

NORTH OLMSTED CITY SCHOOL
DISTRICT
CUYAHOGA COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025



OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
North Olmsted City School District
26669 Butternut Ridge Road
North Olmsted, Ohio 44070

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

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

KEITH FABER
Ohio Auditor of State

A handwritten signature in cursive script that reads 'Tiffany L. Ridenbaugh'.

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

March 30, 2026

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Cuyahoga County, Ohio
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Cuyahoga County, Ohio
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Independent Auditor's Report

To the Board of Education
North Olmsted City School District
Cuyahoga County, Ohio
26669 Butternut Ridge Road
North Olmsted, Ohio 44070

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 North Olmsted City School District, Cuyahoga County, Ohio, (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof 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 Standard issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 3, the District restated its net position resulting from the implementation of GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison schedule, and pension and other post-employment benefit schedules 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 29, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Independence, Ohio
December 29, 2025

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**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- In total, net position of governmental activities increased \$6,903,357 which represents an 76.60% increase from June 30, 2024’s net position.
- General revenues accounted for \$75,438,563 in revenue or 87.91% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants and contributions accounted for \$10,375,730 or 12.09% of total revenues of \$85,814,293.
- The District had \$69,470,340 in expenses related to governmental activities; \$10,375,730 of these expenses were offset by program specific charges for services and operating and capital grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs.
- The District has three major funds: the general fund, debt service fund and the building fund. The general fund had \$65,067,195 in revenues and \$60,704,241 in expenditures. The general fund’s fund balance increased \$4,362,954 from \$18,779,042 to \$23,141,996.
- The debt service fund had \$8,620,312 in revenues and \$7,530,496 in expenditures. The debt service fund’s fund balance increased \$1,089,816 from \$9,801,976 to \$10,891,792.
- The building fund had \$2,783,232 in revenues and \$20,625,669 in expenditures. The building fund’s fund balance decreased \$17,842,437 from \$60,311,424 to \$42,468,987.

Using these Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

**NORTH OLMTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service funds account for employee benefits self-insurance and a Health Reimbursement Arrangement (HRA) flex account.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's general fund budgetary schedule, net pension liability and net OPEB liability/asset.

The District as a Whole

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

**NORTH OLMDSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

The table below provides a summary of the District's net position at June 30, 2025 and June 30, 2024.

	Net Position		
	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>	<u>Change</u>
<u>Assets</u>			
Current and other assets	\$ 145,393,738	\$ 153,441,320	\$ (8,047,582)
Net OPEB asset	3,851,487	3,987,027	(135,540)
Capital assets, net	<u>110,200,414</u>	<u>90,894,222</u>	<u>19,306,192</u>
Total assets	<u>259,445,639</u>	<u>248,322,569</u>	<u>11,123,070</u>
<u>Deferred Outflows of Resources</u>			
Unamortized deferred loss on debt refunding	1,476,890	1,552,628	(75,738)
Pension	10,331,613	10,932,266	(600,653)
OPEB	<u>1,784,305</u>	<u>2,026,723</u>	<u>(242,418)</u>
Total deferred outflows of resources	<u>13,592,808</u>	<u>14,511,617</u>	<u>(918,809)</u>
<u>Liabilities</u>			
Current liabilities	13,759,829	10,110,523	3,649,306
Long-term liabilities:			
Due within one year	4,307,666	3,148,014	1,159,652
Due in more than one year:			
Net pension liability	49,292,052	55,532,441	(6,240,389)
Net OPEB liability	2,072,379	3,498,828	(1,426,449)
Other amounts	<u>144,103,560</u>	<u>138,588,766</u>	<u>5,514,794</u>
Total liabilities	<u>213,535,486</u>	<u>210,878,572</u>	<u>2,656,914</u>
<u>Deferred Inflows of Resources</u>			
Property taxes and PILOTs levied for next year	44,425,939	44,011,697	414,242
Pension	10,058,614	9,563,017	495,597
OPEB	<u>7,126,927</u>	<u>7,392,776</u>	<u>(265,849)</u>
Total deferred inflows of resources	<u>61,611,480</u>	<u>60,967,490</u>	<u>643,990</u>
<u>Net Position</u>			
Net investment in capital assets	19,311,035	21,317,526	(2,006,491)
Restricted	21,918,693	17,327,312	4,591,381
Unrestricted	<u>(43,338,247)</u>	<u>(47,656,714)</u>	<u>4,318,467</u>
Total net position	<u>\$ (2,108,519)</u>	<u>\$ (9,011,876)</u>	<u>\$ 6,903,357</u>

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2025, the District's liabilities plus deferred inflows exceeded the assets and deferred outflows by \$2,108,519.

Assets of the District increased approximately \$11.1 million. Current and other assets decreased primarily due to a decrease in equity in pooled and cash equivalents. This was the result of spending money on the District's construction project.

**NORTH OLMDSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

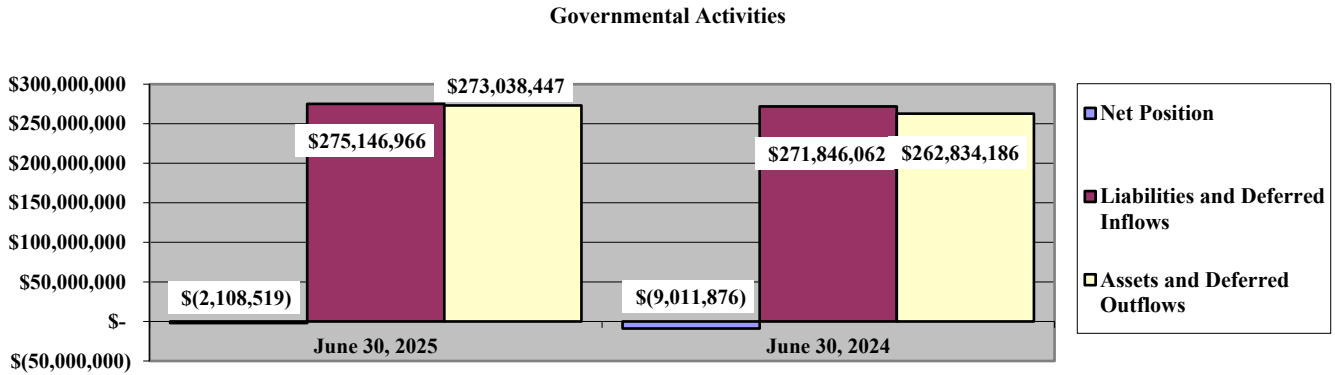
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

At year-end, capital assets represented 42.48% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, vehicles and intangible right-to-use assets. Net investment in capital assets at June 30, 2025, was \$19,311,035. These capital assets are used to provide services to the students and are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Liabilities increased approximately \$2.6 million. This increase was primarily the result of an increase in contracts and retainage payable related to the District’s construction project and an increase in long-term compensated absences payable which increased due to the implementation of GASB Statement No. 101.

A portion of the District’s net position, \$21,918,693, represents resources that are subject to external restriction on how they may be used. Of the restricted net position, \$8,650,037 is restricted for capital projects, \$3,851,487 for OPEB, \$3,238,568 for classroom facilities maintenance and \$4,352,944 is restricted for debt service. The remaining balance of unrestricted net position is (\$43,338,247).

The graph below shows the District’s assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2025 and June 30, 2024.



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**NORTH OLMDSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

The table below shows the change in net position for fiscal years 2025 and 2024. The net position at June 30, 2024 has been restated as described in Note 3.

	Change in Net Position		
	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>	<u>Change</u>
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 1,361,369	\$ 1,785,389	\$ (424,020)
Operating grants and contributions	9,014,361	8,941,757	72,604
Capital grants and contributions	-	179,024	(179,024)
Total program revenues	<u>10,375,730</u>	<u>10,906,170</u>	<u>(530,440)</u>
General revenues:			
Property taxes	54,169,730	52,895,318	1,274,412
Payment in lieu of taxes	1,101,824	1,410,239	(308,415)
Grants and entitlements	14,825,102	12,661,040	2,164,062
Investment earnings	5,019,974	5,394,177	(374,203)
Other	321,933	281,358	40,575
Total general revenues	<u>75,438,563</u>	<u>72,642,132</u>	<u>2,796,431</u>
Total revenues	<u>85,814,293</u>	<u>83,548,302</u>	<u>2,265,991</u>
<u>Expenses</u>			
Program expenses:			
Instruction:			
Regular	23,612,828	25,550,442	(1,937,614)
Special	12,599,684	11,883,002	716,682
Vocational	283,030	421,874	(138,844)
Other	170,950	541,861	(370,911)
Support services:			
Pupil	5,044,069	4,909,027	135,042
Instructional staff	2,430,343	1,843,099	587,244
Board of education	55,104	85,667	(30,563)
Administration	4,653,907	4,110,810	543,097
Fiscal	1,548,492	1,480,194	68,298
Business	280,651	470,614	(189,963)
Operations and maintenance	4,673,093	4,750,194	(77,101)
Pupil transportation	3,151,840	2,782,464	369,376
Central	875,237	837,303	37,934
Operations of non-instructional services:			
Food service operations	1,836,078	1,507,394	328,684
Other non-instructional services	242,863	196,549	46,314
Extracurricular activities	1,953,176	2,064,347	(111,171)
Interest and fiscal charges	<u>6,058,995</u>	<u>6,161,891</u>	<u>(102,896)</u>
Total expenses	<u>69,470,340</u>	<u>69,596,732</u>	<u>(126,392)</u>
Change in net position	16,343,953	13,951,570	2,392,383
Net position as previously reported	(9,011,876)	(22,963,446)	13,951,570
Restatement - change in accounting principle	(9,440,596)	-	(9,440,596)
Net position at beginning of year, restated	<u>(18,452,472)</u>	<u>(22,963,446)</u>	<u>4,510,974</u>
Net position at end of year	<u>\$ (2,108,519)</u>	<u>\$ (9,011,876)</u>	<u>\$ 6,903,357</u>

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

Governmental Activities

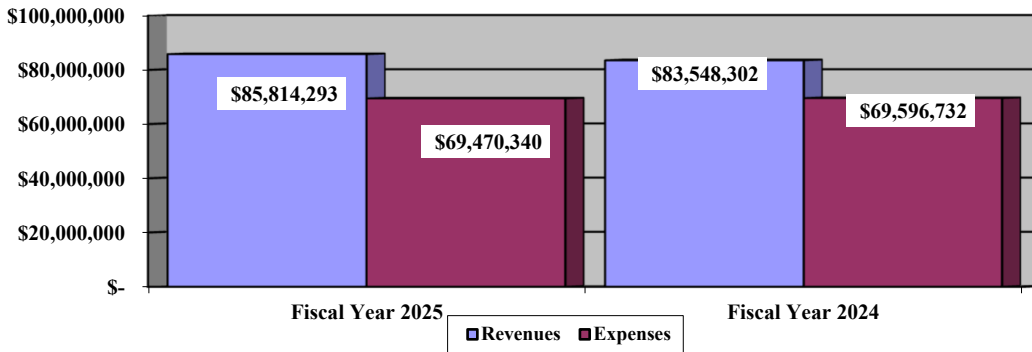
Net position of the District’s governmental activities increased \$6,903,357. Total governmental expenses of \$69,470,340 were offset by program revenues of \$10,375,730 and general revenues of \$75,438,563. Program revenues supported 14.94% of the total governmental expenses. Charges for services decreased due to less sales related to food service operations.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements from the State. These revenue sources account for 81.68% of total governmental revenue. The most significant increases were in the areas of property taxes and unrestricted grants and entitlements. Property taxes increased due to a revaluation of property values in the District which began collections during the fiscal year. Grants and entitlements increased due changes to the State foundation formula which brought more operating revenues to the District.

Overall, expenses of the governmental activities decreased only slightly. While costs related to salaries and benefits increased from the previous year, the largest impact was the related to a decrease in pension and OPEB expenses which changed due to various factors at both pension systems.

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

Governmental Activities - Revenues and Expenses



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

**NORTH OLMTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

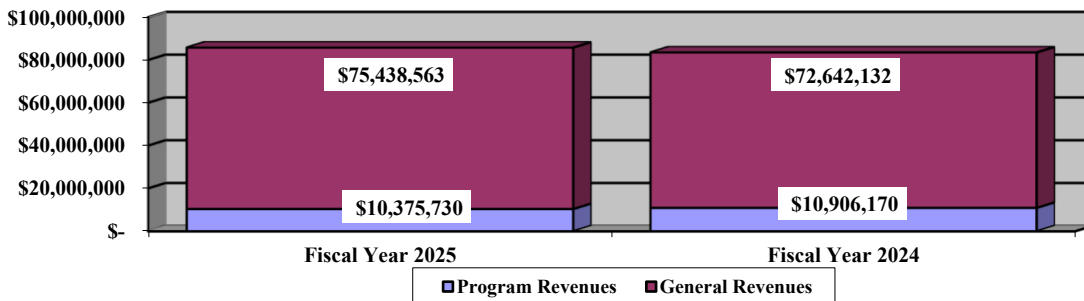
Governmental Activities

	Total Cost of Services <u>2025</u>	Net Cost of Services <u>2025</u>	Total Cost of Services <u>2024</u>	Net Cost of Services <u>2024</u>
Program expenses				
Instruction:				
Regular	\$ 23,612,828	\$ 21,384,834	\$ 25,550,442	\$ 24,645,807
Special	12,599,684	9,868,058	11,883,002	9,175,908
Vocational	283,030	283,030	421,874	421,874
Other	170,950	(58,908)	541,861	(368,169)
Support services:				
Pupil	5,044,069	4,148,915	4,909,027	3,765,709
Instructional staff	2,430,343	835,881	1,843,099	1,401,539
Board of education	55,104	55,104	85,667	85,667
Administration	4,653,907	4,646,037	4,110,810	4,072,711
Fiscal	1,548,492	1,548,492	1,480,194	1,480,194
Business	280,651	280,651	470,614	470,614
Operations and maintenance	4,673,093	4,510,017	4,750,194	4,473,703
Pupil transportation	3,151,840	2,842,803	2,782,464	635,083
Central	875,237	831,727	837,303	819,851
Operations of non-instructional services:				
Food service operations	1,836,078	206,800	1,507,394	(258,593)
Other non-instructional services	242,863	47,568	196,549	5,395
Extracurricular activities	1,953,176	1,604,606	2,064,347	1,701,378
Interest and fiscal charges	<u>6,058,995</u>	<u>6,058,995</u>	<u>6,161,891</u>	<u>6,161,891</u>
Total	<u>\$ 69,470,340</u>	<u>\$ 59,094,610</u>	<u>\$ 69,596,732</u>	<u>\$ 58,690,562</u>

The dependence upon tax and other general revenues for governmental activities is apparent as 85.85% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 85.06%. The District's taxpayers and unrestricted grants and entitlements are the primary support for District's students.

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

Governmental Activities - General and Program Revenues



**NORTH OLMDSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

The District's Funds

The District's governmental funds reported a combined fund balance of \$84,861,160, which is lower than last year's total of \$96,563,386.

General Fund

During fiscal year 2025, the District's general fund balance increased \$4,362,954.

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

	<u>2025</u> <u>Amount</u>	<u>2024</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 44,922,319	\$ 45,378,871	\$ (456,552)	(1.01) %
PILOTs	1,101,824	1,410,239	(308,415)	(21.87) %
Tuition and fees	786,160	870,337	(84,177)	(9.67) %
Earnings on investments	1,602,040	1,379,374	222,666	16.14 %
Intergovernmental	16,268,225	14,198,262	2,069,963	14.58 %
Other revenues	<u>386,627</u>	<u>340,417</u>	<u>46,210</u>	13.57 %
Total	<u>\$ 65,067,195</u>	<u>\$ 63,577,500</u>	<u>\$ 1,489,695</u>	2.34 %
<u>Expenditures</u>				
Instruction	\$ 37,489,711	\$ 36,784,151	\$ 705,560	1.92 %
Support services	21,405,575	19,602,413	1,803,162	9.20 %
Non-instructional services	48,211	8,087	40,124	496.15 %
Extracurricular activities	1,388,132	1,328,466	59,666	4.49 %
Facilities acquisition and construction	-	275,814	(275,814)	(100.00) %
Debt service	<u>372,612</u>	<u>373,207</u>	<u>(595)</u>	(0.16) %
Total	<u>\$ 60,704,241</u>	<u>\$ 58,372,138</u>	<u>\$ 2,332,103</u>	4.00 %

Overall revenues of the general fund increased \$1,489,695 or 2.34%. Intergovernmental revenues increased due to an increase in funding from the State through the State foundation.

Expenditures increased \$2,332,103 or 4.00%. The main increase was the result of an increase in salaries and benefits paid to employees.

General Fund Budgeting Highlights

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

The District's original and final estimated revenues and other financing sources were \$57,389,633. Actual revenues and other financing sources were \$66,407,929 which was an increase of \$9,018,296. This increase was the result of greater than expected property tax collections, increases in interest earned on investments and an increase in State foundation funding.

Original and final appropriations were \$63,901,554 and \$65,303,654, respectively. Actual expenditures and other financing uses were \$63,175,693. This was a decrease of \$2,127,961 from final which was mainly the result of the District's conservative budgeting practices.

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

Debt Service Fund

The debt service fund had \$8,620,312 in revenues and \$7,530,496 in expenditures. The debt service fund's fund balance increased \$1,089,816 from \$9,801,976 to \$10,891,792. This was due to property tax collections exceeding schedule debt service requirements.

Building Fund

The building fund had \$2,783,232 in revenues and \$20,625,669 in expenditures. The building fund's fund balance decreased \$17,842,437 from \$60,311,424 to \$42,468,987. This decrease was the result of the District continuing spending on its construction project.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025, the District had \$110,200,414 invested in land, construction in progress, land improvements, buildings and improvements, equipment, vehicles and intangible right-to-use assets. This entire amount is reported in governmental activities.

The table that follows shows June 30, 2025 balances compared to June 30, 2024.

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

	Governmental Activities	
	<u>2025</u>	<u>2024</u>
Land	\$ 4,782,009	\$ 4,782,009
Construction in progress	24,699,323	2,687,588
Land improvements	9,241,546	9,732,432
Buildings and improvements	66,094,548	67,850,021
Furniture and equipment	2,660,273	3,169,499
Vehicles	2,318,826	2,215,679
Intangible right to use assets - Leases	162,605	223,582
Intangible right to use assets - SBITAs	241,284	233,412
Total	\$ 110,200,414	\$ 90,894,222

The overall increase in capital assets was the result of additions of \$22,676,637, depreciation/amortization of \$3,368,259 and disposals, net of accumulated depreciation/amortization of \$2,186.

See Note 7 to the basic financial statements for detail on the District's capital assets.

Debt Administration

At June 30, 2025 the District had \$132,210,352 in general obligation bonds, leases payable, and SBITAs payable. Of this total, \$2,195,991 is due within one year and \$130,014,361 is due in more than one year.

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

The table below summarizes the long-term obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
Energy Conversion Bonds	\$ -	\$ 310,000
Facility Improvement Bonds, net of premiums	17,493,273	17,504,827
Refunding Bonds, net of premiums	54,570,407	60,689,201
Series 2023B Bonds, net of premiums and discounts	59,991,954	55,401,800
Leases payable	154,718	211,551
SBITAs payable	-	6,579
Total	<u>\$ 132,210,352</u>	<u>\$ 134,123,958</u>

See Note 11 to the basic financial statements for detail on the District's debt administration.

District Outlook

During fiscal years 2018 and 2019, the North Olmsted City Schools, like most school districts in Ohio, faced a serious decline in operating revenues due to the nationwide economic recession, the real estate foreclosure crisis, and cutbacks in state funding. The Board of Education was able to stabilize the School District's finances through a combination of budgetary cuts, employee concessions, and community support of a new operating levy.

The District did not experience significant revenue growth from the State's Fair Funding Formula, however there was a large decrease in expenditures. Purchased services were reduced due to scholarship, open enrollment and tuition payments to other districts no longer being deducted from the district but directly paid to the entities.

The Board of Education approved the closure of two elementary buildings, Forest and Spruce. These buildings closed at the end of the 2021-2022 school year. The district redistricted and students will attend the four remaining elementary buildings. This was a temporary solution, as these four buildings need over \$47M in capital improvements.

The Board of Education has taken steps to improve the financial forecast of the district. Steps include a employee severance plan for retirement/resignation purposes, cost reductions and the use of ESSER funds to sustain district operations during these difficult financial times. The district moved to State minimum bussing requirements at the beginning of the 2022-2023 school year. The district asked voters to approve a combined operating/bond issue for 5 mills operating and \$58,000,000 bond in May 2022, which was not successful. The Board of Education took the necessary steps to put the same issue on the ballot in November 2022, which was successful and provided stability throughout the five-year forecast.

The issue passed in November 2022 will provide needed operating funds in addition to the bonds necessary to provide a new elementary campus. This campus will replace the four elementary buildings and is slated to open in the 2026-2027 school year. The project is part of the Ohio Facilities Project ELPP program and is funded at 18%.

A copy of the School District's Financial Forecast and the major assumptions used in its preparation are posted on the School District's website at www.northolmstedschools.org/treasurer.

In September 2018, the Administration completed the construction of a new middle/high school, a performing arts center, and sport complex. The project was funding with the proceeds from an \$80.5 million capital bond levy and \$9.0 million in matching state for constructing a new middle/high school complex.

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Katie Henes, Treasurer at North Olmsted City School District, 26669 Butternut Ridge Road, North Olmsted, Ohio 44070, by telephone at (440) 588-5317 or by email at katherine.henes@nolmsted.org.

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 94,716,756
Receivables:	
Property taxes	49,324,621
Accounts	4,362
Accrued interest	310,644
Intergovernmental	986,321
Prepayments	51,034
Net OPEB asset	3,851,487
Capital assets:	
Nondepreciable capital assets	29,481,332
Depreciable capital assets, net	80,719,082
Capital assets, net	110,200,414
Total assets	259,445,639
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	1,476,890
Pension	10,331,613
OPEB	1,784,305
Total deferred outflows of resources	13,592,808
Liabilities:	
Accounts payable	594,261
Contracts payable	2,027,372
Retainage payable	681,769
Accrued wages and benefits payable	6,433,317
Compensated absences payable	1,250,729
Intergovernmental payable	177,178
Pension and postemployment benefits payable	1,117,518
Accrued interest payable	781,840
Claims payable	695,845
Long-term liabilities:	
Due within one year	4,307,666
Due in more than one year:	
Net pension liability	49,292,052
Net OPEB liability	2,072,379
Other amounts due in more than one year	144,103,560
Total liabilities	213,535,486
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	44,425,939
Pension	10,058,614
OPEB	7,126,927
Total deferred inflows of resources	61,611,480
Net position:	
Net investment in capital assets	19,311,035
Restricted for:	
Capital projects	8,650,037
OPEB	3,851,487
Classroom facilities maintenance	3,238,568
Debt service	4,352,944
State funded programs	52,224
Food service operations	1,432,730
Student activities	331,168
Other purposes	9,535
Unrestricted (deficit)	(43,338,247)
Total net position	\$ (2,108,519)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 23,612,828	\$ 658,309	\$ 1,569,685	\$ (21,384,834)
Special	12,599,684	188,039	2,543,587	(9,868,058)
Vocational	283,030	-	-	(283,030)
Other	170,950	109	229,749	58,908
Support services:				
Pupil	5,044,069	-	895,154	(4,148,915)
Instructional staff	2,430,343	-	1,594,462	(835,881)
Board of education	55,104	-	-	(55,104)
Administration	4,653,907	-	7,870	(4,646,037)
Fiscal	1,548,492	-	-	(1,548,492)
Business	280,651	-	-	(280,651)
Operations and maintenance	4,673,093	-	163,076	(4,510,017)
Pupil transportation	3,151,840	-	309,037	(2,842,803)
Central	875,237	-	43,510	(831,727)
Operation of non-instructional services:				
Food service operations	1,836,078	192,604	1,436,674	(206,800)
Other non-instructional services	242,863	-	195,295	(47,568)
Extracurricular activities	1,953,176	322,308	26,262	(1,604,606)
Interest	6,058,995	-	-	(6,058,995)
Totals	\$ 69,470,340	\$ 1,361,369	\$ 9,014,361	(59,094,610)
General revenues:				
Property taxes levied for:				
General purposes				45,142,623
Debt service				7,991,178
Capital outlay				656,332
Classroom facilities maintenance				379,597
Payments in lieu of taxes				1,101,824
Grants and entitlements not restricted to specific programs				14,825,102
Investment earnings				5,019,974
Miscellaneous				321,933
Total general revenues				75,438,563
Change in net position				16,343,953
Net position, previously reported				(9,011,876)
Restatement - change in accounting principles				(9,440,596)
Net position at beginning of year, restated				(18,452,472)
Net position at end of year				\$ (2,108,519)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 28,606,945	\$ 10,319,498	\$ 45,182,609	\$ 8,351,157	\$ 92,460,209
Receivables:					
Property taxes	44,027,598	4,134,478	-	1,162,545	49,324,621
Accounts	4,362	-	-	-	4,362
Accrued interest	131,201	2,344	175,539	-	309,084
Intergovernmental	210,772	-	-	775,549	986,321
Prepayments	51,034	-	-	-	51,034
Due from other funds	272,878	-	-	-	272,878
Restricted assets:					
Equity in pooled cash and cash equivalents	223,073	-	-	-	223,073
Total assets	<u>\$ 73,527,863</u>	<u>\$ 14,456,320</u>	<u>\$ 45,358,148</u>	<u>\$ 10,289,251</u>	<u>\$ 143,631,582</u>
Liabilities:					
Accounts payable	\$ 471,154	\$ -	\$ 4,000	\$ 119,107	\$ 594,261
Contracts payable	-	-	2,027,372	-	2,027,372
Retainage payable	-	-	681,769	-	681,769
Accrued wages and benefits payable	6,113,016	-	-	320,301	6,433,317
Compensated absences payable	1,250,729	-	-	-	1,250,729
Intergovernmental payable	156,386	-	481	20,311	177,178
Pension and postemployment benefits payable	1,040,017	-	-	77,501	1,117,518
Due to other funds	-	-	-	272,878	272,878
Total liabilities	<u>9,031,302</u>	<u>-</u>	<u>2,713,622</u>	<u>810,098</u>	<u>12,555,022</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	39,922,733	3,440,797	-	1,062,409	44,425,939
Delinquent property tax revenue not available	1,317,601	123,731	-	34,792	1,476,124
Intergovernmental revenue not available	-	-	-	23,567	23,567
Accrued interest not available	114,231	-	175,539	-	289,770
Total deferred inflows of resources	<u>41,354,565</u>	<u>3,564,528</u>	<u>175,539</u>	<u>1,120,768</u>	<u>46,215,400</u>
Fund balances:					
Nonspendable:					
Prepays	51,034	-	-	-	51,034
Unclaimed monies	9,535	-	-	-	9,535
Restricted:					
Debt service	-	10,891,792	-	-	10,891,792
Capital projects	-	-	42,468,987	2,649,276	45,118,263
Classroom facilities maintenance	-	-	-	3,226,596	3,226,596
Food service operations	-	-	-	1,621,215	1,621,215
Non-public schools	-	-	-	1,473	1,473
State funded programs	-	-	-	52,224	52,224
Extracurricular	-	-	-	331,168	331,168
Committed:					
Capital projects	-	-	-	500,000	500,000
Termination benefits	454,344	-	-	-	454,344
Assigned:					
Student instruction	616,950	-	-	-	616,950
Student and staff support	1,186,182	-	-	-	1,186,182
Extracurricular activities	15,567	-	-	-	15,567
Facilities acquisition and construction	195,500	-	-	-	195,500
Subsequent year's appropriations	10,142,018	-	-	-	10,142,018
Other purposes	476,558	-	-	-	476,558
Unassigned (deficit)	9,994,308	-	-	(23,567)	9,970,741
Total fund balances	<u>23,141,996</u>	<u>10,891,792</u>	<u>42,468,987</u>	<u>8,358,385</u>	<u>84,861,160</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 73,527,863</u>	<u>\$ 14,456,320</u>	<u>\$ 45,358,148</u>	<u>\$ 10,289,251</u>	<u>\$ 143,631,582</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

Total governmental fund balances		\$	84,861,160
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			110,200,414
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,476,124	
Accrued interest receivable		289,770	
Intergovernmental receivable		23,567	
Total		1,789,461	1,789,461
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net position.			1,339,189
Unamortized premiums and discounts on bonds issued are not recognized in the funds.			(8,895,816)
Unamortized amounts on refundings are not recognized in the funds.			1,476,890
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(781,840)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		10,331,613	
Deferred inflows - pension		(10,058,614)	
Net pension liability		(49,292,052)	
Deferred outflows - OPEB		1,784,305	
Deferred inflows - OPEB		(7,126,927)	
Net OPEB asset		3,851,487	
Net OPEB liability		(2,072,379)	
Total		(52,582,567)	(52,582,567)
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		(123,159,818)	
Leases payable		(154,718)	
Compensated absences		(16,200,874)	
Total		(139,515,410)	(139,515,410)
Net position of governmental activities		\$	(2,108,519)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

	<i>(formerly nonmajor)</i>			Nonmajor Governmental Funds	Total Governmental Funds
	General	Debt Service	Building		
Revenues:					
Property taxes	\$ 44,922,319	\$ 7,982,158	\$ -	\$ 1,030,111	\$ 53,934,588
Intergovernmental	16,268,225	166,607	-	7,379,094	23,813,926
Investment earnings	1,602,040	471,547	2,783,232	88,583	4,945,402
Tuition and fees	786,160	-	-	-	786,160
Extracurricular	64,694	-	-	317,802	382,496
Charges for services	-	-	-	192,713	192,713
Contributions and donations	8,351	-	-	26,262	34,613
Payment in lieu of taxes	1,101,824	-	-	-	1,101,824
Miscellaneous	313,582	-	-	-	313,582
Total revenues	<u>65,067,195</u>	<u>8,620,312</u>	<u>2,783,232</u>	<u>9,034,565</u>	<u>85,505,304</u>
Expenditures:					
Current:					
Instruction:					
Regular	24,710,428	-	-	888,690	25,599,118
Special	12,384,701	-	-	1,389,489	13,774,190
Vocational	298,893	-	-	-	298,893
Other	95,689	-	-	156,344	252,033
Support services:					
Pupil	4,709,006	-	-	723,846	5,432,852
Instructional staff	1,792,430	-	-	1,036,437	2,828,867
Board of education	56,398	-	-	-	56,398
Administration	4,488,271	-	-	4,610	4,492,881
Fiscal	1,644,792	3,571	41,492	-	1,689,855
Business	375,934	-	-	34,815	410,749
Operations and maintenance	4,053,664	-	-	284,023	4,337,687
Pupil transportation	3,369,954	-	-	-	3,369,954
Central	915,126	-	-	37,624	952,750
Operation of non-instructional services:					
Food service operations	-	-	-	1,813,483	1,813,483
Other non-instructional services	48,211	-	-	201,078	249,289
Extracurricular activities	1,388,132	-	-	338,010	1,726,142
Facilities acquisition and construction	-	-	20,584,177	1,432,039	22,016,216
Debt service:					
Principal retirement	366,833	852,948	-	6,579	1,226,360
Interest	5,779	5,261,925	-	57	5,267,761
Accretion on CABs	-	1,412,052	-	-	1,412,052
Total expenditures	<u>60,704,241</u>	<u>7,530,496</u>	<u>20,625,669</u>	<u>8,347,124</u>	<u>97,207,530</u>
Excess of revenues over (under) expenditures	<u>4,362,954</u>	<u>1,089,816</u>	<u>(17,842,437)</u>	<u>687,441</u>	<u>(11,702,226)</u>
Other financing sources (uses):					
Transfers in	-	-	-	250,000	250,000
Transfers (out)	-	-	-	(250,000)	(250,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,362,954	1,089,816	(17,842,437)	687,441	(11,702,226)
Fund balances, previously reported	18,779,042	-	60,311,424	17,472,920	96,563,386
Adjustment - change from nonmajor to major	-	9,801,976	-	(9,801,976)	-
Fund balances at beginning of year, adjusted	<u>18,779,042</u>	<u>9,801,976</u>	<u>60,311,424</u>	<u>7,670,944</u>	<u>96,563,386</u>
Fund balances at end of year	<u>\$ 23,141,996</u>	<u>\$ 10,891,792</u>	<u>\$ 42,468,987</u>	<u>\$ 8,358,385</u>	<u>\$ 84,861,160</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

Net change in fund balances - total governmental funds \$ (11,702,226)

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

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

Capital asset additions	\$ 22,676,637	
Current year depreciation/amortization	(3,368,259)	
Total		19,308,378

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (2,186)

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

Property taxes	235,142	
Earnings on investments	5,853	
Intergovernmental	(39,019)	
Total		201,976

Repayment of long-term obligation principal and accretion is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. 2,638,412

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

Change in accrued interest payable	9,310	
Accreted interest on capital appreciation bonds	(1,071,185)	
Amortization of bond premiums	364,757	
Amortization of bond discounts	(18,378)	
Amortization of deferred charges	(75,738)	
Total		(791,234)

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

Pension		5,588,935
OPEB		162,662

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

Pension		(444,796)
OPEB		1,151,678

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 488,734

Internal service funds used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (256,380)

Change in net position of governmental activities \$ 16,343,953

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2025

	<u>Governmental Activities - Internal Service Funds</u>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 2,033,474
Receivables:	
Accrued interest	<u>1,560</u>
Total assets	<u>2,035,034</u>
Liabilities:	
Current liabilities:	
Claims payable	<u>695,845</u>
Total liabilities	<u>695,845</u>
Net position:	
Unrestricted	<u>1,339,189</u>
Total net position	<u><u>\$ 1,339,189</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	\$ 11,886,922
Operating expenses:	
Personal services	141,391
Purchased services	130,838
Claims	11,978,086
Total operating expenses	12,250,315
Operating loss	(363,393)
Nonoperating revenues:	
Interest revenue	107,013
Change in net position	(256,380)
Net position at beginning of year	1,595,569
Net position at end of year	\$ 1,339,189

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Cash received from interfund services	\$ 11,886,922
Cash payments for personal services	(163,734)
Cash payments for purchased services	(130,838)
Cash payments for claims	(11,894,977)
	(302,627)
Net cash used in operating activities	
Cash flows from investing activities:	
Interest received	91,019
Fair value adjustment	22,677
	113,696
Net cash provided by investing activities	
Net change in cash and cash cash equivalents	(188,931)
Cash and cash equivalents at beginning of year	2,222,405
Cash and cash equivalents at end of year	\$ 2,033,474
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (363,393)
Changes in assets and liabilities:	
Accrued wages and benefits	(22,343)
Claims payable	83,109
	(302,627)
Net cash used in operating activities	\$ (302,627)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The North Olmsted City School District (the “District”) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education consisting of five members and is responsible for providing public education to residents of the District. Average daily membership on, or as of, October 1, 2024 was 3,322. The District employs 296 certificated and 281 non-certificated employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

The District is associated with the Polaris Career Center, the North Olmsted City Schools Education Foundation, the Ohio Schools Council, and the Northern Buckeye Education Council, which are considered to be jointly governed organizations. The District also participates in a public risk pool managed by the Ohio Association of School Business Officials Workers' Compensation Group Rating Program. The District also participates in the Great Lakes Regional Council of Governments which is considered to be an insurance purchasing pool. These organizations and their relationships with the District are described in more detail in Notes 8 and 13 of these financial statements.

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Debt Service Fund - The Debt Service Fund is used for the accumulation of resources for the payment of long-term debt principal, interest and related costs.

Building Fund - The Building Fund is used to account for revenues and expenditures related to all special bond funds in the District.

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

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

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

PROPRIETARY FUNDS

The proprietary fund focuses on the determination of the changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no enterprise funds.

Internal Service Fund - The Internal Service Funds accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's internal service funds account for revenue received from other funds and the settlement expenses for medical, surgical, prescription drug, and dental claims of District employees and a Health Reimbursement Arrangement (HRA) flex account.

**NORTH OLMS TED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District does not have any fiduciary funds.

C. Basis of Presentation

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

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. However, internal fund services provided and used are not eliminated in the process of consolidation.

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

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

D. Measurement Focus

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

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

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources along with all liabilities and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity. Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds. The District does not have any fiduciary funds.

E. Basis of Accounting

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

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

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

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 9 and 10 for deferred outflows of resources related to net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

See Notes 9 and 10 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

F. Budgetary Process

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

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

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

G. Cash and Investments

Cash received by the District is deposited in one central bank account with individual fund balance integrity maintained through District records. Monies for all funds are maintained in this account or temporarily transferred to the State Treasurer's investment pool (STAR Ohio) or other short term investments. Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. During fiscal year 2025, interest revenue credited to the General Fund amounted to \$1,602,040, none of which was assigned from other funds.

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

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

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

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

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

H. Inventory

Inventories are presented on a first-in, first-out basis and are expensed/expensed when used. Inventories of supplies are reported at cost, whereas inventories held for resale are reported at the lower of cost or market. The District did not have any inventory at year-end.

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

I. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the current year-end are recorded as prepaid expenses using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set aside to create a reserve for budget stabilization.

K. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at acquisition values as of the date received. The District maintains a capitalization threshold of \$ 2,500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The majority of capital outlay is made from the Permanent Improvements Fund. Actual amounts capitalized for reporting purposes may differ due to the capitalization policy. In addition, assets having an estimated useful life of more than one year that are below the capitalization threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

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

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	25 - 30 years
Buildings	60 - 80 years
Building improvements	25 years
Furniture, fixtures and equipment	5 - 15 years
Vehicles	10 - 15 years
Intangible right-to-use assets: equipment	5 years
Intangible right-to-use assets: SBITAs	5 years

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

L. Interfund Balances

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

M. Compensated Absences

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

Vacation

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

Sick Leave

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

Personal Time

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

N. Accrued Liabilities and Long-Term Obligations

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

O. Net Position

Net position represents the difference between assets and deferred outflows of resources compared to liabilities and deferred inflows of resources. Net investments in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include money for scholarships and data communications support.

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

P. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education.

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

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

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of this fund. Revenues and expenses not meeting those definitions are reported as nonoperating.

R. Pensions/Other Postemployment Benefits (OPEB)

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

S. Interfund Transactions

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

T. Estimates

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

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had no extraordinary or special items.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

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

B. Deficit Fund Balances

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Title VI-B	\$ 18,319
Title III	987
Title I	4,204
Public school preschool	57

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

C. Change within the Financial Reporting Entity

For fiscal year 2025, the District’s debt service fund presentation was adjusted from nonmajor to major due to now meeting the qualitative threshold for a major fund. This change is separately displayed in the financial statements.

D. Restatement of Net Position

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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 by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Commercial paper and bankers' acceptances (if authorized by the Board of Education), and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. At fiscal year end, the carrying amount of the District's deposits was \$860,610 and the bank balance was \$958,340. Of the bank balance, \$372,060 was covered by federal depository insurance and \$586,280 was uninsured.

At fiscal year end, the District had \$7,467 in cash on hand which is included on the balance sheet of the District as part of "Equity in pooled cash".

At fiscal year end, the District had \$223,073 in restricted equity in pooled cash and cash equivalents recorded in the general fund related BWC amounts received prior to 2001.

B. Investments

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

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
Commercial paper	\$ 20,413,016	\$ 17,108,504	\$ 3,304,512	\$ -	\$ -	\$ -
FAMC	284,128		284,128			
FFCB	2,686,834	1,744,676	-		181,988	760,170
FHLB	4,696,385	742,650	1,950,000			2,003,735
FHLMC	4,190,949	2,075,096	1,120,901			994,952
FNMA	1,238,715	993,870	244,845			
Municipal Bonds	8,619,330	4,340,742	4,278,588			
Negotiable CDs	599,557	248,534		99,386	251,637	
US Treasury notes	12,230,600	5,168,542	249,663			6,812,395
US Treasury bill	1,989,961	1,989,961				
US Government money market	10,910,849	10,910,849				
<i>Amortized Cost:</i>						
STAR Ohio	<u>25,988,355</u>	<u>25,988,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 93,848,679	\$ 71,311,779	\$ 11,432,637	\$ 99,386	\$ 433,625	\$ 10,571,252

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2025. STAR Ohio is reported at its share price. All other investments of the District are valued using quoted market prices (Level 2 inputs).

Interest Rate Risk: The District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, unless matched to a specific obligation or debt of the District. The Treasurer cannot make investments which he does not reasonably believe can be held until the maturity date.

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The District's investment policy limits investments to those authorized by State statute. The District has no investment policy that addresses credit risk.

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

Concentration of Credit Risk: The District places no limit on the amount it may invest in any one issuer except for commercial paper and bankers' acceptances. The following table includes the percentage of each investment type held by the District at June 30, 2025:

<u>Measurement/Investment type</u>	<u>Measurement Value</u>	<u>% of total</u>
<i>Fair value:</i>		
Commercial paper	\$ 20,413,016	21.75
FAMC	284,128	0.30
FFCB	2,686,834	2.86
FHLB	4,696,385	5.00
FHLMC	4,190,949	4.47
FNMA	1,238,715	1.32
Municipal Bonds	8,619,330	9.18
Negotiable CDs	599,557	0.64
U.S. Treasury Note	12,230,600	13.03
U.S. Treasury Bill	1,989,961	2.12
U.S. Government Money Market	10,910,849	11.63
<i>Amortized cost:</i>		
STAR Ohio	<u>25,988,355</u>	<u>27.70</u>
Total	<u>\$ 93,848,679</u>	<u>100.00</u>

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

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

<u>Cash and investments per note</u>	
Cash on hand	\$ 7,467
Carrying amount of deposits	860,610
Investments	<u>93,848,679</u>
Total	<u>\$ 94,716,756</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 94,716,756</u>

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 5 - PROPERTY TAXES

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

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

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

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

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

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Major governmental fund:		
General fund	\$ 2,787,264	\$ 3,782,872
Debt service fund	569,950	404,180
Nonmajor governmental funds:		
Permanent improvement fund	43,563	69,253
Classroom facilities maintenance fund	21,781	34,626

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

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 5 - PROPERTY TAXES - (Continued)

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

	2024 Second Half Collections		2025 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential, commercial and other	\$ 938,399,330	97.24	\$ 1,158,238,850	97.50
Public utility personal	<u>26,601,010</u>	<u>2.76</u>	<u>29,722,060</u>	<u>2.50</u>
Total	<u>\$ 965,000,340</u>	<u>100.00</u>	<u>\$ 1,187,960,910</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$103.80		\$103.80	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2025, consisted of property taxes, accounts, and intergovernmental. All receivables are considered substantially 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. All receivables are expected to be collected within one year.

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**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 7 - CAPITAL ASSETS

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

	<u>Balance</u> <u>06/30/24</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/25</u>
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 4,782,009	\$ -	\$ -	\$ 4,782,009
Construction in progress	<u>2,687,588</u>	<u>22,011,735</u>	<u>-</u>	<u>24,699,323</u>
Total capital assets, not being depreciated/amortized	<u>7,469,597</u>	<u>22,011,735</u>	<u>-</u>	<u>29,481,332</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	12,685,460	-	-	12,685,460
Buildings and improvements	83,669,803	4,017	-	83,673,820
Furniture and equipment	10,881,320	297,023	-	11,178,343
Vehicles	4,795,497	340,664	(462,442)	4,673,719
Intangible right-to-use, leased assets	304,885	-	-	304,885
Intangible right-to-use, SBITAs	<u>511,442</u>	<u>23,198</u>	<u>(141,424)</u>	<u>393,216</u>
Total capital assets, being depreciated/amortized	<u>112,848,407</u>	<u>664,902</u>	<u>(603,866)</u>	<u>112,909,443</u>
<i>Less: accumulated depreciation/amortized:</i>				
Land improvements	(2,953,028)	(490,886)	-	(3,443,914)
Buildings and improvements	(15,819,782)	(1,759,490)	-	(17,579,272)
Furniture and equipment	(7,711,821)	(806,249)	-	(8,518,070)
Vehicles	(2,579,818)	(235,331)	460,256	(2,354,893)
Intangible right-to-use, leased assets	(81,303)	(60,977)	-	(142,280)
Intangible right-to-use, SBITAs	<u>(278,030)</u>	<u>(15,326)</u>	<u>141,424</u>	<u>(151,932)</u>
Total accumulated depreciation/amortized	<u>(29,423,782)</u>	<u>(3,368,259)</u>	<u>601,680</u>	<u>(32,190,361)</u>
Governmental activities capital assets, net	<u>\$ 90,894,222</u>	<u>\$ 19,308,378</u>	<u>\$ (2,186)</u>	<u>\$ 110,200,414</u>

Depreciation/amortization expense charged to governmental functions as follows:

Instruction:

Regular	\$ 1,721,559
Special	11,500

Support services:

Instructional staff	70,389
Board of Education	1,168
Administration	113,303
Business	110,415
Operations and maintenance	653,969
Pupil transportation	207,153
Central services	7,009

Operation of non-instructional services:

Food service	74,610
Operation of non-instructional	893
Extracurricular activities	<u>396,291</u>
Total depreciation expense	<u>\$ 3,368,259</u>

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 7 - CAPITAL ASSETS - (Continued)

As of June 30, 2025, the District had the following significant contractual commitments outstanding:

<u>Vendor</u>	<u>Total Contract</u>	<u>Amount Paid</u>	<u>Remaining Commitment June 30, 2025</u>
C.T. Taylor Co, Inc.	\$ 56,174,518	\$ (20,508,617)	\$ 35,665,901

NOTE 8 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts, theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. Currently the District contracts with Schools of Ohio Risk Sharing Authority (SORSA) for property, liability and auto insurance. General liability coverage is \$1 million per occurrence, \$2 million aggregate with a \$5 million supplemental umbrella policy. Automobile liability coverage is \$1 million for each occurrence with a \$5 million supplemental umbrella policy. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from prior years. Position bonds of \$75,000 are maintained for the Superintendent and Board President and \$100,000 for the Treasurer from Ohio Casualty Insurance Company. The District provides life insurance, offers disability and accidental death and dismemberment insurance to its employees, through Unum Life Insurance Company.

B. Worker’s Compensation

The District participated in the Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program (GRRP), an insurance purchasing pool. The intent of the GRRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRRP. Sedgwick provides administrative, cost control and actuarial services to the GRRP. Participation in the GRRP is limited to school districts that can meet the GRRP's selection criteria.

C. Employee Medical Benefits

The District provides employee medical, surgical, prescription drug and dental benefits through a self-insurance program administered by Great Lakes Regional Council of Governments. The District limits its liability for medical and surgical claims by maintaining a specific stop-loss threshold of \$175,000.

The claim liability of \$695,845 reported at June 30, 2025 was estimated by NFP Insurance, Inc. and is based on the requirements of Governmental Standards Board Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs related to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 8 - RISK MANAGEMENT - (Continued)

Changes in the balance of claims liability during the year ended June 30, 2025 and 2024 are summarized below. Incurred claims and claims payments are not segregated between current and prior years' claims due to the impracticability of obtaining such information.

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2025	\$ 612,736	\$ 11,978,086	\$ (11,894,977)	\$ 695,845
2024	753,214	11,400,394	(11,540,872)	612,736

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The District’s contractually required contribution to SERS was \$1,388,677 for fiscal year 2025. Of this amount, \$229,491 is reported as pension and postemployment benefits payable.

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The District's contractually required contribution to STRS was \$4,200,258 for fiscal year 2025. Of this amount, \$725,366 is reported as pension and postemployment benefits payable.

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

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

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.206046800%	0.205003120%	
Proportion of the net pension liability current measurement date	<u>0.199816100%</u>	<u>0.203050860%</u>	
Change in proportionate share	<u>-0.006230700%</u>	<u>-0.001952260%</u>	
Proportionate share of the net pension liability	\$ 10,221,786	\$ 39,070,266	\$ 49,292,052
Pension expense	\$ (8,189)	\$ 452,985	\$ 444,796

**NORTH OLMSTED CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 390,260	\$ 2,460,405	\$ 2,850,665
Changes of assumptions	91,442	1,800,571	1,892,013
Contributions subsequent to the measurement date	<u>1,388,677</u>	<u>4,200,258</u>	<u>5,588,935</u>
Total deferred outflows of resources	<u>\$ 1,870,379</u>	<u>\$ 8,461,234</u>	<u>\$ 10,331,613</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 21,393	\$ 21,393
Net difference between projected and actual earnings on pension plan investments	639,366	3,359,246	3,998,612
Changes of assumptions	-	1,355,312	1,355,312
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>1,245,973</u>	<u>3,437,324</u>	<u>4,683,297</u>
Total deferred inflows of resources	<u>\$ 1,885,339</u>	<u>\$ 8,173,275</u>	<u>\$ 10,058,614</u>

\$5,588,935 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	\$ (1,181,529)	\$ (3,719,507)	\$ (4,901,036)
2027	128,915	2,643,739	2,772,654
2028	(163,014)	(1,934,032)	(2,097,046)
2029	<u>(188,009)</u>	<u>(902,499)</u>	<u>(1,090,508)</u>
Total	<u>\$ (1,403,637)</u>	<u>\$ (3,912,299)</u>	<u>\$ (5,315,936)</u>

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

In 2024, mortality rates were based on the following:

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

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

As of June 30, 2024:

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

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 15,637,917	\$ 10,221,786	\$ 5,661,695

Actuarial Assumptions - STRS

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

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

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

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

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 63,027,186	\$ 39,070,266	\$ 18,806,828

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

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

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2025, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$162,662.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$162,662 for fiscal year 2025. Of this amount, \$162,662 is reported as pension and postemployment benefits payable.

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

The net OPEB liability/asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The 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
Proportion of the net OPEB liability/asset prior measurement date	0.212379000%	0.205003120%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.203474600%</u>	<u>0.203050860%</u>	
Change in proportionate share	<u>-0.008904400%</u>	<u>-0.001952260%</u>	
Proportionate share of the net OPEB liability	\$ 2,072,379	\$ -	\$ 2,072,379
Proportionate share of the net OPEB asset	\$ -	\$ (3,851,487)	\$ (3,851,487)
OPEB expense	\$ (385,149)	\$ (766,529)	\$ (1,151,678)

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 167,433	\$ 167,433
Net difference between projected and actual earnings on OPEB plan investments	10,118	-	10,118
Changes of assumptions	889,466	474,063	1,363,529
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	80,563	80,563
Contributions subsequent to the measurement date	162,662	-	162,662
Total deferred outflows of resources	\$ 1,062,246	\$ 722,059	\$ 1,784,305
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 2,234,561	\$ 415,066	\$ 2,649,627
Net difference between projected and actual earnings on OPEB plan investments	-	165,373	165,373
Changes of assumptions	951,976	1,736,994	2,688,970
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	1,462,095	160,862	1,622,957
Total deferred inflows of resources	\$ 4,648,632	\$ 2,478,295	\$ 7,126,927

\$162,662 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2026.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	\$ (832,788)	\$ (603,779)	\$ (1,436,567)
2027	(628,856)	(269,393)	(898,249)
2028	(515,098)	(340,446)	(855,544)
2029	(461,225)	(316,988)	(778,213)
2030	(458,482)	(258,216)	(716,698)
Thereafter	(852,899)	32,586	(820,313)
Total	\$ (3,749,348)	\$ (1,756,236)	\$ (5,505,584)

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

In 2024, the following mortality assumptions were used:

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

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

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

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

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

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

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

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

As of June 30, 2024:

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,763,444	\$ 2,072,379	\$ 1,523,235

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,400,851	\$ 2,072,379	\$ 2,955,049

Actuarial Assumptions - STRS

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

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Real Rate of Return **</u>
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 3,131,716	\$ 3,851,487	\$ 4,478,021
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 4,520,343	\$ 3,851,487	\$ 3,047,101

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**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS

Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the District has restated compensated absences as of June 30, 2024, which is reflected in the schedule below. Changes in the District's long-term obligations during fiscal year 2025 were as follows.

	Restated Balance Outstanding <u>June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2025</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
<u>General obligation bonds:</u>					
Energy conservation	\$ 310,000	\$ -	\$ (310,000)	\$ -	\$ -
Facilities improvements	17,350,000	-	-	17,350,000	-
Premiums	154,827	-	(11,554)	143,273	-
Refunding bonds					
Term and serial interest bonds	45,125,000	-	-	45,125,000	-
Capital appreciation bonds	678,081	-	(237,948)	440,133	187,004
Accreted interest	3,410,552	1,071,185	(1,412,052)	3,069,685	1,304,247
Premiums	6,188,167	-	(252,578)	5,935,589	-
Series 2023B Bonds	57,790,000	-	(615,000)	57,175,000	645,000
Premiums	3,547,020	-	(100,625)	3,446,395	-
Discounts	(647,819)	-	18,378	(629,441)	-
	<u>133,905,828</u>	<u>1,071,185</u>	<u>(2,921,379)</u>	<u>132,055,634</u>	<u>2,136,251</u>
<u>Total general obligation bonds payable</u>					
<u>Other long-term obligations:</u>					
Leases payable	211,551	-	(56,833)	154,718	59,740
SBITAs payable	6,579	-	(6,579)	-	-
Net pension liability	55,532,441	-	(6,240,389)	49,292,052	-
Net OPEB liability	3,498,828	-	(1,426,449)	2,072,379	-
Compensated absences*	16,689,608	-	(488,734)	16,200,874	2,111,675
	<u>75,939,007</u>	<u>-</u>	<u>(8,218,984)</u>	<u>67,720,023</u>	<u>2,171,415</u>
<u>Total other long-term obligations</u>					
<u>Total long-term obligations governmental activities</u>	<u>\$ 209,844,835</u>	<u>\$ 1,071,185</u>	<u>\$ (11,140,363)</u>	<u>\$ 199,775,657</u>	<u>\$ 4,307,666</u>

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
General obligation bonds				
Energy conservation	2013	1.95%	\$ 3,315,000	2025
School Facilities Improvement Series A	2015	0.8% - 3.0%	8,577,000	2049
School Facilities Improvement Series B	2015	1.5% - 5.0%	72,000,000	2049
Refunding bonds	2017	2.0% - 30.0%	48,273,668	2041
General obligation bonds	2023	4.125% - 5.000%	58,000,000	2059

The energy conservation bonds issued in 2013 were for the installation, modification and remodeling of school buildings to conserve energy. The school facilities improvement bonds issued in 2015 are for construction of a new middle school building and a new high school building. At June 30, 2025, there were further obligations outstanding.

On June 8, 2023, the District issued general obligation bonds in the amount of \$58,000,000 for the purpose of paying the costs of constructing a Pre-K through 5th grade educational campus. Interest rates on the current interest bonds range from 4.125% to 5.00% with interest payments due on April 15 and October 15 of each year until final maturity at October 15, 2059. The debt will be retired through the debt service fund. At June 30, 2025 there were \$36,666,585 in unspent bond proceeds.

Bonds payable are repaid from the Debt Service Fund. The leases payable are paid from the General Fund. The government pays obligations related to employee compensation from the fund benefitting from their service.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension and net OPEB liability see Note 9 and 10.

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

Fiscal Year	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 645,000	\$ 5,229,925	\$ 5,874,925	\$ 187,004	\$ 1,527,996	\$ 1,715,000
2027	675,000	5,196,925	5,871,925	140,165	1,559,835	1,700,000
2028	710,000	5,162,300	5,872,300	106,601	1,603,399	1,710,000
2029	2,375,000	5,093,325	7,468,325	6,363	128,637	135,000
2030	2,615,000	3,123,750	5,738,750	-	-	-
2031 - 2035	15,320,000	23,068,100	38,388,100	-	-	-
2036 - 2040	19,385,000	13,822,081	33,207,081	-	-	-
2041 - 2045	24,630,000	12,310,806	36,940,806	-	-	-
2046 - 2050	26,700,000	10,775,000	37,475,000	-	-	-
2051 - 2055	11,680,000	11,680,000	23,360,000	-	-	-
2056 - 2060	14,915,000	14,915,000	29,830,000	-	-	-
Total	\$ 119,650,000	\$ 110,377,212	\$ 230,027,212	\$ 440,133	\$ 4,819,867	\$ 5,260,000

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The District has entered into a lease agreement for intangible right-to-use equipment. Due to the implementation of GASB Statement No. 87, the District reports an intangible capital asset and corresponding liability for the future scheduled payments under the lease. The lease is paid from the General Fund.

The District lease agreement is for copier equipment with the following terms:

<u>Company</u>	<u>Beginning Date</u>	<u>Years</u>	<u>Ending Date</u>	<u>Payment Method</u>
ComDoc Copier	2023	5	2028	Annual

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 59,740	\$ 7,916	\$ 67,656
2027	62,797	4,859	67,656
2028	<u>32,181</u>	<u>1,646</u>	<u>33,827</u>
Total	<u>\$ 154,718</u>	<u>\$ 14,421</u>	<u>\$ 169,139</u>

The District has entered into agreements for the right-to-use subscription to software. Due to the implementation of GASB Statement No. 96, the District will report an intangible capital asset and corresponding liability for the future scheduled payments under the subscriptions. The subscription payments will be paid from the District Managed Student Activity fund (a nonmajor governmental fund), the Title I, Disadvantaged Children fund (a nonmajor governmental fund), and the Title IV fund (a nonmajor governmental fund). At June 30, 2025, there were no further obligations outstanding.

NOTE 12 - DEFEASANCE OF DEBT

In December 2017 the District issued \$48,273,668 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$48,275,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. As of June 30, 2025, \$48,275,000 of bonds payable are considered to be defeased.

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS

A. Northern Buckeye Education Council

The Northern Buckeye Education Council (the “Council”) is a 41 entity consortium organized under Chapter 167 of the Ohio Revised Code as a not-for profit Council of Governments and is directed by a thirteen member Board of Directors. The purpose of the Council is to provide educational entities in greater northwestern Ohio access to a variety of cooperative administrative services thereby reducing the cost of obtaining these services. Currently the Council provides data processing and internet access services through its Northwest Ohio Computer Association (NWOCA) subsidiary; assists in the preparation of financial reports and offers in-service training sessions to employees of its member entities.

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

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS - (Continued)

Financial information can be obtained by contacting the Council at 209 Nolan Parkway, P.O. Box 407, Archbold, Ohio 43502. During the year ended June 30, 2025, the District paid \$99,968 to the Council.

B. Polaris Career Center

The Polaris Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special needs of the students. Its Board of Education consists of representatives from the board of each participating school district. The Board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. North Olmsted City School District students may attend the vocational school. Each school district's control is limited to its representation on the Board. Financial information can be obtained by contacting the Polaris Career Center, 7285 Old Oak Blvd., Middleburg Heights, Ohio 44130.

C. North Olmsted City Schools Education Foundation

The North Olmsted City Schools Education Foundation (Foundation) is a jointly governed organization established by the Ohio Revised Code to support and enhance educational opportunities for the youth of the North Olmsted Community. The trustees of the Foundation consist of five ex officio trustees and up to fifteen members selected by a nominating committee appointed by the ex officio trustees.

The ex officio trustees are composed of the following individuals: the Superintendent of the North Olmsted City School District, a member of the North Olmsted Board of Education, a member of the North Olmsted PTA Council, a member of the North Olmsted City Schools' Financial Advisory Board, and a member of the Community Education Advisory Board. All trustees are voting members. The Foundation is responsible for approving its own budgets, appointing personnel, creation of committees, and accounting and financial related activities. Financial information can be obtained by contacting the Foundation treasurer, c/o The North Olmsted Board of Education, 26669 Butternut Ridge Road, North Olmsted, Ohio 44070.

D. Great Lakes Regional Council of Governments

The District participates in the Great Lakes Regional Council of Governments (COG), an insurance purchasing pool. The COG contracts with Medical Mutual, LLC. to process and pay health benefit claims incurred by its members.

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS - (Continued)

E. Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among over 250 members. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2025, the District paid \$92,250 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The District participates in the Council's natural gas purchase program. This program allows the District to purchase natural gas at reduced rates. Constellation New Energy (formerly Compass Energy) has been selected as the supplier and program manager. There are currently over 170 participants in the program, including the North Olmsted City School District. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimate.

NOTE 14 - CONTINGENCIES

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 agreements and is subject to audit by the grantor agencies.

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

NOTE 15 - SET-ASIDES

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 and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. In addition, the District has set aside money for budget stabilization.

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 15 - SET-ASIDES - (Continued)

The following cash basis information identifies the changes in the fund balance reserves for capital improvements and budget stabilization during fiscal year 2025.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2024	\$ -
Current year set-aside requirement	830,724
Current year offsets	<u>(1,184,261)</u>
Total	<u>\$ (353,537)</u>
Balance carried forward to fiscal year 2026	<u>\$ -</u>
Set-aside balance June 30, 2025	<u><u>\$ -</u></u>

Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero for capital maintenance set-aside, this amount may not be used to reduce the set-aside requirement for future years.

NOTE 16 - INTERFUND BALANCES

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

<u>Transfers from the nonmajor governmental fund to:</u>	<u>Amount</u>
Nonmajor governmental fund	<u>\$ 250,000</u>
Total	<u><u>\$ 250,000</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer from the permanent improvement fund (nonmajor governmental fund) to the capital projects fund (a nonmajor governmental fund) was to fund future capital projects of the District.

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

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 16 - INTERFUND BALANCES - (Continued)

B. Due to/from other funds consisted of the following at June 30, 2025, as reported on the fund statement:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 272,878</u>

The primary purpose of the amount due to the general fund from the nonmajor governmental fund was to eliminate negative cash balances. The amount will be repaid once cash is received.

Amounts due to/from between governmental funds are eliminated on the government-wide statements.

NOTE 17 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 820,260
Building fund	37,699,948
Other nonmajor governmental funds	<u>789,753</u>
Total	<u>\$ 39,309,961</u>

NOTE 18 - TAX ABATEMENTS

As of December 31, 2021, the City of North Olmsted (the City) provides tax incentives under three programs: the Community Reinvestment Area (CRA), known as the North Olmsted Community Reinvestment Area (NOCRA), the Job Retention Grant Program, and the Job Creation Grant Program.

Pursuant to Ohio Revised Code 3735, the City established a CRA in 1992, and later amended it in 2014, which included all land within the boundaries of the City. The City created the Job Retention Grant Program. The purpose of the program is to maintain the City's competitiveness as a site for location of new businesses and the expansion of existing businesses, pursuant to Article XVIII, Section 3 and Article VIII, Section 13 of the Ohio Constitution (Ordinance #2016-76). The City created the Job Creation Grant Program. The purpose of the program is to provide an economic incentive for businesses to locate or expand within the City.

Foregone tax dollars for the District for the tax year 2025 amounted to \$706,979.

NOTE 19 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2025, the District received COVID-19 funding. The District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

REQUIRED SUPPLEMENTARY INFORMATION

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - over (under) Actual Amounts</u>
	<u>Original</u>	<u>Final</u>		
Budgetary revenues and other financing sources	\$ 57,389,633	\$ 57,389,633	\$ 66,407,929	\$ 9,018,296
Budgetary expenditures and other financing uses	<u>63,901,554</u>	<u>65,303,654</u>	<u>63,175,693</u>	<u>(2,127,961)</u>
Net change in fund balance	(6,511,921)	(7,914,021)	3,232,236	11,146,257
Budgetary fund balance at beginning of year	20,742,388	20,742,388	20,742,388	-
Prior year encumbrances appropriated	<u>614,277</u>	<u>614,277</u>	<u>614,277</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 14,844,744</u></u>	<u><u>\$ 13,442,644</u></u>	<u><u>\$ 24,588,901</u></u>	<u><u>\$ 11,146,257</u></u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	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
2025	0.199816100%	\$ 10,221,786	\$ 8,559,386	119.42%	78.52%
2024	0.206046800%	11,385,147	5,847,943	194.69%	76.06%
2023	0.241278700%	13,050,229	8,628,183	151.25%	75.82%
2022	0.253308600%	9,346,353	9,235,069	101.21%	82.86%
2021	0.254930600%	16,861,647	7,744,700	217.72%	68.55%
2020	0.260820800%	15,605,366	8,745,010	178.45%	70.85%
2019	0.275135700%	15,757,531	8,661,674	181.92%	71.36%
2018	0.275427500%	16,456,185	8,148,014	201.97%	69.50%
2017	0.283668600%	20,761,924	7,323,529	283.50%	62.98%
2016	0.285101200%	16,268,151	8,244,609	197.32%	69.16%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 1,388,677	\$ (1,388,677)	\$ -	\$ 9,919,121	14.00%
2024	1,198,314	(1,198,314)	-	8,559,386	14.00%
2023	818,712	(818,712)	-	5,847,943	14.00%
2022	1,207,946	(1,207,946)	-	8,628,186	14.00%
2021	1,292,910	(1,292,910)	-	9,235,071	14.00%
2020	1,084,258	(1,084,258)	-	7,744,700	14.00%
2019	1,180,576	(1,180,576)	-	8,745,007	13.50%
2018	1,169,326	(1,169,326)	-	8,661,674	13.50%
2017	1,140,722	(1,140,722)	-	8,148,014	14.00%
2016	1,025,294	(1,025,294)	-	7,323,529	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	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
2025	0.203050860%	\$ 39,070,266	\$ 27,990,429	139.58%	82.55%
2024	0.205003120%	44,147,294	27,657,000	159.62%	80.02%
2023	0.223440160%	49,671,029	28,551,817	173.97%	78.88%
2022	0.229691982%	29,368,184	28,226,605	104.04%	87.78%
2021	0.233110380%	56,404,417	27,172,730	207.58%	75.48%
2020	0.239285590%	52,916,570	27,812,288	190.26%	77.40%
2019	0.243088210%	53,449,639	27,347,250	195.45%	77.31%
2018	0.254801110%	60,528,550	25,778,279	234.80%	75.30%
2017	0.253093630%	84,718,067	26,978,250	314.02%	66.80%
2016	0.255199100%	70,529,568	26,704,226	264.11%	72.10%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 4,200,258	\$ (4,200,258)	\$ -	\$ 30,001,843	14.00%
2024	3,918,660	(3,918,660)	-	27,990,429	14.00%
2023	3,871,980	(3,871,980)	-	27,657,000	14.00%
2022	3,997,254	(3,997,254)	-	28,551,814	14.00%
2021	3,951,725	(3,951,725)	-	28,226,607	14.00%
2020	3,804,182	(3,804,182)	-	27,172,729	14.00%
2019	3,893,720	(3,893,720)	-	27,812,286	14.00%
2018	3,828,615	(3,828,615)	-	27,347,250	14.00%
2017	3,608,959	(3,608,959)	-	25,778,279	14.00%
2016	3,776,955	(3,776,955)	-	26,978,250	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	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
2025	0.203474600%	\$ 2,072,379	\$ 8,559,386	24.21%	44.50%
2024	0.212379000%	3,498,828	5,847,943	59.83%	30.02%
2023	0.247504900%	3,474,995	8,628,183	40.27%	30.34%
2022	0.261925500%	4,957,155	9,235,069	53.68%	24.08%
2021	0.264124800%	5,740,296	7,744,700	74.12%	18.17%
2020	0.267874200%	6,736,473	8,745,010	77.03%	15.57%
2019	0.279113800%	7,743,371	8,661,674	89.40%	13.57%
2018	0.279647400%	7,505,001	8,148,014	92.11%	12.46%
2017	0.287831800%	8,204,271	7,323,529	112.03%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 162,662	\$ (162,662)	\$ -	\$ 9,919,121	1.64%
2024	145,490	(145,490)	-	8,559,386	1.70%
2023	157,175	(157,175)	-	5,847,943	2.69%
2022	145,877	(145,877)	-	8,628,186	1.69%
2021	171,633	(171,633)	-	9,235,071	1.86%
2020	172,566	(172,566)	-	7,744,700	2.23%
2019	209,965	(209,965)	-	8,745,007	2.40%
2018	194,047	(194,047)	-	8,661,674	2.24%
2017	153,117	(153,117)	-	8,148,014	1.88%
2016	147,209	(147,209)	-	7,323,529	2.01%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability/(Asset)	District's Proportionate Share of the Net OPEB Liability/(Asset)	District's Covered Payroll	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/(Asset)
2025	0.203050860%	\$ (3,851,487)	\$ 27,990,429	13.76%	158.01%
2024	0.205003120%	(3,987,027)	27,657,000	14.42%	168.52%
2023	0.223440160%	(5,785,608)	28,551,817	20.26%	230.73%
2022	0.229691982%	(4,842,867)	28,226,605	17.16%	174.73%
2021	0.233110380%	(4,096,910)	27,172,730	15.08%	182.10%
2020	0.239285590%	(3,963,144)	27,812,288	14.25%	174.74%
2019	0.243088210%	(3,906,180)	27,347,250	14.28%	176.00%
2018	0.254801100%	9,941,399	25,778,279	38.57%	47.10%
2017	0.253093600%	13,535,512	26,978,250	50.17%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ -	\$ -	\$ -	\$ 30,001,843	0.00%
2024	-	-	-	27,990,429	0.00%
2023	-	-	-	27,657,000	0.00%
2022	-	-	-	28,551,814	0.00%
2021	-	-	-	28,226,607	0.00%
2020	-	-	-	27,172,729	0.00%
2019	-	-	-	27,812,286	0.00%
2018	-	-	-	27,347,250	0.00%
2017	-	-	-	25,778,279	0.00%
2016	-	-	-	26,978,250	0.00%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 1 - BUDGETARY PROCESS

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

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 3,232,236
Net adjustment for revenue accruals	(1,686,295)
Net adjustment for expenditure accruals	751,029
Funds budgeted elsewhere	732,980
Adjustments for encumbrances	<u>1,333,004</u>
GAAP Basis	<u><u>\$ 4,362,954</u></u>

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

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

Change in assumptions:

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

Changes in assumptions:

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

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

Change in assumptions:

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

**NORTH OL MSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

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

Change in assumptions:

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

**NORTH OLMSTED CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

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

**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

To the Board of Education
North Olmsted City School District
Cuyahoga County, Ohio
26669 Butternut Ridge Road
North Olmsted, Ohio 44070

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Olmsted City School District, Cuyahoga County, Ohio (the “District”) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 29, 2025, wherein we noted net position was restated due to the implementation of GASB Statement No. 101.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Independence, Ohio
December 29, 2025

Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance required by the Uniform Guidance

To the Board of Education
North Olmsted City School District
Cuyahoga County, Ohio
26669 Butternut Ridge Road
North Olmsted, Ohio 44070

Report on Compliance for the Each Major Federal Program

Opinion on Each Major Federal Program

We have audited North Olmsted City School District’s, Cuyahoga County, Ohio (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 program for the year ended June 30, 2025. The District’s major federal program is identified in the summary of auditor’s results section of the accompanying *Schedule of Findings and Questioned Costs*.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Independence, Ohio
December 29, 2025

North Olmsted City School District
Cuyahoga County, Ohio
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor Program Title	Grant Year/ Direct Award No.	ALN	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education and Workforce:</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	2024	10.553	\$ 43,330	\$ 0
School Breakfast Program	2025	10.553	193,673	0
National School Lunch Program	2024	10.555	218,898	0
National School Lunch Program	2025	10.555	753,650	0
National School Lunch Program (Non Cash)	2025	10.555	112,242	0
Total National School Lunch Program			<u>1,321,793</u>	<u>0</u>
<i>Total Child Nutrition Cluster</i>			<u>1,321,793</u>	<u>0</u>
Total U.S. Department of Agriculture			<u>1,321,793</u>	<u>0</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education and Workforce:</i>				
Title I Grants to Local Educational Agencies	2024	84.010A	206,676	0
Title I Grants to Local Educational Agencies	2025	84.010A	790,875	0
Total Title I			<u>997,551</u>	<u>0</u>
<i>Special Education Cluster:</i>				
Special Education - Grants to States	2024	84.027A	91,053	0
Special Education - Grants to States	2025	84.027A	801,628	0
Total Special Education - Grants to States			<u>892,681</u>	<u>0</u>
Special Education - Preschool Grants	2024	84.173A	3,501	0
Special Education - Preschool Grants	2025	84.173A	21,713	0
Total Special Education - Preschool Grants			<u>25,214</u>	<u>0</u>
<i>Total Special Education Cluster</i>			<u>917,895</u>	<u>0</u>
Title III English Language Acquisition	2024	84.365A	5,788	0
Title III English Language Acquisition	2025	84.365A	34,621	0
Total Title III English Language Acquisition			<u>40,409</u>	<u>0</u>
Title II-A Supporting Effective Instruction	2024	84.367A	30,332	0
Title II-A Supporting Effective Instruction	2025	84.367A	197,178	0
Total Title II-A Supporting Effective Instruction			<u>227,510</u>	<u>0</u>
Title IV-A Student Support and Academic Enrichment Program	2024	84.424A	3,269	0
Title IV-A Student Support and Academic Enrichment Program	2025	84.424A	98,089	0
Total Title II-A Supporting Effective Instruction			<u>101,358</u>	<u>0</u>
Student Support and Academic Enrichment Program - Stronger Connections	2025	84.424F	26,285	0
COVID-19: Education Stabilization Fund - ESSER ARP	2024	84.425U	3,767,707	0
Total U.S. Department of Education			<u>6,078,715</u>	<u>0</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 7,400,508</u>	<u>\$ 0</u>

**North Olmsted City School District
Cuyahoga County, Ohio**

*Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Year Ended June 30, 2025*

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of North Olmsted City School District (the District) under programs of the federal government for the year ended June 30, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, 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 (or 15-percent, if applicable) de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with Ohio Department of Education and Workforce’s consent, schools can transfer unobligated amounts to subsequent fiscal year’s program. The District transferred the following amounts from 2024 to 2025 programs:

Title I-A	84.010A	126,653
Title II-A	84.367A	130,766
Title III	84.365A	13,762
Title IV-A	84.424A	39,620
IDEA-B Special Education	84.027A	92,213
IDEA Early Childhood	84.173A	3,183

North Olmsted City School District
Cuyahoga County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2025

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list): Title I	84.010A
	COVID-19: Education Stabilization Fund – ESSER ARP	84.425U
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



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A Premier Learning Community

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Mrs. Katie Henes, Treasurer

www.northolmstedschools.org

North Olmsted City School District
Cuyahoga County, Ohio
Schedule of Prior Audit Findings
2 CFR Section 200.511(b)
June 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001	Significant Deficiency and Noncompliance – Reporting	Fully Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



NORTH OLMSTED CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/9/2026

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

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