CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

NORTHMONT CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2023

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditors' Report* of the Northmont City School District, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

February 05, 2024

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

14 East Main Street, Suite 500, Springfield, Ohio 45502
P. 937.399.2000 | F. 937.399.5433

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northmont City School District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 20, 2023

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

Financial Highlights

- At June 30, 2023, the liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources by $882,922, which is a decrease from the $5.5 million positive net position reported at the end of the prior year.
- For fiscal year 2023, the District's net position decreased by $6.4 million, compared with the $9.3 million increase in net position for fiscal year 2022, as a result of decreased revenues and increased expenditures reported for the current fiscal year.
- As of the close of the current fiscal year, the combined governmental fund balances of the District were $33.1 million; which was a $4.6 million decrease from the combined fund balance reported for the prior year. This decrease resulted from higher spending levels reported for the current fiscal year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund, the District's operating fund, was $17.2 million or 26.8% of total general fund expenditures.

Using this Annual Financial Report

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

Reporting the District as a Whole

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements
The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's reports only one type of funds, governmental, which uses a different accounting approach as further described in the notes to the financial statements. As previously mentioned, the focus of the fund financial statements is on the most significant ("major") funds, therefore information is provided separately for funds deemed to be major funds. For fiscal year 2023, the District reported two major funds; the General Fund and the Permanent Improvement Fund. The financial information for all of the remaining funds is combined and reported in one column titled Non-Major Governmental Funds.

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

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

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

The District as a Whole
The statement of net position provides the perspective of the District as a whole. A comparative analysis of fiscal year 2023 to 2022 follows:

TABLE 1
NET POSITION JUNE 30

	2023	2022
Assets:		
Current and Other Assets	$ 73,628,501	75,284,821
Net OPEB Asset	6,361,588	5,136,159
Capital Assets	84,387,122	86,221,426
Total Assets	164,377,211	166,642,406
Deferred Outflows of Resources:		
Pension and OPEB	19,440,393	20,281,374
Deferred Loss on Refunding	2,191,815	2,278,727
Total Deferred Outflows of Resources	21,632,208	22,560,101
Liabilities:		
Current Liabilities	9,603,830	9,204,994
Noncurrent Liabilities:		
Due Within One Year	2,047,999	1,984,519
Due in More than One Year:		
Net Pension Liability	69,284,483	41,209,623
Net OPEB Liability	3,895,688	5,306,532
Other Obligations	55,823,931	57,668,236
Total Liabilities	140,655,931	115,373,904
Deferred Inflows of Resources:		
Pension and OPEB	15,593,906	41,592,863
Other	30,642,504	26,705,612
Total Deferred Inflows of Resources	46,236,410	68,298,475
Net Position:		
Net Investment in Capital Assets	35,783,964	36,541,276
Restricted	9,290,590	9,032,117
Unrestricted	(45,957,476)	(40,043,265)
Total Net Position	$ (882,922)	5,530,128

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

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

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

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service

2 Minus plan assets available to pay these benefits

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

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

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

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

As noted earlier, increases or decreases in net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources resulting in $882,922 net position deficit at the close of the most recent fiscal year compared with the $5.5 million positive net position reported one year prior. If the effects of the pension and OPEB allocations are eliminated from the financial statement, the District's net position would be a positive $62.1 million instead of the $882,922 deficit reported at the end of the current fiscal year. We feel this is important to mention as the management of the District has no control over the management of the State-wide pension or OPEB plans or the benefits offered; both of which control the net pension and OPEB assets/liabilities amounts which have a significant effect on the District's financial statements.

Total assets of the District decreased by approximately $2.3 million, or 1.4%, from June 30, 2022 to June 30, 2023. Capital assets decreased by $1.8 million (2.1%) as the District's current year depreciation expense exceeded capital asset additions reported for the year. At year end, capital assets represented 51.3% of total assets. Current and other asset accounts decreased $1.6 million (2.2%) during the year due primarily to the decrease in pooled cash and investment balances resulting from operating expenses being more than current year revenues.

Total liabilities reported at June 30, 2023 increased by $25.3 million (21.9%) from those reported at the beginning of the year. Net pension and OPEB liabilities increased $26.7 million during the year based on annual financial activity reported by the retirement systems and represent approximately 52.0% of the total liabilities reported by the District. Remaining components of total liabilities remained consistent with those of the prior year as the decrease in long-term debt obligations occurred due to schedule debt service payments made during the year on those obligations.

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

Net position at June 30, 2023 was $6.4 million less than the $5.5 million balance reported for the beginning of the year. Net investment in capital assets decreased 2.1% as depreciation expense exceeded capital asset additions plus principal payments on capital related debt for the year. Restricted net position increased (2.9%) as amounts restricted for capital improvements and student activities increased during the current year. Unrestricted net position (deficit) decreased by 14.8%, or $5.9 million, as the activity of the pension and OPEB liabilities and components are closed through the unrestricted net position account.

A comparative analysis of change in net position for fiscal years 2023 and 2022 follows:

TABLE 2
CHANGE IN NET POSITION, JUNE 30

	2023	2022
Revenues:		
Program Revenues:		
Charges for Services	$ 4,758,207	3,055,357
Operating Grants and Contributions	9,041,922	11,319,808
General Revenues:		
Property Taxes	29,868,645	36,964,357
Grants and Entitlements	27,616,520	27,835,143
Other	2,093,582	666,893
Total Revenues	73,378,876	79,841,558
Expenses:		
Instruction	47,943,350	41,726,029
Support Services:		
Pupils and Instructional Staff	8,488,882	7,251,816
Board of Education, Administration Fiscal and Business	6,890,116	6,403,791
Operation and Maintenance of Plant	4,995,772	4,208,595
Pupil Transportation	3,538,491	3,250,177
Central	516,372	568,108
Operation of Non-Instructional Services	4,188,029	4,026,609
Extracurricular Activities	1,681,708	1,600,783
Interest and Fiscal Charges	1,549,206	1,549,362
Total Expenses	79,791,926	70,585,270
Change in Net Position	(6,413,050)	9,256,288
Net Position, Beginning of Year	5,530,128	(3,726,160)
Net Position, End of Year	$ (882,922)	5,530,128

Governmental Activities

The net position of the District's governmental activities decreased during fiscal year 2023 with total net position deficit reported at June 30, 2023 being $882,922 compared with the $5.5 million positive balance reported one year prior. Total governmental expenses of $79.8 million exceeded program revenues of $13.8 million, leaving the remaining $66.0 million to be covered by general revenues and carry-over cash balance. Program revenues supported 17.3% of the total governmental expenses. The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements which are reported as general revenues. These two revenue sources represent 78.3% of total governmental revenue.

The property tax laws in Ohio create the need to periodically seek voter approval for additional operating funds. In general, tax revenues generated from a levy do not increase as a result of inflation. An operating levy is approved for a fixed millage rate, but the rate is reduced for inflation with the effect of providing the District the same amount of tax dollars as originally approved. Therefore, school districts must periodically return to the ballot and ask voters for additional resources to maintain current programs. Property tax revenue for the current year decreased by $7.1 million due to a significant reduction in the amount available for advance at year-end due to timing of tax receipts received by the County for the current collection year compared with that one year prior.

Overall, program revenue reported for fiscal year 2023 was $575,036 less than the prior year. The decrease was due to less COVID related funding compared with the prior year offsetting increases in charges for services reported for food service and extracurricular activities. Food service increased as operations returned to pre-COVID levels. Extracurricular activities typically fluctuate from year to year.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. General revenues including tax revenue, investment earnings and unrestricted State entitlements must support the net cost of program services. Comparisons to 2022 are as follows:

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

		2023		2022	
		Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	$	47,943,350	(41,671,925)	41,726,029	(36,041,153)
Support Services		24,429,633	(22,172,567)	21,682,487	(19,364,204)
Operation of Non-Instructional Services		4,188,029	13,352	4,026,609	1,432,715
Extracurricular Activities		1,681,708	(611,451)	1,600,783	(688,101)
Interest and Fiscal Charges		1,549,206	(1,549,206)	1,549,362	(1,549,362)
Total Expenses	$	79,791,926	(65,991,797)	70,585,270	(56,210,105)

The largest expense of the District, instructional programs, total $47.9 million or 60.1% of the total governmental expenses reported for fiscal year 2023 compared with 59.1% reported for the prior year. Total expenses reported for fiscal year 2023 increased by $9.2 million over those reported for the prior year. To properly analyze the change in expenses, the reader should remove the effects of recognizing the District's proportionate share of the pension and OPEB plans from the reported expenses. In the current year, the District pension and OPEB adjustments resulted in $0.3 million being added to functional expenses whereas the prior year's adjustment reduced functional expenses by $5.9 million; a $6.2 million swing in expenses over the year. Increase in expenses resulted from increased cost of personnel (salary and benefits) as well as implementation of new educational technology throughout the District account for the remaining increased expenses. For fiscal year 2023, District employees were given salary increases ranging from 2.5% to 2.75%.

The District continues to be heavily reliant on property tax and unrestricted grants and entitlements (State Foundation) revenues to fund services provided to the students and community. During fiscal year 2023, these two revenue sources accounted for 96.5% of the District's general revenues which represent 81.2% of the District's total revenue received during the fiscal year. The non-instructional service, primarily food service operations, has historically been the only functional area which generates program revenues to cover most of the functional expenses.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $74.8 million and expenditures of $79.4 million. Overall fund balance of governmental funds decreased $4.6 million over those at June 30, 2022.

The general fund is the primary operating fund of the District. The general fund balance decreased by $5.7 million during the year compared with a $1.4 million increase reported in the prior year. General fund revenues decreased 7.9%, from those reported in fiscal year 2022 as the amount available to be advanced from the County Auditor's Office dropped significantly during the current year thereby reducing property tax revenue. This decrease was partially offset by an increase in investment earnings as interest rates have become more favorable to investors over the past year. Expenditures of the fund increased by 3.2% due to the increased cost of personnel as well as other inflationary factors. The District administration continues its efforts to restrict budgetary growth. The ending unassigned fund balance of the general fund at June 30, 2023 ($17.2 million) represents 27.4% of the total expenditures reported by the general fund for the year then ended compared with the 26.8% at the end of the prior year.

The District's other major fund, the permanent improvement fund, is used to account for all transactions related to major capital acquisitions or construction. For fiscal year 2023, the fund balance increased by $427,711, ending at $6.1 million. Property tax revenue, restricted for capital improvement purposes, is the primary source of revenue for this fund and expenditures are planned to correspond with anticipated receipts on an annual basis.

General Fund Budget Information

The District increased the general fund's budgeted revenues (including other financing sources) by 3.1% during fiscal year 2023; accounting for increases in property tax, intergovernmental, and interest receipts from those originally anticipated at the beginning of the year. For budgeted expenditures, the District reduced planned expenditures during the year as actual spending patterns emerged. As a result, the ending budgeted expenditures (including other financing uses) were 0.3% less than the expenditure amounts estimated at the beginning of the year.

Overall, the District anticipated an ending budgetary fund balance of $18.7 million at the start of fiscal year 2023 and the actual ending budgetary balance for the fund was $25.0 million, or 33.8% higher than what was originally estimated, as receipts came in higher than anticipated and expenditures were closely monitored by management.

The ending unencumbered cash fund balance of the general fund at June 30, 2023 represents 37.9% of the total actual budgetary expenditures and other financing uses reported of the Fund for the year ended June 30, 2023.

Capital Assets

At the end of the fiscal year 2023, the District had $84.4 million invested in land, buildings, building improvements, furniture, equipment and vehicles, and infrastructure.

During the year, the District reported depreciation expense of $2.9 million compared with capital asset additions of $1.1 million. Significant capital asset additions for the year included replacement of various HAVC and security components, various technology improvements, purchase of maintenance and playground equipment, and the acquisition of six new school buses.

Table 4 shows the fiscal year 2023 balances compared to fiscal year 2022.

TABLE 4
CAPITAL ASSETS, JUNE 30

	2023	2022
Land	$ 1,899,853	1,886,644
Buildings and Improvements	77,191,826	79,096,190
Furniture and Equipment	3,001,078	3,068,647
Vehicles	2,179,109	2,051,570
Infrastructure	115,256	118,375
Total Net Capital Assets	$ 84,387,122	86,221,426

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

Debt Administration
At June 30, 2023, the District had $53.0 million in outstanding general obligation bonds, including $2.3 million of accreted interest on capital appreciation bonds and $3.8 million of unamortized premiums on bonds issued. The District paid $1.1 million in principal on bonds during fiscal year 2023 and another $1.1 million of principal is due to mature within one year.

During the current fiscal year, the District made $785,414 payments on a financed purchase agreement used to acquire notebook tablets for all students in a prior fiscal year. At year-end, the District owed the final installment payment of $785,414, which is due for payment within the next fiscal year.

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

Contacting the District
This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the District's financial position and to show the District's accountability for the funds it receives. Should you have any questions about this report or any other financial matter, contact the Treasurer's Office at Northmont City School District, 4001 Old Salem Road, Englewood, Ohio 45322 or by calling 937-832-5008.

Northmont City School District, Ohio

Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS:	
Equity in Pooled Cash and Investments	$ 39,100,716
Intergovernmental Receivable	2,264,015
Property and Other Local Taxes Receivable	32,263,770
Net OPEB Asset	6,361,588
Land	1,899,853
Depreciable Capital Assets, net	82,487,269
Total Assets	164,377,211
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Loss on Refunding	2,191,815
Pension and OPEB	19,440,393
Total Deferred Outflows of Resources	21,632,208
LIABILITIES:	
Accounts Payable	468,559
Accrued Wages and Benefits	7,557,834
Intergovernmental Payable	1,203,858
Claims Payable	12,204
Matured Compensated Absences Payable	262,088
Accrued Interest Payable	99,287
Long-Term Liabilities:	
Due Within One Year	2,047,999
Due in More Than One Year:	
Net Pension Liability	69,284,483
Net OPEB Liability	3,895,688
Other Amounts Due in More Than One Year	55,823,931
Total Liabilities	140,655,931
DEFERRED INFLOWS OF RESOURCES:	
Property Taxes not Levied to Finance Current Year Operations	30,060,667
Payments in Lieu of Taxes not Intended to Finance Current Year Operations	508,715
Deferred Gain on Refunding	73,122
Pension and OPEB	15,593,906
Total Deferred Inflows of Resources	46,236,410
NET POSITION:	
Net Investment in Capital Assets	35,783,964
Restricted for Debt Service	734,704
Restricted for Capital Outlay	6,176,438
Restricted for Classroom Facilities Maintenance	446,884
Resticted for Student Activities	452,872
Restricted for Federal and State Educational Grants	525,192
Restricted for Food Service Operation	886,126
Restricted for Other Purposes	68,374
Unrestricted	(45,957,476)
Total Net Position	$ (882,922)

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

Northmont City School District, Ohio

Statement of Activities
For the Fiscal Year Ended June 30, 2023

		Program Revenues		Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$ 33,004,226	$ 1,782,239	$ 2,103,527	$ (29,118,460)
Special	14,348,604	136,024	2,218,055	(11,994,525)
Vocational	354,885	-	31,580	(323,305)
Other	235,635	-	-	(235,635)
Support Services:				
Pupils	6,577,779	-	8,305	(6,569,474)
Instructional Staff	1,911,103	-	1,820,219	(90,884)
Board of Education	102,904	-	-	(102,904)
Administration	4,714,142	-	-	(4,714,142)
Fiscal	1,664,738	-	-	(1,664,738)
Business	408,332	-	-	(408,332)
Operation and Maintenance of Plant	4,995,772	38,343	49,133	(4,908,296)
Pupil Transportation	3,538,491	-	326,666	(3,211,825)
Central	516,372	-	14,400	(501,972)
Operation of Non-Instructional Services	4,188,029	2,000,757	2,200,624	13,352
Extracurricular Activities	1,681,708	800,844	269,413	(611,451)
Interest and Fiscal Charges	1,549,206	-	-	(1,549,206)
Total Governmental Activities	$ 79,791,926	$ 4,758,207	$ 9,041,922	(65,991,797)

General Revenues:	
Grants and Entitlements not Restricted to Specific Programs	27,616,520
Investment Earnings	1,038,369
Payments in Lieu of Taxes	508,715
Miscellaneous	546,498
Property Taxes Levied for:	
General Purposes	26,833,837
Debt Service	2,185,728
Capital Projects	571,494
Classroom Facilities Maintenance	277,586
Total General Revenues	59,578,747
Change in Net Position	(6,413,050)
Net Position - Beginning of Year	5,530,128
Net Position - End of Year	$ (882,922)

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

Northmont City School District, Ohio

Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Permanent Improvement	Non-Major Governmental Funds	Total Governmental Funds
ASSETS:				
Equity in Pooled Cash and Investments	$ 26,911,969	$ 6,242,526	$ 5,946,221	$ 39,100,716
Receivables (Net):				
Taxes	29,008,653	923,701	2,331,416	32,263,770
Intergovernmental	161,828	508,715	1,593,472	2,264,015
Interfund	1,552,527	-	-	1,552,527
Total Assets	$ 57,634,977	$ 7,674,942	$ 9,871,109	$ 75,181,028
LIABILITIES:				
Accounts Payable	$ 273,961	$ 153,489	$ 41,109	$ 468,559
Accrued Wages and Benefits	6,791,497	-	766,337	7,557,834
Interfund Payable	-	-	1,552,527	1,552,527
Intergovernmental Payable	1,102,520	-	101,338	1,203,858
Matured Compensated Absences Payable	262,088	-	-	262,088
Claims Payable	12,204	-	-	12,204
Total Liabilities	8,442,270	153,489	2,461,311	11,057,070
DEFERRED INFLOWS OF RESOURCES:				
Property Taxes not Levied to Finance Current Year Operations	27,071,721	862,583	2,126,363	30,060,667
Payments in Lieu of Taxes not Intended to Finance Current Year Operations	-	508,715	-	508,715
Unavailable Revenue	430,408	14,153	35,682	480,243
Total Deferred Inflows of Resources	27,502,129	1,385,451	2,162,045	31,049,625
FUND BALANCES:				
Restricted:				
Capital Outlay	-	6,136,002	26,283	6,162,285
Debt Service	-	-	3,110,601	3,110,601
Facilities Maintenance	-	-	446,884	446,884
Student Activities	-	-	452,872	452,872
Educational Grant Programs	-	-	555,696	555,696
Food Service Operation	-	-	1,049,603	1,049,603
Other Purposes	-	-	63,975	63,975
Assigned:				
School Supported Activities	859,356	-	-	859,356
Future Purchase Commitments	113,185	-	-	113,185
Subsequent Appropriations	3,468,306	-	-	3,468,306
Unassigned (Deficit)	17,249,731	-	(458,161)	16,791,570
Total Fund Balances	21,690,578	6,136,002	5,247,753	33,074,333
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 57,634,977	$ 7,674,942	$ 9,871,109	$ 75,181,028

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

Northmont City School District, Ohio

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances	$	33,074,333
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		84,387,122
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.		
Taxes		480,243
Deferred gains and losses on refundings are recorded in the funds when the refunding transaction occurs; however in the government-wide statements they are accrued and amortized over the life of the bonds:		
Deferred Outflows - Deferred Loss on Refunding		2,191,815
Deferred Inflows - Deferred Gain on Refunding		(73,122)
The net OPEB asset is not a current asset and the net pension and OPEB liablities are not due and payable in the current period; therefore the assets and liabilities, as well as the related deferred outflows/inflows are not reported in governmental funds.		
Net OPEB Asset		6,361,588
Deferred Outflows - Pension and OPEB		19,440,393
Deferred Inflows - Pension and OPEB		(15,593,906)
Net Pension Liability		(69,284,483)
Net OPEB Liability		(3,895,688)
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds		(46,956,104)
Accreted Interest on Capital Appreciation Bonds		(2,312,292)
Notes Payable - Financed Purchases		(785,414)
Unamortized Bond Premium		(3,765,747)
Accrued Interest on Long-Term Debt		(99,287)
Compensated Absences		(4,052,373)
Net Position of Governmental Activities	$	(882,922)

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

Northmont City School District, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General Fund	Permanent Improvement	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:				
Property and Other Local Taxes	$ 27,111,678	$ 580,663	$ 2,487,162	$ 30,179,503
Intergovernmental	27,897,519	99,710	9,450,716	37,447,945
Interest	1,013,449	-	24,920	1,038,369
Tuition and Fees	1,924,834	-	-	1,924,834
Rent	112,118	-	-	112,118
Extracurricular Activities	99,902	-	619,654	719,556
Gifts and Donations	179,736	-	148,833	328,569
Customer Sales and Services	1,026	-	2,000,673	2,001,699
Payments in Lieu of Taxes	-	508,715	-	508,715
Miscellaneous	296,582	245,000	4,916	546,498
Total Revenues	58,636,844	1,434,088	14,736,874	74,807,806
EXPENDITURES:				
Current:				
Instruction:				
Regular	28,141,864	-	1,494,557	29,636,421
Special	12,181,213	-	2,079,377	14,260,590
Vocational	316,404	-	-	316,404
Other	161,488	-	48,376	209,864
Support Services:				
Pupils	6,514,767	-	44,191	6,558,958
Instructional Staff	805,801	-	1,093,898	1,899,699
Board of Education	101,610	-	-	101,610
Administration	4,658,981	-	51,272	4,710,253
Fiscal	1,662,087	15,600	40,281	1,717,968
Business	410,434	-	-	410,434
Operation and Maintenance of Plant	4,089,555	-	640,189	4,729,744
Pupil Transportation	3,230,852	-	-	3,230,852
Central	502,896	-	14,400	517,296
Operation of Non-Instructional Services	110,100	-	4,278,706	4,388,806
Extracurricular Activities	1,136,863	-	643,131	1,779,994
Capital Outlay	289,525	990,777	331,251	1,611,553
Debt Service:				
Principal	-	-	1,880,414	1,880,414
Interest	-	-	1,418,059	1,418,059
Total Expenditures	64,314,440	1,006,377	14,058,102	79,378,919
Excess of Revenues Over Expenditures	(5,677,596)	427,711	678,772	(4,571,113)
OTHER FINANCING SOURCES AND USES:				
Transfers In	-	-	7,298	7,298
Transfers Out	(7,298)	-	-	(7,298)
Total Other Financing Sources and Uses	(7,298)	-	7,298	-
Net Change in Fund Balances	(5,684,894)	427,711	686,070	(4,571,113)
Fund Balance at Beginning of Year	27,375,472	5,708,291	4,561,683	37,645,446
Fund Balance at End of Year	$ 21,690,578	$ 6,136,002	$ 5,247,753	$ 33,074,333

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

Northmont City School District, Ohio

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	$ (4,571,113)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	
Capital asset additions used in governmental activities	1,065,398
Depreciation expense	(2,899,702)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,428,930)
The issuance of long-term debt (e.g., bonds, notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts, deferred loss or gain on refundings when debt is first issued, whereas these amounts are amortized in the statement of activities.	
Repayment of long-term bonds and notes payable	1,880,414
Current year amortization of bond premium	181,743
Current year amortization of deferred loss on refunding	(86,912)
Current year amoritzation of deferred gain on refunding	5,828
Current year accretion of interest on capital appreciation bonds	(233,973)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Accrued interest payable	2,167
Compensated absences	(47,359)
Contractually required pension and OPEB contributions are reported as expenditures in the governmental funds, however, the statement of activities reports these amounts as deferred outflows.	
Pension	6,102,930
OPEB	202,732
Except for amounts reported as deferred outflows/inflows, changes in the net pension and OPEB assets/liabilities are reported as expenses among the functions in the statement of activities.	
Pension	(7,881,916)
OPEB (negative expense)	1,295,643
Change in Net Positon of Governmental Activities	$ (6,413,050)

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

1. Description of the District and Reporting Entity

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

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

Reporting Entity

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

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

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

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

Parochial Schools – Within the District boundaries, Salem Christian Academy is operated as a private school. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial schools. The activity of these State monies is reflected in a special revenue fund for financial reporting purposes.

1. <u>Description of the District and Reporting Entity</u> (continued)

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

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

2. <u>Summary of Significant Accounting Policies</u>

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

a. Fund Accounting

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

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

b. Basis of Presentation

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

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

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

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

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

2. <u>Summary of Significant Accounting Policies</u> (continued)

c. Basis of Accounting

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 11 and 12).

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

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

d. Cash and Investments

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2023. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, "Certain External Investment Pools and Participants". The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides the NAV per share that approximates fair value.

2. Summary of Significant Accounting Policies (continued)

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

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue reported the general fund for fiscal year 2023 amounted to $1,013,449; including $335,483 assigned from other District funds.

e. Capital Assets and Depreciation

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

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

All reported capital assets, with the exception of land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Useful Life
Buildings and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years
Infrastructure	50 years

f. Interfund Balances

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

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

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

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

g. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The criteria for determining the vacation and sick leave liability is derived from Board policy, negotiated agreements, and state laws. The liability is based upon pay rates in effect at the balance sheet date.

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

h. Accrued Liabilities and Long-term Obligations

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

2. Summary of Significant Accounting Policies (continued)

i. Pensions/Other Postemployment Benefits (OPEB)

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

j. Fund Balance

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

k. Net Position

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the District's $9,290,590 in restricted net position, none was restricted by enabling legislation.

l. Unamortized Bond Premium

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

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

m. Estimates

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

3. Accountability – Deficit Fund Balances

Individual fund deficits reported at June 30, 2023 include the following:

Non-Major Funds	Deficit
Elementary & Secondary Emergency Relief	$ 113,436
Title VI-B Grant	212,489
Title I Grant	90,334
Title IV Grant	11,611
IDEA Preschool Grant	4,494
Title VI-R Grant	25,797

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

4. Deposits and Investments

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

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

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

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

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

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

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

4. Deposits and Investments (continued)

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

Bonds and other obligations of the State of Ohio;

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

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

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

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

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

Deposits – At June 30, 2023, the carrying amount of all District deposits was $28,477,259. Based on the criteria described in GASB Statement 40, "Deposits and Investment Risk Disclosures", $28,152,700 of the District's bank balance of $28,902,700 was exposed to custodial risk as discussed below, while $750,000 was covered by Federal Deposit Insurance Corporation.

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

4. Deposits and Investments (continued)

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

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

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

Investment Type	Measurement Value	Weighted Average Maturity (Years)
Money Market Mutual Fund	$ 1,156,205	0.00
US Treasury Notes	493,243	1.08
US Government Agency Notes	1,175,537	2.09
Negotiable Certificates of Deposit	3,838,720	1.77
Commercial Paper	2,345,734	0.32
STAROhio	1,614,018	0.11
Total	$ 10,623,457	
Portfolio Weighted Average Maturity		1.01

Interest Rate Risk

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

Credit Risk

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

Investments in STAROhio and the Money Market Mutual Funds were rated AAAm by Standard and Poor's. $881,691 of the commercial paper held by the District was rated P-1 by Moody's and A-1+ by Standard and Poor's, with the remaining $1,464,043 rated P-1 and A-1 by Moody's and Standard and Poor's, respectively. The negotiable certificates of deposit are unrated, however are entirely covered by FDIC. US Government Agency Notes are rated AA+ by Standard and Poor's.

4. Deposits and Investments (continued)

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

Concentration of Credit Risk
The District's investment policy places no limit on the amount that may be invested in any one issuer beyond the requirements contained within the Ohio Revised Code. The following table includes the percentage of each investment type held by the District at June 30, 2023:

Investment Type	% of Portfolio
Money Market Mutual Fund	10.88%
US Treasury Notes	4.64%
US Government Agency Notes	11.07%
Negotiable Certificates of Deposit	36.14%
Commercial Paper	22.08%
STAROhio	15.19%
Total	100.00%

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

Level 1 – Investments reflect prices quoted in active markets.

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

Level 3 – Investments reflect prices based upon unobservable sources.

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

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

5. Property Taxes

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

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; is paid semi-annually, the first payment is due December 31 with the regular payable June 20. Under certain circumstances, State statute permits alternate payment dates to be established. The District receives property taxes from Montgomery, Miami, and Darke Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility tangible personal property taxes that became measurable as of June 30, 2023. Although the total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2023 was $1,506,524, $169,371, and $46,965 for the General, Permanent Improvement, and Other Governmental Funds, respectively, and is recognized as revenue in Governmental Funds.

On the full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on the modified accrual basis, has been deferred. The assessed values upon which fiscal year 2023 taxes were collected are:

	2023 First Half Collections	2022 Second Half Collections
Real Estate		
Residential /Agricultural and Other Real Estate	$ 719,231,360	$ 717,147,880
Public Utility Property	19,997,540	18,701,820
Total	$ 739,228,900	$ 735,849,700

6. Receivables

Receivables at June 30, 2023, consisted of taxes, accounts, and intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

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

Governmental Activities:	Amount
Due from State of Ohio	$ 161,828
Payments in Lieu of Taxes	508,715
Food Service Reimbursements	164,813
Elementary & Secondary School Relief	853,982
Title VI-B	281,037
Title I	101,595
Competency Literacy Development Grant	119,735
Other Grant Programs	72,310
Total	$ 2,264,015

7. Interfund Transactions

During fiscal year 2023, the general fund provided operating transfers of $7,298 to the District managed student activities fund (non-major governmental fund) to provide support for certain activities and programs.

At June 30, 2023, the District’s interfund receivables and payables consisted for the following:

Fund	Receivable	Payable
General Fund	$ 1,552,527	
Other Governmental Funds:		
Other Local Grants Fund		$ 9,070
Other State Grants Fund		6,814
Elementary & Secondary Emergency Relief Grant		880,155
Title VI-B Grant Fund		337,309
Title III English Proficiency Grant Fund		216
Title I Grant Fund		107,508
Title IV Academic Achievement Grant		34,473
IDEA Preschool Grant Fund		8,040
Diversifying the Education Profession Grant		48,606
Miscellaneous Federal Grants Fund		120,336
	$ 1,552,527	$ 1,552,527

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

8. Capital Assets

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

	Balance at 7/1/2022	Additions	Deductions	Balance at 6/30/2023
Capital Assets, not being depreciated:				
Land	$ 1,886,644	$ 13,209	$ -	$ 1,899,853
Capital Assets, being depreciated:				
Building and Improvements	103,378,714	254,183	-	103,632,897
Furniture and Equipment	7,008,330	239,614	-	7,247,944
Vehicles	5,338,237	558,392	250,577	5,646,052
Infrastructure	156,031	-	-	156,031
	115,881,312	1,052,189	250,577	116,682,924
Less: Accumulated Depreciation:				
Building and Improvements	24,282,524	2,158,547	-	26,441,071
Furniture and Equipment	3,939,683	307,183	-	4,246,866
Vehicles	3,286,667	430,853	250,577	3,466,943
Infrastructure	37,656	3,119	-	40,775
	31,546,530	2,899,702 *	250,577	34,195,655
Capital Assets, being depreciated, net	84,334,782	(1,847,513)	-	82,487,269
Total Capital Assets, net	$ 86,221,426	$ (1,834,304)	$ -	$ 84,387,122

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

Instruction:	
Regular	$ 2,392,283
Special	581
Vocational	27,059
Support Services:	
Pupil Support	83
Instructional Support	29,297
Board of Education	1,659
Administration	1,372
Business	886
Operation and Maintenance of Plant	24,280
Pupil Transportation	375,242
Non-Instructional Services	18,465
Extracurricular Activities	28,495
Total Depreciation Expense	$ 2,899,702

9. Long-Term Obligations

The activity of the District's long-term obligations during fiscal year 2023 was as follows:

	Balance 7/1/2022	Increase	Decrease	Balance 6/30/2023	Amount Due Within One Year
Governmental Activities:					
2017 Refunding Bonds:					
Serial Bonds	$ 545,000	$ -	$ (350,000)	$ 195,000	$ -
Term Bonds	9,005,000	-	-	9,005,000	-
Capital Appreciation Bonds	826,104	-	-	826,104	278,332
Accretion of Interest	1,850,140	68,208	-	1,918,348	491,668
2019 Refunding Bonds:					
Serial Bonds	7,755,000	-	(150,000)	7,605,000	185,000
2020 Refunding Bonds:					
Serial Bonds	4,240,000	-	(595,000)	3,645,000	175,000
Term Bonds	25,105,000	-	-	25,105,000	-
Capital Appreciation Bonds	575,000	-	-	575,000	-
Accretion of Interest	228,179	165,765	-	393,944	-
Premium on Bonds	3,947,490	-	(181,743)	3,765,747	-
Total General Obligation Bonds	54,076,913	233,973	(1,276,743)	53,034,143	1,130,000
Net Pension Liability:					
STRS	31,146,751	23,469,209	-	54,615,960	-
SERS	10,062,872	4,605,651	-	14,668,523	-
Total Net Pension Liability	41,209,623	28,074,860	-	69,284,483	-
Net OPEB Liability:					
SERS	5,306,532	-	(1,410,844)	3,895,688	-
Other Long-Term Obligations:					
Financed Purchases - Notes Payable	1,570,828	-	(785,414)	785,414	785,414
Compensated Absences	4,005,014	151,464	(104,105)	4,052,373	132,585
Total Governmental Activities	$ 106,168,910	$ 28,460,297	$ (3,577,106)	$ 131,052,101	$ 2,047,999

Compensated absences and required pension and OPEB plan contributions will be paid from the fund from which the person is paid. All long-term bond payments will be paid out of the debt service fund. Payments on the notes payable from financed purchases are made out from the permanent improvement fund.

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

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

The capital appreciation bonds have a total maturity value of $2,885,000 ($770,000 in fiscal year 2024, $735,000 in fiscal year 2025, $705,000 in fiscal year 2026, and $675,000 in fiscal year 2027) and were issued at $2,399,283. These bonds are not subject to redemption prior to scheduled maturity. Accretion on the capital appreciation bonds for the current fiscal year amounted to $68,208.

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

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

The capital appreciation bonds have a total maturity value of $3,075,000; $625,000 in fiscal year 2028, $630,000 in fiscal year 2029, $620,000 in fiscal year 2030, $610,000 in fiscal year 2031, and $590,000 in fiscal year 2032. These bonds are not subject to redemption prior to scheduled maturity. Accretion on the capital appreciation bonds for the current fiscal year amounted to $165,765.

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

Fiscal	General Obligation Bonds			Capital Appreciation Bonds		
Year	Principal	Interest	Total	Principal	Interest	Total
2024	$ 360,000	$ 1,392,459	$ 1,752,459	$ 278,332	$ 491,668	$ 770,000
2025	475,000	1,375,759	1,850,759	223,212	511,788	735,000
2026	515,000	1,355,959	1,870,959	179,874	525,126	705,000
2027	570,000	1,334,259	1,904,259	144,686	530,314	675,000
2028	725,000	1,309,822	2,034,822	160,000	465,000	625,000
2029-2033	4,940,000	6,072,160	11,012,160	415,000	2,035,000	2,450,000
2034-2038	9,285,000	4,979,491	14,264,491	-	-	-
2039-2043	11,565,000	3,509,338	15,074,338	-	-	-
2044-2048	13,830,000	1,676,637	15,506,637	-	-	-
2049	3,290,000	55,519	3,345,519	-	-	-
Total	$ 45,555,000	$ 23,061,403	$ 68,616,403	$ 1,401,104	$ 4,558,896	$ 5,960,000

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

Financed Purchases – Notes Payable:
During a prior fiscal year, the District entered into an agreement to provide notebook computers for all students at a total cost of $2,356,242. The agreement requires the District to make three annual payments of $785,414 (at zero percent interest) beginning in fiscal year 2022. The notebook computers acquired through the agreement do not meet the District's capitalization policy and therefore are not capitalized within these statements. The final payment of $785,414 is due in fiscal year 2024.

10. **Risk Management**

Property and Liability
The District is exposed to various risks of loss related to torts, theft or, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2023, the District contracted with Southwestern Ohio Educational Purchasing Cooperative Liability, Fleet & Property Program (LFP) and Arthur J. Gallagher & Co. for property, general liability, professional and fleet insurance. Coverage provided by the LFP is as follows:

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

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

10. Risk Management (continued)

Workers' Compensation

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

Fiscal Year	Beginning Claims Payable	Current Claims	Claims Payments	Ending Claims Payable
2023	$ 19,636	$ 114,413	$ 121,845	$ 12,204
2022	11,598	92,889	84,851	19,636

11. Defined Benefits Pension Plans

Net Pension Liability

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

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

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

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

11. Defined Benefits Pension Plans (continued)

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

School Employees Retirement System (SERS)

Plan Description – District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org 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; or age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or age 60 with 25 years of service credit

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

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, and Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund and Medicare B Fund).

The District's contractually required contribution to SERS was $1,501,128 for fiscal year 2023. Of this amount, $178,254 is reported as an intergovernmental payable.

11. Defined Benefits Pension Plans (continued)

State Teachers Retirement System (STRS)

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. For members who were eligible to retire on July 1, 2015, the annual benefit is the greater of the benefit amount calculated upon retirement under the new benefit formula or the frozen benefit amount as of July 1, 2015. Effective August 1, 2021 to July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective on or after August 1, 2023, any member can retire with unreduced benefits with 35 years of service credit at any age or 5 years of service credit at age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age or 5 years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liabilities. Effective July 1, 2022, 2.91% of salaries are used to pay for unfunded liabilities. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2023, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2023 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was approximately $4,601,802 for fiscal year 2023. Of this amount, $803,984 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions

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

11. Defined Benefits Pension Plans (continued)

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

	SERS	STRS	Total
Proportionate share of the net pension liability	$ 14,668,523	$ 54,615,960	$ 69,284,483
Proportion of the net pension liability	0.271198%	0.245684%	
Change in proportionate share	-0.001530%	0.002082%	
Pension expense	$ 1,069,924	$ 6,811,992	$ 7,881,916

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

	SERS	STRS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 594,087	$ 699,155	$ 1,293,242
Net difference between projected and actual earnings on pension plan investments	-	1,900,516	1,900,516
Change in assumptions	144,736	6,535,890	6,680,626
Change in District's proportionate share and difference in employer contributions	52,637	1,392,701	1,445,338
District contributions subsequent to the measurement date	1,501,128	4,601,802	6,102,930
Total	$ 2,292,588	$ 15,130,064	$ 17,422,652
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 96,295	$ 208,923	$ 305,218
Net difference between projected and actual earnings on pension plan investments	511,864	-	511,864
Change in assumptions	-	4,919,646	4,919,646
Change in District's proportionate share and difference in employer contributions	56,912	-	56,912
Total	$ 665,071	$ 5,128,569	$ 5,793,640

$6,102,930 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ 84,404	$ 690,749	$ 775,153
2025	(77,441)	279,057	201,616
2026	(731,209)	(1,109,058)	(1,840,267)
2027	850,635	5,538,945	6,389,580
	$ 126,389	$ 5,399,693	$ 5,526,082

Actuarial Assumptions – SERS

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will consider the employee's entire career with the employer and 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, 2022, are presented below:

Inflation:	
Current measurement period	2.40 percent
Prior measurement period	2.40 percent
Future salary increases, including inflation	
Current measurement period	3.25 percent to 13.58 percent
Prior measurement period	3.25 percent to 13.58 percent

11. Defined Benefits Pension Plans (continued)

COLA or Ad Hoc COLA	
Current measurement period	2.00 percent, on and after 4/1/2018, COLA's for future retirees will be delayed for 3 years following retirement.
Prior measurement period	2.00 percent, on and after 4/1/2018, COLA's for future retirees will be delayed for 3 years following retirement.
Investment rate of return	
Current measurement period	7.00 percent net of investment expense, including inflation
Prior measurement period	7.00 percent net of investment expense, including inflation
Actuarial cost method	Entry Age Normal

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighed Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

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

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

11. Defined Benefits Pension Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	-0.45%
US equity	24.75%	5.37%
Non-US equity developed	13.50%	6.22%
Non-US equity emerging	6.75%	8.22%
Fixed income/global bonds	19.00%	1.20%
Private equity	11.00%	10.05%
Real estate/real assets	16.00%	4.87%
Multi-asset strategies	4.00%	3.39%
Private debt/private credit	3.00%	5.38%
Total	100.00%	

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$ 21,591,365	$ 14,668,523	$ 8,836,122

11. Defined Benefits Pension Plans (continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases:	
Current measurement period	Varies by service from 2.5% to 8.5%
Prior measurement period	12.50% at age 20 to 2.50% at age 65
Payroll increases	
Current measurement period	3.00%
Prior measurement period	3.00%
Investment rate of return, including inflation:	
Current measurement period	7.00%, net of investment expenses
Prior measurement period	7.00%, net of investment expenses
Discount rate of return	
Current measurement period	7.00%
Prior measurement period	7.00%
Cost-of-living adjustments (COLA)	0.00%

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

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

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

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

11. Defined Benefits Pension Plans (continued)

Asset Class	Target Allocation *	Long-Term Expected Real Rate of Return **
Domestic equity	26.00%	6.60%
International equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed income	22.00%	1.75%
Real estate	10.00%	5.75%
Liquidity reserves	1.00%	1.00%
Total	100.00%	

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

** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate – The discount rate used to measure the total pension liability was 7.0% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.0% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$ 82,504,833	$ 54,615,960	$ 31,030,608

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

Net OPEB Asset/Liability

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

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

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

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

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

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

School Employees Retirement System (SERS)

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

Funding Policy—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, the minimum compensation amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was $202,732.

State Teachers Retirement System (STRS)

*Plan Descriptio*n—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 Board to offer this plan.

Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

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

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

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportionate share of the net OPEB asset	$ -	$ 6,361,588	$ 6,361,588
Proportionate share of the net OPEB liability	3,895,688	-	3,895,688
Proportion of the net OPEB asset/liability	0.277469%	0.245684%	
Change in proportionate share	-0.002917%	0.002082%	
OPEB (negative) expense	$ (167,519)	$ (1,128,124)	$ (1,295,643)

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

	SERS	STRS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 32,749	$ 92,220	$ 124,969
Net difference between projected and actual earnings on OPEB plan investments	20,247	110,740	130,987
Change in assumptions	619,660	270,983	890,643
Difference between employer contributions and proportionate share of contributions	600,097	68,313	668,410
District contributions subsequent to the measurement date	202,732	-	202,732
Total	$ 1,475,485	$ 542,256	$ 2,017,741

(continued)

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

	SERS	STRS	Total
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 2,491,968	$ 955,388	$ 3,447,356
Change in assumptions	1,599,208	4,510,979	6,110,187
Difference between employer contributions and proportionate share of contributions	230,375	12,348	242,723
Total	$ 4,321,551	$ 5,478,715	$ 9,800,266

$202,732 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (684,904)	$ (1,440,807)	$ (2,125,711)
2025	(635,193)	(1,407,878)	(2,043,071)
2026	(542,885)	(679,505)	(1,222,390)
2027	(386,932)	(283,334)	(670,266)
2028	(304,587)	(371,479)	(676,066)
2029-2031	(494,297)	(753,456)	(1,247,753)
	$ (3,048,798)	$ (4,936,459)	$ (7,985,257)

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.

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will consider the employee's entire career with the employer and 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, prepared as of June 30, 2022, are presented below:

Investment rate of return:	
Current measurement date	7.00% of net investment expense, including inflation
Prior measurement date	7.00% of net investment expense, including inflation
Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense:	
Current measurement date	4.08%, including price inflation
Prior measurement date	2.27%, including price inflation
Medical Trend Assumption:	
Current measurement date	7.00% - 4.40%
Prior measurement date	6.75% - 4.40%

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighed Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	-0.45%
US equity	24.75%	5.37%
Non-US equity developed	13.50%	6.22%
Non-US equity emerging	6.75%	8.22%
Fixed income/global bonds	19.00%	1.20%
Private equity	11.00%	10.05%
Real estate/real assets	16.00%	4.87%
Multi-asset strategies	4.00%	3.39%
Private debt/private credit	3.00%	5.38%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 1.5% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2044. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2043 and the Municipal Bond Index rate of 3.69% as of June 30, 2022 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability calculated using the discount rate of 4.08%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08%) and one percentage point higher (5.08%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
District's proportionate share of the net OPEB liability	$ 4,838,503	$ 3,895,688	$ 3,134,580

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

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
District's proportionate share of the net OPEB liability	$ 3,004,274	$ 3,895,688	$ 5,060,018

Actuarial Assumptions - STRS

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	
Current measurement date	Varies by service from 2.5% to 8.5%
Prior measurement date	12.50% at age 20 to 2.50% at age 65
Payroll increases:	
Current measurement date	3.00%
Prior measurement date	3.00%
Investment rate of return:	
Current measurement date	7.00%, net of investment expenses, including inflation
Prior measurement date	7.00%, net of investment expenses, including inflation
Discount rate of return:	
Current measurement date	7.00%
Prior measurement date	7.00%

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

Health care cost trends:	Current Measurement Initial	Current Measurement Ultimate	Prior Measurement Initial	Prior Measurement Ultimate
Medical:				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based. Additionally, healthcare trends were updated to reflect emerging claims and recoveries experience.

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

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

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

Asset Class	Target Allocation *	Long-Term Expected Real Rate of Return **
Domestic equity	26.00%	6.60%
International equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed income	22.00%	1.75%
Real estate	10.00%	5.75%
Liquidity reserves	1.00%	1.00%
Total	100.00%	

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

** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

Discount Rate – The discount rate used to measure the total OPEB liability was 7.0% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on OPEB plan assets of 7.0% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net OPEB asset	$ 5,881,120	$ 6,361,588	$ 6,773,149

	1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
District's proportionate share of the net OPEB asset	$ 6,598,514	$ 6,361,588	$ 6,062,526

13. Statutory Reserve

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

13. **Statutory Reserve** (continued)

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

	Capital Acquisition
Set-aside cash balance as of June 30, 2022	$ -
Current year set-aside requirements	1,052,961
Current year offset - PI Levy	(1,113,086)
Total	$ (60,125)
Set-aside cash balance as of June 30, 2023	$ -

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

14. **Commitments - Encumbrances**

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

Fund Type	Year-End Encumbrances
General fund	$ 417,278
Permanent Improvement	248,676
Other governmental funds	297,613
Total	$ 963,567

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

15. **Contingencies**

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits should become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2023, if applicable, cannot be determined at this time.

15. Contingencies (continued)

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

School Foundation
School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extent pas the fiscal year end. As of the date of this report, additional ODE adjustments on the fiscal year 2023 financial statements cannot be determined. Management believes that this may result in either an additional receivable to, or liability of, the District.

16. Public Entity Shared Risk Pool

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

17. Jointly Governed Organizations

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

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One-year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2023, the District paid $266,640 to SOEPC for property and liability insurance coverage. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Kenneth Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

17. <u>Jointly Governed Organizations</u> (Continued)

META Solutions

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

The governing board of META Solutions consists of an eight-person Board of Directors, with each of the directors elected by a majority vote of all members within each county in META Solutions membership. Financial information can be obtained from David Varda, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302. The District paid $279,293 to META Solutions during fiscal year 2023.

18. <u>Tax Abatements</u>

During fiscal year 2023, the District's property tax revenues were reduced by $319,877 and $886,527 under Community Reinvestment Area (CRA) and Enterprise Zone (EZ) agreements, respectively. The CRA agreements were entered into by the Cities of Englewood and Clayton, as well as the EZ agreement was entered into by the City of Clayton.

Under Ohio Revised Code Sections 3735 and 5709, municipalities may offer a property tax incentive to an individual or entity for improvements within certain targeted areas. The CRA program abates 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, which are administered as a reduction in the property tax bill. The EZ agreement extended abatement of property taxes to encourage property improvements and employment levels with an industrial equipment company. Commercial and industrial project abatements may not exceed 15 years for CRAs or 10 years for EZs.

During fiscal year 2023, the District received $450,510 from the City of Clayton and $58,205 from the City of Englewood related to property tax revenues lost under these abatement agreements.

19. <u>Change in Accounting Principles</u>

For the fiscal year ended June 30, 2023, the School District implemented GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*.

19. Change in Accounting Principles (Continued)

GASB Statement No. 91 clarifies the definition of conduit debt and provides a single method of reporting these obligations (disclosure only). This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.

GASB Statement No. 94 addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement.

GASB Statement No. 96 addresses accounting and financial reporting for subscription-based information technology arrangements (SBITAs), a type of information technology (IT) arrangement (i.e. software licensing). This Statement also defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding subscription liability, provides capitalization criteria, and requires footnote disclosure. The standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

GASB Statement No. 99 addresses a variety of topics to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees.

The School District determined that any contracts covered by GASB Statement No. 96 were insignificant and therefore were not incorporated into these financial statements. The implementation of GASB Statements No. 91, 94 and 99 did not have an effect on the School District's financial statements.

Required Supplementary Information

Northmont City School District, Ohio

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Property Taxes	$ 29,400,773	$ 30,036,228	$ 30,520,737	$ 484,509
Intergovernmental	26,623,619	26,637,837	27,895,619	1,257,782
Interest	43,887	728,663	1,052,139	323,476
Tuition and Fees	1,620,030	1,575,793	1,782,239	206,446
Rent	25,497	25,497	31,772	6,275
Miscellaneous	108,192	108,192	99,751	(8,441)
Total Revenues	57,821,998	59,112,210	61,382,257	2,270,047
EXPENDITURES:				
Current:				
Instruction:				
Regular	31,930,572	31,503,594	28,096,003	3,407,591
Special	12,646,303	12,464,860	12,172,203	292,657
Vocational	316,463	312,000	313,964	(1,964)
Student Intervention Services	735	35,000	-	35,000
Other	123,756	150,000	170,428	(20,428)
Support Services:				
Pupils	6,075,920	6,129,807	6,595,892	(466,085)
Instructional Staff	853,113	802,223	806,524	(4,301)
Board of Education	80,591	106,600	101,610	4,990
Administration	4,753,828	4,667,772	4,604,693	63,079
Fiscal	1,665,404	1,037,188	1,629,227	(592,039)
Business	499,036	522,551	419,218	103,333
Operation and Maintenance of Plant	4,219,695	4,409,640	4,250,501	159,139
Pupil Transportation	3,195,081	3,038,479	3,263,856	(225,377)
Central	523,696	521,059	486,226	34,833
Operation of Non-Instructional Services	13,750	-	14,306	(14,306)
Extracurricular Activities	978,843	958,000	993,339	(35,339)
Capital Outlay	73,623	501,125	350,656	150,469
Total Expenditures	67,950,409	67,159,898	64,268,646	2,891,252
Excess of Revenues Over (Under) Expenditures	(10,128,411)	(8,047,688)	(2,886,389)	5,161,299
OTHER FINANCING SOURCES (USES):				
Advances In	448,533	863,918	863,918	-
Refund of Prior Year Expenditures	4,484	107,267	196,359	89,092
Transfers Out	(13,989)	(15,188)	(7,298)	7,890
Advances Out	-	(298,812)	(1,552,527)	(1,253,715)
Other Financing Uses	-	(290,288)	-	290,288
Total Other Financing Sources (Uses)	439,028	366,897	(499,548)	(866,445)
Net Change in Fund Balance	(9,689,383)	(7,680,791)	(3,385,937)	4,294,854
Fund Balance, July 1	27,397,064	27,397,064	27,397,064	-
Prior Year Encumbrances	960,498	960,498	960,498	-
Fund Balance, June 30	$ 18,668,179	$ 20,676,771	$ 24,971,625	$ 4,294,854

See accompanying notes to the required supplementary information.

Northmont City School District, Ohio

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

Measurement Date Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.260302%	$ 15,479,324	$ 7,272,052	212.86%	65.52%
2015	0.260302%	13,173,736	7,640,260	172.43%	71.70%
2016	0.258832%	14,769,176	8,276,973	178.44%	69.16%
2017	0.261701%	19,154,110	8,127,464	235.67%	62.98%
2018	0.257003%	15,355,379	8,225,421	186.68%	69.50%
2019	0.240279%	13,761,244	8,110,911	169.66%	71.36%
2020	0.248720%	14,881,335	8,893,541	167.33%	70.85%
2021	0.268990%	17,791,596	9,069,164	196.18%	68.55%
2022	0.272728%	10,062,872	9,414,079	106.89%	82.86%
2023	0.271198%	14,668,523	10,130,593	144.79%	75.82%

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 1,058,940	$ (1,058,940)	$ -	$ 7,640,260	13.86%
2015	1,090,905	(1,090,905)	-	8,276,973	13.18%
2016	1,137,845	(1,137,845)	-	8,127,464	14.00%
2017	1,151,559	(1,151,559)	-	8,225,421	14.00%
2018	1,094,973	(1,094,973)	-	8,110,911	13.50%
2019	1,200,628	(1,200,628)	-	8,893,541	13.50%
2020	1,269,683	(1,269,683)	-	9,069,164	14.00%
2021	1,317,971	(1,317,971)	-	9,414,079	14.00%
2022	1,418,283	(1,418,283)	-	10,130,593	14.00%
2023	1,501,128	(1,501,128)	-	10,722,343	14.00%

See Notes to Required Supplementary Information.

Northmont City School District, Ohio

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

Measurement Date Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.229898%	$ 66,610,566	$ 24,535,515	271.49%	69.3%
2015	0.229898%	55,919,184	25,296,108	221.06%	74.7%
2016	0.231757%	64,050,809	24,179,943	264.89%	72.1%
2017	0.229585%	76,848,869	24,156,707	318.13%	66.8%
2018	0.228182%	54,205,079	25,085,793	216.08%	75.3%
2019	0.232992%	51,229,617	26,487,214	193.41%	77.3%
2020	0.235343%	52,044,782	27,630,229	188.36%	77.4%
2021	0.237179%	57,388,820	28,623,771	200.49%	75.5%
2022	0.243602%	31,146,751	30,058,936	103.62%	87.8%
2023	0.245684%	54,615,960	31,940,150	170.99%	78.9%

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 3,288,494	$ (3,288,494)	$ -	$ 25,296,108	13.00%
2015	3,385,192	(3,385,192)	-	24,179,943	14.00%
2016	3,381,939	(3,381,939)	-	24,156,707	14.00%
2017	3,512,011	(3,512,011)	-	25,085,793	14.00%
2018	3,708,210	(3,708,210)	-	26,487,214	14.00%
2019	3,868,232	(3,868,232)	-	27,630,229	14.00%
2020	4,007,328	(4,007,328)	-	28,623,771	14.00%
2021	4,208,251	(4,208,251)	-	30,058,936	14.00%
2022	4,471,621	(4,471,621)	-	31,940,150	14.00%
2023	4,601,802	(4,601,802)	-	32,870,014	14.00%

See Notes to Required Supplementary Information.

Northmont City School District, Ohio

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

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

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

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

Fiscal Year (3)	Contractually Required Contributions (4)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 126,664	$ (126,664)	$ -	$ 8,127,464	1.56%
2017	137,788	(137,788)	-	8,225,421	1.68%
2018	170,836	(170,836)	-	8,110,911	2.11%
2019	200,763	(200,763)	-	8,893,541	2.26%
2020	175,334	(175,334)	-	9,069,164	1.93%
2021	176,280	(176,280)	-	9,414,079	1.87%
2022	182,050	(182,050)	-	10,130,593	1.80%
2023	202,732	(202,732)	-	10,722,343	1.89%

(3) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(4) Includes Surcharge.

See Notes to Required Supplementary Information.

Northmont City School District, Ohio

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

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

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

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

Fiscal Year (3)	Contractually Required Contributions (4)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ -	$ -	$ -	$ 24,156,707	0.00%
2017	-	-	-	25,085,793	0.00%
2018	-	-	-	26,487,214	0.00%
2019	-	-	-	27,630,229	0.00%
2020	-	-	-	28,623,771	0.00%
2021	-	-	-	30,058,936	0.00%
2022	-	-	-	31,940,150	0.00%
2023	-	-	-	32,870,014	0.00%

(3) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

See Notes to Required Supplementary Information.

Notes to the Required Supplemental Information
For the Fiscal Year Ended June 30, 2023

Note 1 – Budgetary Process

Budgets and Budgetary Accounting

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

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

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include unencumbered cash balances from the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue collected is greater or less than the current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2023.

Appropriations

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

Note 1 – Budgetary Process (continued)

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

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

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

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

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

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

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

Note 1 – Budgetary Process (continued)

3. In order to determine compliance with Ohio law, and reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to an assignment of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,

4. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance	General Fund
Budget Basis	$ (3,385,937)
Adjustments:	
Revenue Accruals	(3,445,849)
Expenditure Accruals	(146,440)
Encumbrances	400,634
Other Financing Sources(Uses)	688,609
Perspective Budgeting Difference **	204,089
GAAP Basis	$ (5,684,894)

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

Note 2 – Defined Benefits Pension Plans

School Employees Retirement System of Ohio:

Change in benefit and funding terms:

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

Change in assumptions:

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

State Teachers Retirement System of Ohio:

Change in benefit and funding terms:

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

Change in assumptions:

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

Note 2 – Defined Benefits Pension Plans (continued)

State Teachers Retirement System of Ohio (continued):

Change in assumptions (continued):

2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

- For measurement period 2021, the discount rate was adjusted to 7.00% from 7.45%.
- For measurement period 2022, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

Note 3 – Other Postemployment Benefit (OPEB) Plans

School Employees Retirement System of Ohio:

Change in benefit and funding terms:

- None noted.

Change in assumptions:

- For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.
- For measurement period 2020, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.
- For measurement period 2022, the discount rate was increased from 2.27% to 4.08% and the health care trend rates were updated.

State Teachers Retirement System of Ohio:

Change in benefit and funding terms:

- For the measurement period 2017, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

Note 3 – Other Postemployment Benefit (OPEB) Plans

State Teachers Retirement System of Ohio (continued):
Change in benefit and funding terms (continued):

- For the measurement period 2018, the subsidy multipler for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year for service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For the measurement period 2019, there was no change to the claims cost process. Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For measurement year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For measurement year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- For measurement year 2022, salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age-based to service-based.

Change in assumptions:

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

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

State Teachers Retirement System of Ohio: (continued)
Change in assumptions (continued):

- For measurement year 2018, the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74. Valuation year per capita health care costs were updated.
- For measurement year 2021, the discount rate was adjusted to 7.00% from 7.45%.
- For measurement year 2022, healthcare trends were updated to reflect emerging claims and recoveries experience.

NORTHMONT CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

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

Federal Agency/ Pass Through Agency/ Program Title	Assistance Listing Number	Federal Expenditures
U.S. Department of Agriculture:		
Passed through Ohio Department of Education:		
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution):		
National School Lunch Program	10.555	$ 315,457
Cash Assistance:		
School Breakfast Program	10.553	404,149
National School Lunch Program	10.555	1,869,944
COVID-19 National School Lunch Program	10.555	156,109
Cash Assistance Subtotal		2,430,202
Total Child Nutrition Cluster		2,745,659
COVID-19 Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	3,135
Total US Department of Agriculture		2,748,794
U.S. Department of the Treasury:		
Passed through State of Ohio Office of Budget and Management:		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	163,206
Total U.S. Department of the Treasury		163,206
U.S. Department of Education:		
Passed through Ohio Department of Education:		
Title I Grants to Local Education Agencies	84.010A	617,092
Special Education Cluster (IDEA):		
Special Education Grants to States	84.027A	1,161,114
COVID-19 Special Education Grants to States	84.027X	201,427
Special Education Preschool Grants	84.173A	26,281
COVID-19 Special Education Preschool Grants (2022)	84.173X	14,368
Total Special Education Cluster (IDEA)		1,403,190
Student Support and Academic Enrichment Program	84.424A	39,380
English Language Acquisition State Grants	84.365A	17,726
Improving Teacher Quality State Grants	84.367A	192,865
Striving Readers Comprehensive Literacy Program	84.371C	495,974
Education Stabilization Fund:		
COVID-19 Elementary and Secondary School Emergency Relief II	84.425D	48,839
COVID-19 American Rescue Plan–Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	2,732,576
COVID-19 American Rescue Plan–Elementary and Secondary School Emergency Relief - Homeless Children and Youth (ARP-HCY)	84.425W	12,717
Total Education Stabilization Fund		2,794,132
Total U.S. Department of Education		5,560,359
Total Federal Assistance		$ 8,472,359

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

NORTHMONT CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Northmont City School District (the District) under programs of the federal government for the fiscal year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - INDIRECT COST RATE

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

NOTE D - NUTRITION CLUSTER

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

NOTE E - FOOD DISTRIBUTION PROGRAM

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

NOTE F - MATCHING REQUIREMENTS

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

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

14 East Main Street, Suite 500, Springfield, Ohio 45502
P. 937.399.2000 | F. 937.399.5433

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northmont City School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 20, 2023

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

14 East Main Street, Suite 500, Springfield, Ohio 45502
P. 937.399.2000 | F. 937.399.5433

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Northmont City School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 20, 2023

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Type of auditors' report issued on compliance for major federal program:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major program:

Nutrition Cluster:
ALN 10.553 – School Breakfast Program
ALN 10.555 – National School Lunch Program
ALN 10.555 – COVID-19 – National School Lunch Program

COVID-19 - Education Stabilization Fund:
ALN 84.425D – Elementary and Secondary School Emergency Relief Fund
ALN 84.425U – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)
ALN 84.425W – American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth

Dollar threshold to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted

OHIO AUDITOR OF STATE
KEITH FABER

NORTHMONT CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 2/15/2024

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

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