>	90,755,951	39,702,786	51,053,165
<i>Program Disbursements</i>			
Instruction:			
Regular	14,785,953	15,651,180	(865,227)
Special	8,041,592	7,668,467	373,125
Vocational	565,299	558,781	6,518
Student Intervention	17,759	-	17,759
Other	134,071	143,833	(9,762)
Support Services:			
Pupils	2,320,511	2,231,765	88,746
Instructional Staff	757,717	802,666	(44,949)
Board of Education	68,047	54,799	13,248
Administration	2,430,186	2,518,327	(88,141)
Fiscal	992,594	904,908	87,686
Business	14,637	14,759	(122)
Operation and Maintenance of Plant	3,233,080	3,813,405	(580,325)
Pupil Transportation	1,640,856	1,657,376	(16,520)
Central	191,730	201,433	(9,703)
Operation of Non-Instructional Services:			
Food Service Operations	1,640,746	1,243,745	397,001
Community Services	1,206,950	818,044	388,906
Extracurricular Activities	1,139,857	1,075,310	64,547
Capital Outlay	316,469	1,091,291	(774,822)
Debt Service:			
Principal Retirement	985,000	950,000	35,000
Interest and Fiscal Charges	42,313	68,875	(26,562)
Issuance Costs	538,982	-	538,982
<i>Total Program Disbursements</i>	41,064,349	41,468,964	(404,615)
<i>Change in Net Position</i>	49,691,602	(1,766,178)	51,457,780
<i>Net Position Beginning of Year</i>	9,783,653	11,549,831	(1,766,178)
<i>Net Position End of Year</i>	\$ 59,475,255	\$ 9,783,653	\$ 49,691,602

Norwalk City School District
Huron County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Equity in pooled cash and investments increased during the fiscal year primarily due to bond proceeds received in the fiscal year. Program revenues decreased during the fiscal year primarily due to a reduction in school fees, while general revenues increased due to bond proceeds received in the fiscal year. Operation and maintenance of plant support services and capital outlay disbursements decreased during the fiscal year due to a decrease in building repair and renovation projects. Food service disbursements increased during the fiscal year primarily due to increased supply costs, while community services disbursements increased due to an increase in purchased services during the fiscal year.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting.

The following table provides a summary of the School District's major fund balance for 2025 compared to 2024:

	Fund Balance 6/30/2025	Fund Balance 6/30/2024	Increase (Decrease)
General Fund	\$ 6,461,137	\$ 6,283,648	\$ 177,489
Bond Retirement Fund	3,773,725	1,662,291	2,111,434
Building Fund	30,126,256	247,715	29,878,541
Classroom Facilities Fund	18,066,302	-	18,066,302

There was no significant change in the general fund's fund balance in fiscal year 2025.

The bond retirement fund's fund balance increased in fiscal year 2025 due to the receipt of premium on bonds issued.

The building fund's fund balance increased in fiscal year 2025 due to the receipt of bond proceeds.

The Classroom Facilities fund's fund balance increased in fiscal year 2025 due to a transfer from the building fund related to the School District's share of bond proceeds in accordance with the OFCC agreement.

General Fund Budgeting Highlights

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

During the course of fiscal year 2025, the School District amended its general fund budget. While there was no significant change between original budget revenues and final budgeted revenues, final expenditure appropriations were increased to account for projected increase in disbursements.

Actual budget basis receipts were higher than the final budget estimate primarily due to property tax revenue exceeding expectations. Actual disbursements were slightly lower than final budgeted disbursements due to cost savings.

Norwalk City School District
Huron County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Debt Administration

The School District's long-term obligations increased due to bond proceeds that were received during the fiscal year. For further information regarding the School District's debt, refer to Note 11 of the basic financial statements.

Current Issues

Ohio's Biennial Budget, for fiscal years 2024 and 2025, was signed into law by Governor DeWine and continued the Fair School Funding Plan. Phase in. The Fair School Funding Plan brought about major changes and restrictions to the general fund. Funding of non-public schools and open enrollment is completely different as the state now funds students where educated instead of using local tax dollars. Non-public school funding was increased by double digits while public school students are estimated at a 1.5 percent increase. The legislature has incorporated publicly funded tax support to all private schools into the state budget and increased the mandates for public schools to provide services to private schools.

The state budget for fiscal years 2026 and 2027 was signed into law and contains many policy changes. The Fair School Funding Formula does remain in the budget as the school funding mechanism for state foundation aid and is being fully phased in by the end of the budget. Unfortunately, the state budget does not include updated data for the cost inputs, but does include updated property valuation inputs, leading to a reduction in state revenue for Norwalk City School District in both years. Property tax reform that is expected to negatively impact traditional public school districts is also being contemplated by the state legislature.

Fiscal year 2024 was the final year for the ESSER funding. The period of availability runs through September 30, 2024. ESSER funds had an outsized impact on the district's finances. August 2024 payrolls still utilized ESSER funds.

The School District has two union agreements, one with Norwalk Teachers' Association (NTA) and one with OAPSE Local #269. The new contracts were for three years, July 1, 2022 through June 30, 2025 and included a 1.75/1.75/2.0 percent base increase each year to the salary schedule along with annual step increases. A stipend paid from the ESSER/ARP 507 funds of \$750/\$750/\$500 was included for all staff except the Superintendent and Treasurer.

New negotiated agreements were approved with both unions for fiscal years 2026, 2027 and 2028. Base raises are 1.50%, 1.75% and 2.0% with changes to the medical insurance.

The School District is beginning an OFCC project. The goal is to improve educational outcomes and operational efficiencies by combining the 4 elementary buildings and 1 middle school into one new building located directly across from the current high school. In November of 2024, the community passed a bond issue to begin construction on the new PreK-8 facility.

Norwalk City School District
Huron County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Joyce Dupont, Treasurer of Norwalk City School District, 134 Benedict Avenue, Norwalk, OH 44857 or treasurer@norwalktruckers.net.

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Norwalk City School District
Huron County, Ohio
Statement of Net Position - Cash Basis
June 30, 2025

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 59,238,427
Cash and Cash Equivalents in Segregated Accounts	236,828
<i>Total Assets</i>	\$ 59,475,255
Net Position	
Restricted for:	
Capital Outlay	\$ 48,708,870
Debt Service	3,773,725
Other Purposes	531,964
Unrestricted	6,460,696
<i>Total Net Position</i>	\$ 59,475,255

See accompanying notes to the basic financial statements.

Norwalk City School District
Huron County, Ohio
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2025

		Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 14,785,953	\$ 247,327	\$ 429,953	\$ -	\$ (14,108,673)
Special	8,041,592	236,717	3,249,008	-	(4,555,867)
Vocational	565,299	-	152,128	-	(413,171)
Student Intervention	17,759	-	-	-	(17,759)
Other	134,071	-	-	-	(134,071)
Support Services:					
Pupils	2,320,511	3,450	41,886	-	(2,275,175)
Instructional Staff	757,717	-	2,497	-	(755,220)
Board of Education	68,047	-	-	-	(68,047)
Administration	2,430,186	-	42,173	-	(2,388,013)
Fiscal	992,594	-	-	-	(992,594)
Business	14,637	-	-	-	(14,637)
Operation and Maintenance of Plant	3,233,080	365	129,158	-	(3,103,557)
Pupil Transportation	1,640,856	-	-	-	(1,640,856)
Central	191,730	-	11,947	-	(179,783)
Operation of Non-Instructional Services:					
Food Service Operations	1,640,746	84,574	1,160,200	-	(395,972)
Community Services	1,206,950	372	902,980	-	(303,598)
Extracurricular Activities	1,139,857	338,009	53,816	-	(748,032)
Capital Outlay	316,469	-	-	3,294	(313,175)
Debt Service:					
Principal Retirement	985,000	-	-	-	(985,000)
Interest and Fiscal Charges	42,313	-	-	-	(42,313)
Issuance Costs	538,982	-	-	-	(538,982)
Totals	<u>\$ 41,064,349</u>	<u>\$ 910,814</u>	<u>\$ 6,175,746</u>	<u>\$ 3,294</u>	<u>(33,974,495)</u>

General Receipts

Property Taxes Levied for:	
General Purposes	9,883,826
Debt Service	1,598,918
Capital Outlay	455,654
Income Taxes Levied for:	
General Purposes	3,443,237
Grants and Entitlements not Restricted to Specific Programs	17,577,839
Proceeds of Bonds	47,780,000
Premium on Debt Issuance	2,019,780
Investment Earnings	680,018
Miscellaneous	226,825
Total General Receipts	<u>83,666,097</u>
Change in Net Position	<u>49,691,602</u>
Net Position Beginning of Year	<u>9,783,653</u>
Net Position End of Year	<u>\$ 59,475,255</u>

See accompanying notes to the basic financial statements.

Norwalk City School District
Huron County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2025

	General	Bond Retirement	Building Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Investments	\$ 6,461,137	\$ 3,773,725	\$ 29,889,428	\$ 18,066,302	\$ 1,047,835	\$ 59,238,427
Cash and Cash Equivalents in Segregated Accounts	-	-	236,828	-	-	236,828
<i>Total Assets</i>	<u>\$ 6,461,137</u>	<u>\$ 3,773,725</u>	<u>\$ 30,126,256</u>	<u>\$ 18,066,302</u>	<u>\$ 1,047,835</u>	<u>\$ 59,475,255</u>
Fund Balances						
Nonspendable	\$ 440	\$ -	\$ -	\$ -	\$ -	\$ 440
Restricted	-	3,773,725	30,126,256	18,066,302	1,047,835	53,014,118
Committed	620,045	-	-	-	-	620,045
Assigned	1,507,000	-	-	-	-	1,507,000
Unassigned	4,333,652	-	-	-	-	4,333,652
<i>Total Fund Balances</i>	<u>\$ 6,461,137</u>	<u>\$ 3,773,725</u>	<u>\$ 30,126,256</u>	<u>\$ 18,066,302</u>	<u>\$ 1,047,835</u>	<u>\$ 59,475,255</u>

See accompanying notes to the basic financial statements.

Norwalk City School District
Huron County, Ohio
Statement of Receipts, Disbursements and Changes
in Fund Balances - Cash Basis - Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Bond Retirement	Building Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 9,883,826	\$ 1,598,918	\$ -	\$ -	\$ 455,654	\$ 11,938,398
Income Taxes	3,443,237	-	-	-	-	3,443,237
Intergovernmental	19,363,333	91,866	-	-	3,983,237	23,438,436
Investment Income	460,679	-	141,308	78,031	17,633	697,651
Tuition and Fees	415,682	-	-	-	-	415,682
Extracurricular Activities	-	-	-	-	321,642	321,642
Gifts and Donations	360	-	-	-	300,450	300,810
Charges for Services	8,752	-	-	-	107,899	116,651
Rent	56,840	-	-	-	-	56,840
Miscellaneous	226,657	-	-	-	167	226,824
<i>Total Receipts</i>	<u>33,859,366</u>	<u>1,690,784</u>	<u>141,308</u>	<u>78,031</u>	<u>5,186,682</u>	<u>40,956,171</u>
Disbursements						
Current:						
Instruction:						
Regular	14,330,773	-	-	-	455,180	14,785,953
Special	6,567,039	-	-	-	1,474,553	8,041,592
Vocational	565,299	-	-	-	-	565,299
Student Intervention Services	17,759	-	-	-	-	17,759
Other	134,071	-	-	-	-	134,071
Support Services:						
Pupils	2,097,501	-	-	-	223,010	2,320,511
Instructional Staff	754,883	-	-	-	2,834	757,717
Board of Education	68,047	-	-	-	-	68,047
Administration	2,388,013	-	-	-	42,173	2,430,186
Fiscal	950,013	32,835	-	-	9,746	992,594
Business	14,637	-	-	-	-	14,637
Operation and Maintenance of Plant	3,116,201	-	-	-	116,879	3,233,080
Pupil Transportation	1,640,856	-	-	-	-	1,640,856
Central	179,783	-	-	-	11,947	191,730
Extracurricular Activities	709,849	-	-	-	430,008	1,139,857
Operation of Non-Instructional Services:						
Food Service Operations	-	-	-	-	1,640,746	1,640,746
Community Services	16,524	-	-	-	1,190,426	1,206,950
Capital Outlay	-	-	54,496	-	261,973	316,469
Debt Service:						
Principal Retirement	-	985,000	-	-	-	985,000
Interest and Fiscal Charges	-	42,313	-	-	-	42,313
Issuance Costs	-	538,982	-	-	-	538,982
<i>Total Disbursements</i>	<u>33,551,248</u>	<u>1,599,130</u>	<u>54,496</u>	<u>0</u>	<u>5,859,475</u>	<u>41,064,349</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>308,118</u>	<u>91,654</u>	<u>86,812</u>	<u>78,031</u>	<u>(672,793)</u>	<u>(108,178)</u>
Other Financing Sources (Uses)						
Proceeds of Bonds	-	-	47,780,000	-	-	47,780,000
Premium on Bonds Issued	-	2,019,780	-	-	-	2,019,780
Advances In	-	-	-	-	7,817	7,817
Advances Out	(7,817)	-	-	-	-	(7,817)
Transfers In	-	-	-	17,988,271	122,812	18,111,083
Transfers Out	(122,812)	-	(17,988,271)	-	-	(18,111,083)
<i>Total Other Financing Sources (Uses)</i>	<u>(130,629)</u>	<u>2,019,780</u>	<u>29,791,729</u>	<u>17,988,271</u>	<u>130,629</u>	<u>49,799,780</u>
<i>Net Change in Fund Balances</i>	<u>177,489</u>	<u>2,111,434</u>	<u>29,878,541</u>	<u>18,066,302</u>	<u>(542,164)</u>	<u>49,691,602</u>
<i>Fund Balances Beginning of Year, as previously presented</i>	<u>6,283,648</u>	<u>1,662,291</u>	<u>-</u>	<u>-</u>	<u>1,837,714</u>	<u>9,783,653</u>
<i>Change within Financial Reporting Entity:</i> <i> Nonmajor to Major Fund</i>	<u>-</u>	<u>-</u>	<u>247,715</u>	<u>-</u>	<u>(247,715)</u>	<u>-</u>
<i>Fund Balances Beginning of Year, as adjusted</i>	<u>6,283,648</u>	<u>1,662,291</u>	<u>247,715</u>	<u>-</u>	<u>1,589,999</u>	<u>9,783,653</u>
<i>Fund Balances End of Year</i>	<u>\$ 6,461,137</u>	<u>\$ 3,773,725</u>	<u>\$ 30,126,256</u>	<u>\$ 18,066,302</u>	<u>\$ 1,047,835</u>	<u>\$ 59,475,255</u>

See accompanying notes to the basic financial statements.

Norwalk City School District
Huron County, Ohio
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts and Other Financing Sources	\$ 31,311,689	\$ 31,311,689	\$ 33,605,611	\$ 2,293,922
Disbursements and Other Financing Uses	<u>32,043,955</u>	<u>34,502,172</u>	<u>33,877,067</u>	<u>625,105</u>
Net Change in Fund Balance	(732,266)	(3,190,483)	(271,456)	2,919,027
<i>Fund Balance Beginning of Year</i>	5,703,877	5,703,877	5,703,877	-
Prior Year Encumbrances Appropriated	<u>43,955</u>	<u>43,955</u>	<u>43,955</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 5,015,566</u>	<u>\$ 2,557,349</u>	<u>\$ 5,476,376</u>	<u>\$ 2,919,027</u>

See accompanying notes to the basic financial statements.

Norwalk City School District
Huron County, Ohio
Statement of Changes in Fiduciary Net Position - Cash Basis
Custodial Fund
For the Fiscal Year Ended June 30, 2025

	<u>Custodial</u>
Additions	
Extracurricular Amounts Collected for Other Organizations	\$ 23,099
Deductions	
Extracurricular Distributions to Other Organizations	23,099
<i>Change in Net Position</i>	-
<i>Net Position Beginning of Year</i>	-
<i>Net Position End of Year</i>	\$ -

See accompanying notes to the basic financial statements.

Norwalk City School District
Huron County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT

The Norwalk City School District (the School 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 School District is a city school district as defined by Section 3311.04 of the Ohio Revised Code. The School District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the School District.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and 1) the School District is able to significantly influence the programs or services performed or provided by the organization; or 2) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units. Management believes the financial statements included in the report represent all of the funds of the School District over which the School District has the ability to exercise direct operating control.

Jointly Governed Organizations

Bay Area Council of Governments (BACG)

The BACG is a jointly governed organization. Members of the BACG consist of various districts representing seven counties (Ottawa, Sandusky, Seneca, Erie, Huron, Wood and Crawford). The BACG was formed for the purpose of purchasing goods and services at a lower cost. The item currently being purchased through the council of governments is natural gas. The only cost to the School District is an administrative charge if they participate in purchasing through the BACG. During the fiscal year, the School District paid BACG \$111,223. The BACG consists of the superintendent of each district. The Board of Directors of the BACG consists of one elected representative from each county, the superintendent of the fiscal agent and two non-voting members (administrator and fiscal agent.)

Members of the Board serve two year terms that are staggered. Financial information can be obtained by contacting North Point ESC, who serves as fiscal agent, at 4918 Milan Road, Sandusky, Ohio 44870. The School District did not pay any fees to BACG during fiscal year 2025.

Norwalk City School District
Huron County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Northern Ohio Educational Computer Association (NOECA)

NOECA is a jointly governed organization among various districts, formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidation's in a ratio proportionate to their last twelve months' financial contributions. NOECA is governed by a Board of Directors consisting of superintendents of the member districts. The degree of control exercised by any participating district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the School District does not have an equity interest in NOECA because the residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. The School District paid NOECA \$48,680 for USAS, USPS, student, library and EMIS state software. Financial information can be obtained by contacting North Point ESC, fiscal agent for NOECA, at 4918 Milan Road, Sandusky, Ohio 44870.

Erie Huron Ottawa Vocational Education Career Center (EHOVE)

The vocational school district is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The school accepts nontuition students from the School District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the School District.

Related Organizations

Norwalk Public Library

The School District is not involved in budgeting or management of the Norwalk Public Library facilities, nor does it subsidize or finance the operation of the library. The selection of directors and budget approval is conducted merely to comply with state code requirements.

Parochial Schools - Within the School District boundaries, the Norwalk Catholic Schools are operated through the Toledo Catholic Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools and are accounted for in the auxiliary services fund. Scholarship voucher amounts are paid by the state directly to parents of private school students.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 3, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

Norwalk City School District
Huron County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

A. Basis of Presentation

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

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

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the School District's general receipts.

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

B. Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions of the School District are financed. The following are the School District's major governmental funds:

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

Bond Retirement Fund – The bond retirement debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs.

Building Fund – The building fund is used to account for resources restricted for acquiring capital facilities.

Norwalk City School District
Huron County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Classroom Facilities Project Fund– The Classroom Facilities Project fund is used to account for funds received and expended in connection with contracts entered into by the School District and the Ohio Facilities Construction Commission for the building and equipping classroom facilities.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed internally or externally.

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

C. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the School District's financial report to follow generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. The School District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

D. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

Norwalk City School District
Huron County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

E. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements.

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

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

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2025 were \$460,679, which includes \$193,073 interest assigned from other School District funds.

Investments of the School District’s cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as “equity in pooled cash and investments.” Investments with an initial maturity of more than three months that were not purchased from the cash management pool are reported as “investments.”

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets. Depreciation is not recorded on these capital assets.

G. Compensated Absences

A compensated absence is as leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. Unpaid leave is not reflected as a liability under the School District’s cash basis of accounting.

Norwalk City School District
Huron County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

H. Leases and SBITA's

The School District may be a lessor/lessee in various leases related to equipment under noncancelable leases. Lease receivables/payables are not reflected under the School District's cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

The School District has entered into noncancelable SBITA contracts (as defined by GASB 96) for several types of software. Subscription liabilities are not reflected under the School District's modified cash basis of accounting. Subscription disbursements are recognized when they are paid.

I. Long-term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease, subscription based information technology arrangement (SBITA) or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay disbursement is reported at inception. Lease, SBITA and financed purchase payments are reported when paid.

J. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants for the acquisition or construction of capital assets are recorded as receipts when the grant is received.

K. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

L. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

M. Pensions and Other Post Employment Benefits (OPEB)

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

Norwalk City School District
Huron County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

N. Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specified purposes. At June 30, 2025, there was no net position restricted by enabling legislation.

The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

O. Fund Balance

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

Nonspendable The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

Committed The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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 classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. 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 the Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

Norwalk City School District
Huron County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

P. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

During the course of normal operations, the School District may have numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources to be expended are recorded as transfers.
2. Reimbursements from one fund to another are treated as disbursements/expenses in the reimbursing fund and a reduction in disbursements/expense in the reimbursed fund.
3. The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Q. Receipts and Disbursements

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for services and sales, operating grants, capital grants, contributions and interest.

All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

Disbursements

Governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities, and food service operations.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual 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. Neither type of transaction occurred during fiscal year 2025.

NOTE 3 - COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B) requires the School District to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). For the fiscal year, the School District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash

Norwalk City School District
Huron County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit assets, deferred outflows, liabilities, deferred inflows, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

The statement of receipts, disbursements and changes in fund balance - budget and actual (budget 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 cash basis are that:

- a. 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 a disbursement;
- b. Some funds are included in the general fund (cash 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 cash basis for the general fund are as follows:

Net Change in Fund Balance	
	General Fund
Cash Basis	\$ 177,489
Funds Budgeted Elsewhere**	(121,105)
Adjustment for Encumbrances	<u>(327,840)</u>
Budget Basis	<u>\$ (271,456)</u>

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. This includes public school support fund, faculty funds, wellness plan fund, uniform school supplies fund, severance benefits fund and unclaimed monies.

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

Norwalk City School District
Huron County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two-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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, 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.

Interim monies to 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, Government National Mortgage Association, and Student Loan Marketing 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 market 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;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed 40 percent of the interim monies available for investment at any one time; and,

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For the Fiscal Year Ended June 30, 2025

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Cash on Hand – At June 30, 2025, the School District had \$150 in undeposited cash on hand, which is included in “Equity in Pooled Cash and Investments”.

Segregated Cash and Cash Equivalents - The building fund is maintained separately in a STAR Ohio account and is reported as “Cash and Cash Equivalents in Segregated Accounts.”

Deposits - At year-end, \$2,886,882 was uninsured but collateralized, as described below. Although the securities were held by the pledging financial institutions’ trust department in the School District’s name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. Civista Bank maintains specific pledged collateral; as such none of the District’s deposits would be subject to custodial credit risk.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

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Investments:

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

S&P Global Ratings	Investment Type	Measurement Value	Investment Maturities			Percent of Total
			12 Months or Less	12 to 36 Months	More Than 36 Months	
	Net Asset Value (NAV):					
AAAm	STAR Ohio	\$ 6,718,179	\$ 6,718,179	\$ -	\$ -	11.57%
AAAm	First American Govt Obligations	2,128,899	2,128,899	-	-	3.67%
	Cost:					
AA+	Federal Agency Securities	2,892,676	-	2,567,676	325,000	4.98%
AA+	US Treasury Notes	28,743,504	11,503,323	17,240,181	-	49.49%
N/A	Negotiable Certificates of Deposit	5,799,000	2,747,000	2,638,000	414,000	9.99%
AA/A	Commercial Paper	8,708,874	8,708,874	-	-	15.00%
N/A	Treasury Bills	3,080,457	3,080,457	-	-	5.30%
	Total Investments	<u>\$58,071,589</u>	<u>\$34,886,732</u>	<u>\$22,445,857</u>	<u>\$ 739,000</u>	<u>100.00%</u>

Interest Rate Risk: The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: The credit ratings of the School District's investments are listed above. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2025, is 30 days.

In fiscal year 2025, commercial paper in the amount of \$2,191,228 had an AA rating, and \$6,517,646 had an A rating on the S&P Global Ratings.

Concentration of Credit Risk: The School District places no limit on the amount the School District may invest in any one issuer.

NOTE 6 – PROPERTY TAXES AND INCOME TAXES

A. Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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.

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

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

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

	2024 Second Half Collections		2025 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 374,035,240	94.87%	\$ 473,878,750	95.43%
Public Utility Personal Property	20,243,450	5.13%	22,687,370	4.57%
Total Assessed Valuation	<u>\$ 394,278,690</u>	<u>100.00%</u>	<u>\$ 496,566,120</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$ 47.25</u>		<u>\$ 48.10</u>	

B. Income Taxes

The School District has a 0.5 percent income tax levy. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the general fund.

NOTE 7 – RISK MANAGEMENT

A. Workers' Compensation

The School District participates in a Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The School District evaluates enrollment fees and group quotes annually to determine the best value. Each year, the participating school districts or businesses pay an enrollment fee to the Program to cover the costs of administering the program. The intent of the Program is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Program.

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B. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District maintains comprehensive insurance coverage with Ohio School Plan for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has not been a significant reduction in insurance coverage from the prior year.

C. Employee Medical

In October 1981, the School District joined together with several other school districts in two counties to form the Huron-Erie School Employees Insurance Association (HESEIA), a public entity risk pool. Monthly payments are made to the Association for health, dental and vision insurance coverage. The pool agreement provides that HESEIA will be self-sustaining through member premiums, and HESEIA will purchase stop-loss insurance policies from commercial insurance carriers to cover any yearly claims in excess of 120 percent of the prior year's aggregate claims. Financial information can be obtained by writing to the North Point Educational Service Center, 4918 Milan Road, Sandusky, Ohio 44870.

D. Ohio Schools Council (OSC)

The Ohio Schools Council is a regional council of governments created under ORC 167, created by school districts for the purpose of saving dollars through volume purchases. OSC's membership has grown to over 230 school districts, educational service centers, joint vocational districts, and developmental disabilities boards located in 33 counties. Each participant supports the OSC by paying an annual participation fee. Each participating School District's superintendent serves as a representative of the Assembly. The Assembly elects a nine member Board of Directors (Board) which is the policy making authority of the OSC. The Board appoints an Executive Director to oversee operations of the OSC. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and the designation of management. Each participants control is limited to its representation on the Board. Financial information can be obtained by contacting the Executive Director at the Ohio Schools Council a 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

NOTE 8 – OTHER EMPLOYEE BENEFITS

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Year round (256-260 day) employees earn 10 to 25 days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and most administrators do not earn vacation time, with the exception of the Superintendent, Treasurer, Director of Support Services, Director of Curriculum and Technology, Food Service Director, Assistant Director of Support Services and High School Principal.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Accumulation of sick leave is unlimited for all groups. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 85 days. Certified and classified employees can earn compensated leave if they do not use their days of personal leave in any given year. In addition, employees may earn an additional 1-3 days of compensated leave days if only 0-6 days of sick leave are used within a year. The accumulated irrevocable severance is paid to employees upon termination of employment. Compensated leave is paid annually.

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NOTE 9 – DEFINED BENEFIT PENSION PLANS

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

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

Net Pension Liability/Net OPEB Liability (Asset)

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 net pension/OPEB liability (asset) represent the School’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.

Ohio Revised Code limits the School’s obligation for this liability to annually required payments. The School cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School 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 net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

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Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent 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 percent and with a floor of 0 percent. 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 percent COLA for calendar year 2024.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent 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 percent for plan members and 14 percent 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 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School’s contractually required contribution to SERS was \$580,152 for fiscal year 2025.

Norwalk City School District
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Notes to the Basic Financial Statements
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Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined 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 August 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 August 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 their member contributions and 11.09 percent of the 14 percent 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 percent of the 14 percent 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 percent of the 14 percent member rate is deposited into the member’s DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment

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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 fifty and after termination of employment.

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

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

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

The School's contractually required contribution to STRS was \$2,089,512 for fiscal year 2025.

Net Pension Liability

The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School'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:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0980058%	0.10806567%	
Prior Measurement Date	0.1014243%	0.10898620%	
Change in Proportionate Share	-0.0034185%	-0.00092053%	
Proportionate Share of the Net Pension Liability	\$ 5,013,580	\$ 20,793,581	\$ 25,807,161

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,

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disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent 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*. ORC 3309.15 and the SERS Board-adopted Investment Policy govern investment activity. 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:

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

Discount Rate The total pension liability for 2024 was calculated using the discount rate of 7.00 percent. 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 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). 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 percent.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 7,670,085	\$ 5,013,580	\$ 2,776,948

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Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation are presented below:

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent 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 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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.

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

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected 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	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 2.4 percent, 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.

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Discount Rate The discount rate used to measure the total pension liability was 7.00 percent 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 rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' 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 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2024.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 33,543,690	\$ 20,793,581	\$ 10,009,179

NOTE 10 – DEFINED BENEFIT OPEB PLANS

The net OPEB liability (asset) is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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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. 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 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School's surcharge obligation was \$56,303.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School's contractually required contribution to SERS was equal to the surcharge amount.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

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

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covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability (asset) was based on the School'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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.1002558%	0.10806567%	
Prior Measurement Date	0.1044772%	0.10898620%	
Change in Proportionate Share	<u>-0.0042214%</u>	<u>-0.00092053%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 1,021,101	\$ (2,049,799)	
OPEB Expense	\$ (37,435)	\$ (103,116)	\$ (140,551)

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, are presented below:

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	<u>June 30, 2024</u>
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2059
Municipal Bond Index Rate:	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate,	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent

Mortality rates among healthy retirees 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 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. 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 of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers 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 percent, 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.

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The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27 percent. 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 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023, and the June 30, 2024, total OPEB liability. 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 percent at June 30, 2024, and 3.86 percent at June 30, 2023.

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' 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 SERS' 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.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 1,361,601	\$ 1,021,101	\$ 750,527
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 690,226	\$ 1,021,101	\$ 1,456,009

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Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation compared to the prior year are presented below:

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	7.50 percent initial 4.14 percent ultimate
Medicare	-112.22 percent initial 3.94 percent ultimate	-10.94 percent initial 4.14 percent ultimate
Prescription Drug		
Pre-Medicare	8.00 percent initial 3.94 percent ultimate	-11.95 percent initial 4.14 percent ultimate
Medicare	-15.14 percent initial 3.94 percent ultimate	1.33 percent initial 4.14 percent ultimate

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

Healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent 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 percent 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.

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:

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<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected 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	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 2.4 percent, 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 actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent 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 these 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 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

Sensitivity of the School'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 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB (Asset)	\$ (1,666,730)	\$ (2,049,799)	\$ (2,383,247)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB (Asset)	\$ (2,405,771)	\$ (2,049,799)	\$ (1,621,697)

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NOTE 11 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during the fiscal year consist of the following:

	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025	Amounts Due in One Year
Governmental Activities:					
2015 Refunding Bonds	\$ 1,985,000	\$ -	\$ 985,000	\$ 1,000,000	\$ 1,000,000
2025 School Facilities Bond	-	47,780,000	-	47,780,000	1,500,000
<i>Total Governmental Activities</i>	<u>\$ 1,985,000</u>	<u>\$47,780,000</u>	<u>\$ 985,000</u>	<u>\$48,780,000</u>	<u>\$ 2,500,000</u>

2015 Unlimited Tax Refunding Bonds

On September 3, 2015, the School District issued \$8,390,000 of general obligation serial bonds at 1.25 – 3.0 percent. The bonds refunded \$8,445,000 of outstanding 2006 Refunding Bonds. The bonds were issued for a ten-year period with final maturity at December 1, 2025.

At the date of refunding, \$8,613,993 (including premium and after underwriting fees, and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2006 Refunding Bonds.

2025 School Facilities Bond

On March 5, 2025, the School District issued \$47,780,000 of general obligation serial bonds at 4.50 – 5.00 percent. The bonds were issued for a thirty-five year period with final maturity at November 1, 2061.

General obligation bonds will be paid from the bond retirement fund.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2025 are as follows:

Fiscal Year Ending June 30,	Serial Bonds		2025 School Facilities Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,000,000	\$ 15,000	\$ 1,500,000	\$ 1,522,815	\$ 2,500,000	\$ 1,537,815
2027	-	-	245,000	2,247,937	245,000	2,247,937
2028	-	-	255,000	2,235,688	255,000	2,235,688
2029	-	-	305,000	2,222,937	305,000	2,222,937
2030	-	-	330,000	2,207,688	330,000	2,207,688
2031-2035	-	-	2,325,000	10,747,937	2,325,000	10,747,937
2036-2040	-	-	3,590,000	10,046,188	3,590,000	10,046,188
2041-2045	-	-	5,240,000	9,031,637	5,240,000	9,031,637
2046-2050	-	-	7,255,000	7,556,625	7,255,000	7,556,625
2051-2055	-	-	9,325,000	5,540,125	9,325,000	5,540,125
2056-2060	-	-	11,855,000	3,012,600	11,855,000	3,012,600
2061-2062	-	-	5,555,000	391,525	5,555,000	391,525
Total	<u>\$ 1,000,000</u>	<u>\$ 15,000</u>	<u>\$47,780,000</u>	<u>\$56,763,702</u>	<u>\$48,780,000</u>	<u>\$56,778,702</u>

Norwalk City School District
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For the Fiscal Year Ended June 30, 2025

NOTE 12 – CONTINGENCIES

A. Grants

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

B. Litigation

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

C. School District Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional DEW adjustments for fiscal year 2025 are finalized. As a result, there was an immaterial intergovernmental payable due to the DEW.

NOTE 13 – SIGNIFICANT COMMITMENTS

Encumbrance Commitments

Outstanding encumbrances for governmental funds include \$327,840 for the general fund, \$13,400 for the building fund and \$63,630 in nonmajor governmental funds.

Contractual Commitments

	Contract Amount	Expended	Outstanding Commitment 6/30/2025
Energy Optimizers Inc.	\$ 75,650	\$ 23,000	\$ 52,650

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note.

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Norwalk City School District
Huron County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 14 – FUND BALANCE

Fund balance can be classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Bond Retirement	Building Fund	Classroom Facilities Fund	Other Governmental Funds	Total
Nonspendable for:						
Unclaimed Monies	\$ 440	\$ -	\$ -	\$ -	\$ -	\$ 440
Total Nonspendable	440	-	-	-	-	440
Restricted for:						
Capital Outlay	-	-	30,126,256	18,066,302	516,312	48,708,870
Debt Service	-	3,773,725	-	-	-	3,773,725
Scholarships	-	-	-	-	204,557	204,557
Food Service	-	-	-	-	6,554	6,554
Federally Funded Programs	-	-	-	-	2,404	2,404
State Funded Programs	-	-	-	-	73,837	73,837
Extracurricular Activities	-	-	-	-	164,019	164,019
Local Grants	-	-	-	-	80,152	80,152
Total Restricted	-	3,773,725	30,126,256	18,066,302	1,047,835	53,014,118
Committed for:						
Severance	582,090	-	-	-	-	582,090
Medical Claims	25,000	-	-	-	-	25,000
Wellness	12,955	-	-	-	-	12,955
Total Committed	620,045	-	-	-	-	620,045
Assigned for:						
Instruction	279,107	-	-	-	-	279,107
Support Services	48,733	-	-	-	-	48,733
Subsequent Year Appropriations	1,147,325	-	-	-	-	1,147,325
Public School Support	31,835	-	-	-	-	31,835
Total Assigned	1,507,000	-	-	-	-	1,507,000
Unassigned	4,333,652	-	-	-	-	4,333,652
Total Fund Balance	\$ 6,461,137	\$ 3,773,725	\$30,126,256	\$ 18,066,302	\$ 1,047,835	\$ 59,475,255

NOTE 15 - SET-ASIDES

Substitute House Bill 412, as amended, required the School District to “set aside” certain percentages of defined revenues for capital improvement and maintenance expenditures. As of April 10, 2001, any money on hand in a School District’s budget reserve set-aside account may at the discretion of the Board be returned to the School District’s general fund or may be left in the account and used by the Board to offset any budget deficit the School District may experience in future years. The amendment places special conditions on any refunds or rebates from the Bureau of Workers’ Compensation. These monies are to be used to offset a budget deficit for school facility construction, renovation or repair, for the textbooks or instructional materials; for purchase of school buses; or for teachers’ professional development.

Norwalk City School District
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For the Fiscal Year Ended June 30, 2025

During the fiscal year ended June 30, 2025, the reserve activity (cash basis) was as follows:

	<u>Budget Stabilization</u>	<u>Capital Improvement</u>
Set Aside Balance as of June 30, 2024	\$ 642,743	\$ -
Current Year Set-Aside Requirement	-	585,441
Current Year Offsets	-	(585,441)
Total	<u>\$ 642,743</u>	<u>\$ -</u>
Balance Carried Forward to FY 2026	<u>\$ 642,743</u>	<u>\$ -</u>

The School District had prior year bond proceed offsets during the fiscal year that reduced the set-aside amount for the capital acquisition set-aside to zero. The School District has current year and prior year bond proceeds in connection with school facilities projects that may be carried forward to offset future set-aside requirements. The remaining balance of these bond proceeds as of June 30, 2025, is \$61,407,329.

NOTE 16 – INTERFUND

Interfund Transfers

At June 30, 2025, the School District had the following interfund transfers:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 122,812
Building Fund	-	17,988,271
Classroom Facilities Fund	17,988,271	-
Nonmajor Governmental Funds	<u>122,812</u>	<u>-</u>
Total	<u>\$ 18,111,083</u>	<u>\$ 18,111,083</u>

The general fund transferred amounts to other governmental funds to move unrestricted balances to support programs and projects accounted for in other funds. The building fund made transfers to the OFCC construction funds to be used for the PreK-8 building project.

Interfund Balances

The general fund advanced other governmental funds in the amount of \$7,817 as of June 30, 2025. The primary purpose of the advances from the general fund to other governmental funds was to cover costs in specific funds where receipts were not received by June 30, 2025. The outstanding advances are expected to be repaid in the next fiscal year once the anticipated receipts are received.

Norwalk City School District
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Notes to the Basic Financial Statements
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NOTE 17 - CHANGE TO OR WITHIN THE FINANCIAL REPORTING ENTITY

For fiscal year 2025, the Building fund presentation was adjusted from nonmajor to major due to meeting the quantitative threshold for a major fund. Additionally, School District established the Classroom Facilities fund during fiscal year 2025, and it met the quantitative threshold for a major fund. These changes are separately displayed in the financial statements.

NOTE 18 – SUBSEQUENT EVENT

In July 2025, the School District approved a \$6.8 million architect and engineering contract with Garmann/Miller and Associates for the construction of a new K-8 school building. In July 2025, the School District also approved the purchase of a land parcel in the amount of \$390,000 for the construction of a new K-8 school building.

**NORWALK CITY SCHOOL DISTRICT
HURON COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education and Workforce</i>		
<u>Child Nutrition Cluster:</u>		
School Breakfast Program	10.553	\$ 235,920
National School Lunch Program	10.555	886,005
Non-Cash Assistance (Food Distribution)	10.555	132,674
Total National School Lunch Program		1,018,679
Total Child Nutrition Cluster		1,254,599
Child and Adult Care Food Program	10.558	22,860
Total U.S. Department of Agriculture		1,277,459
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education and Workforce</i>		
<u>Special Education Cluster (IDEA):</u>		
Special Education Grants to States	84.027A	824,122
Special Education Preschool Grants	84.173A	29,081
Total Special Education Cluster (IDEA)		853,203
Title I Grants to Local Educational Agencies	84.010A	616,527
English Language Acquisition State Grants	84.365A	14,032
Supporting Effective Instruction State Grants	84.367A	56,306
<u>Student Support and Academic Enrichment Program:</u>		
Student Support and Academic Enrichment Program	84.424A	42,173
Student Support and Academic Enrichment Program - Stronger Connections Grant	84.424F	2,031
Total Student Support and Academic Enrichment Program		44,204
<u>Education Stabilization Fund:</u>		
COVID-19 American Rescue Plan Act Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	410,953
Total Education Stabilization Fund		410,953
Total U.S. Department of Education		1,995,225
Total Expenditures of Federal Awards		\$ 3,272,684

The accompanying notes are an integral part of this schedule.

**NORWALK CITY SCHOOL DISTRICT
HURON COUNTY**

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

NOTE A - BASIS OF PRESENTATION

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - INDIRECT COST RATE

The District has elected not to use the 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E - FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education and Workforce's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2025 to 2026 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010A	\$ 21,318
Supporting Effective Instruction State Grants	84.367A	\$ 117,386
Student Support and Academic Enrichment Program	84.424A	\$ 9,451
English Language Acquisition State Grants	84.365A	\$ 100
Special Education Preschool Grants	84.173A	\$ 2,874

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

Norwalk City School District
Huron County
134 Benedict Avenue
Norwalk, Ohio 44857

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norwalk City School District, Huron County, Ohio (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 25, 2026, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2025-001.

District's Response to the Finding

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

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



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

March 25, 2026



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Columbus, Ohio 43215
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Norwalk City School District
Huron County
134 Benedict Avenue
Norwalk, Ohio 44857

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Norwalk City School District, Huron County, Ohio's, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Norwalk City School District's major federal programs for the year ended June 30, 2025. Norwalk City 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, Norwalk City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

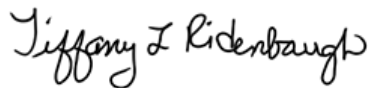
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

KEITH FABER
Ohio Auditor of State



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

March 25, 2026

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**NORWALK CITY SCHOOL DISTRICT
HURON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2025-001

Noncompliance Citation

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code 117-2-03(B) requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None



Norwalk City School District

Office of the Treasurer

134 Benedict Avenue

Norwalk, Ohio 44857

419.668.2779

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

JUNE 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001	Finding was first reported during the audit of the 2015 financial statements. Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected and reissued as Finding 2025-001 in this report.	This issue is due to the District choosing to file on a cash-basis of accounting due to the additional costs of preparing the financial statements according to Generally Accepted Accounting Principles (GAAP).
2024-002	Material weakness and noncompliance with 2 CFR 200.332 for errors noted in quarterly financial status reports.	Fully corrected.	



Norwalk City School District

Office of the Treasurer

134 Benedict Avenue

Norwalk, Ohio 44857

419.668.2779

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2025

Finding Number:

2025-001

Planned Corrective Action:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

Anticipated Completion Date:

N/A

Responsible Contact Person:

Joyce Dupont, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



NORWALK CITY SCHOOL DISTRICT

HURON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/31/2026

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