

**Norwood City School District
Hamilton County**

Norwood City School District



**Learn Today. Dream Big.
Lead Tomorrow.**

Single Audit

For the Year Ended June 30, 2024

PLATTENBURG
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Education
Norwood City School District
2132 Williams Avenue
Norwood, Ohio 45212

We have reviewed the *Independent Auditor's Report* of Norwood City School District, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2023 through June 30, 2024. 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. Norwood City School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

February 18, 2025

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**NORWOOD CITY SCHOOL DISTRICT
HAMILTON COUNTY
FOR THE YEAR ENDED JUNE 30, 2024**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	14
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	17
Statement of Fiduciary Net Position Fiduciary Fund	18
Statement of Changes in Fiduciary Net Position Fiduciary Fund	19
Notes to the Basic Financial Statements	20
Required Supplementary Information.....	54
Schedule of Expenditures of Federal Awards	73
Notes to the Schedule of Expenditures of Federal Awards	74
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	75
Independent Auditor’s Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance.....	77
Schedule of Findings and Questioned Costs.....	80
Schedule of Prior Audit Findings and Questioned Costs	81

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Norwood City School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Norwood City School District, Ohio (the District) as of and for the year ended June 30, 2024, 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 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, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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, budgetary comparison schedules, and schedules of pension information and other postemployment information to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
December 13, 2024

Norwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The discussion and analysis of Norwood City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- Net position of governmental activities increased \$7,305,268 which represents a 79% increase from 2023. This is mainly due to an increase in property tax revenue.
- General revenues accounted for \$34,802,550 in revenue or 80% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$8,681,473 or 20% of total revenues of \$43,484,023.
- The School District had \$36,178,755 in expenses related to governmental activities; \$8,681,473 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$34,802,550 were also used to provide for these programs.

Overview of the 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 School 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 School District, presenting both an aggregate view of the School 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 School District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund and the Capital Projects Fund are the major funds of the School District.

Government-wide Financial Statements

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2024?" The Government-wide Financial Statements answers this question. These statements include *all assets, deferred outflows, liabilities, and deferred inflows* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Norwood City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

These two statements report the School District’s net position and changes in the net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the School District’s property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the School District is presented in the following manner:

- **Governmental Activities** – Most of the School District’s programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

The analysis of the School District’s major funds begins on the balance sheet. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds.

Governmental Funds Most of the School District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using 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 statements provide a detailed *short-term view* of the School District’s general government operations and the basic services it provides. Governmental fund information helps 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 financial statements.

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

The School District as a Whole

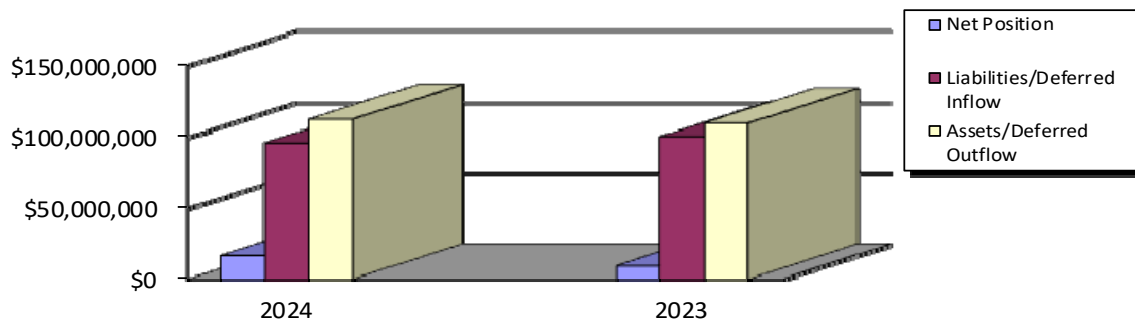
As stated previously, the Statement of Net Position looks at the School District as a whole. Table 1 provides a summary of the School District’s net position for fiscal year 2024 compared to fiscal year 2023:

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**Norwood City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)**

**Table 1
Net Position**

	Governmental Activities	
	2024	2023
Assets:		
Current and Other Assets	\$53,381,872	\$53,983,041
Net OPEB Asset	2,113,772	2,855,658
Capital Assets	46,366,923	41,299,665
Total Assets	101,862,567	98,138,364
Deferred Outflows of Resources:		
Deferred Charge on Refunding	3,124,664	3,236,259
OPEB	1,133,075	760,246
Pension	6,037,658	7,240,429
Total Deferred Outflows of Resources	10,295,397	11,236,934
Liabilities:		
Other Liabilities	4,373,228	3,998,345
Long-Term Liabilities	71,412,376	74,036,867
Total Liabilities	75,785,604	78,035,212
Deferred Inflows of Resources:		
Property Taxes	11,367,147	12,043,214
Grants and Other Taxes	2,235,075	2,580,223
OPEB	3,515,767	4,358,564
Pension	2,665,045	3,074,027
Total Deferred Inflows of Resources	19,783,034	22,056,028
Net Position:		
Net Investment in Capital Assets	11,976,850	5,357,591
Restricted	12,447,885	14,559,171
Unrestricted	(7,835,409)	(10,632,704)
Total Net Position	\$16,589,326	\$9,284,058



Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2024, the School District’s assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$16,589,326.

Norwood City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

At year-end, capital assets represented 46% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2024, were \$11,976,850. These capital assets are used to provide services to the students and are not available for future spending. Although the School District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District’s net position, \$12,447,885 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Net position of governmental activities increased \$7,305,268 from 2023 to 2024. Capital assets increased due to depreciation being lower than the additions for the current year. Long-term liabilities decreased from 2023 to 2024 due to changes in net pension liability.

Table 2 shows the changes in net position for fiscal years 2024 and 2023.

Table 2
Changes in Net Position

	Governmental Activities	
	2024	2023
Revenues:		
Program Revenues		
Charges for Services	\$1,066,967	\$850,787
Operating Grants, Contributions	7,614,506	9,905,438
General Revenues:		
Property Taxes	23,640,493	19,553,429
Grants and Entitlements	6,539,469	5,871,159
Revenue in Lieu of Taxes	2,248,860	2,535,382
Other	2,373,728	631,363
Total Revenues	<u>\$43,484,023</u>	<u>\$39,347,558</u>
Expenses:		
Instruction	21,631,400	22,650,552
Support Services:		
Pupil and Instructional Staff	4,229,477	4,052,191
School Administrative, General		
Administration, Fiscal and Business	3,020,378	3,196,321
Operations and Maintenance	3,587,072	2,847,912
Pupil Transportation	841,933	630,606
Central	498,910	488,595
Operation of Non-Instructional Services	277,724	257,336
Extracurricular Activities	1,071,184	1,007,156
Interest and Fiscal Charges	1,020,677	1,108,247
Total Expenses	<u>36,178,755</u>	<u>36,238,916</u>
Change in Net Position	7,305,268	3,108,642
Net Position - Beginning of Year	9,284,058	6,175,416
Net Position - End of Year	<u>\$16,589,326</u>	<u>\$9,284,058</u>

Norwood City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Of the total governmental activities revenues of \$43,484,023, \$8,681,473 is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of the total governmental activities revenues, \$23,640,493 (54%) comes from property tax levies and \$6,539,469 (15%) is from state funding. This School District’s operations are reliant upon its property tax levy and the state’s foundation program.

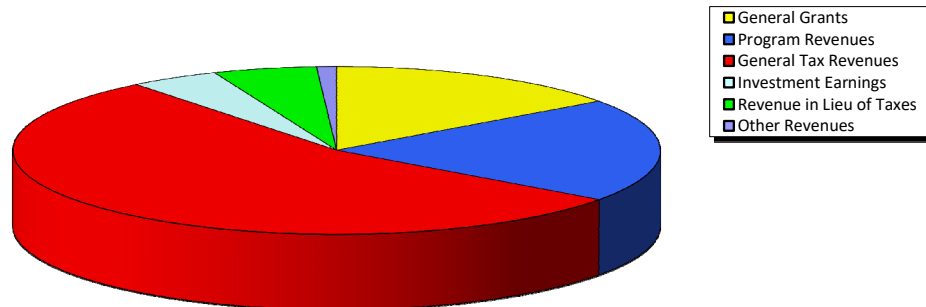
The School District revenues are mainly from two sources. Property taxes levied for general purposes, debt service and capital projects and grants and entitlements comprised 69% of the School District’s revenues for governmental activities.

The School District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts do not collect additional property tax revenue on the increased value of homes that is due to appreciation and must regularly return to the voters to maintain a constant level of service. Property taxes made up 54% of revenue for governmental activities for the School District in fiscal year 2024.

Governmental Activities
Revenue Sources

Revenue Sources	2024	Percentage
General Grants	\$6,539,469	15%
Program Revenues	8,681,473	20%
General Tax Revenues	23,640,493	54%
Investment Earnings	1,943,540	4%
Revenue in Lieu of Taxes	2,248,860	5%
Other Revenues	430,188	1%
	<u>\$43,484,023</u>	<u>100%</u>



Norwood City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Instruction comprises 60% of governmental program expenses. Support services expenses were 34% of governmental program expenses. All other program expenses including interest and fiscal charges were 6%. Interest expense was attributable to the outstanding lease purchase agreement and borrowing for capital projects.

Total revenues increased in 2024 compared to 2023 due to an increase in property and other taxes revenue. Total expenses decreased from 2023 to 2024 mainly due to changes related to net pension liability and other post employment benefits liability.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government 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 entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction	\$21,631,400	\$22,650,552	(\$14,534,678)	(\$13,904,492)
Support Services:				
Pupil and Instructional Staff	4,229,477	4,052,191	(3,080,856)	(2,758,898)
School Administrative, General				
Administration, Fiscal and Business	3,020,378	3,196,321	(3,020,378)	(3,106,047)
Operations and Maintenance	3,587,072	2,847,912	(3,582,228)	(2,668,353)
Pupil Transportation	841,933	630,606	(713,258)	(526,779)
Central	498,910	488,595	(471,034)	(439,197)
Operation of Non-Instructional Services	277,724	257,336	(161,947)	(120,972)
Extracurricular Activities	1,071,184	1,007,156	(912,226)	(849,706)
Interest and Fiscal Charges	1,020,677	1,108,247	(1,020,677)	(1,108,247)
Total Expenses	\$36,178,755	\$36,238,916	(\$27,497,282)	(\$25,482,691)

The School District’s Funds

The School District has two major governmental funds: the General Fund and the Capital Projects Fund. Assets of the General Fund comprised \$38,012,489 (70%), and assets of the Capital Projects Fund comprised \$9,055,265 (17%) of the total \$54,048,928 governmental funds assets.

General Fund: Fund balance at June 30, 2024 was \$20,639,369, an increase in fund balance of \$2,966,659 from 2023. The primary reason for the increase in fund balance was due to revenues exceeding expenditures during 2024.

Capital Projects Fund: Fund balance at June 30, 2024 was \$7,969,511, a decrease in fund balance of \$2,521,581 from 2023. The primary reason for the decrease in fund balance was due to expenditures exceeding revenues during 2024.

**Norwood City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)**

General Fund Budgeting Highlights

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

During the course of fiscal year 2024, the School District amended its general fund budget at times, however none were significant. The School District’s budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the School District revised the budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, the final budgeted revenue was \$31,667,380 and the original budgeted revenue was \$29,776,174.

The School District’s final budgeted revenue was \$291,643 more than actual revenue. This was due to overestimating tax and intergovernmental revenues.

The School District’s ending unobligated actual fund balance for the General fund was \$14,022,980.

Capital Assets and Long-Term Obligations

Capital Assets

At the fiscal year end, the School District had \$46,356,923 invested in land, construction in progress, buildings and improvements, and equipment. Table 4 shows fiscal year 2024 balances compared to fiscal year 2023:

**Table 4
Capital Assets at Year End
(Net of Depreciation)**

	Governmental Activities	
	2024	2023
Land	\$510,209	\$510,209
Construction in Progress	38,416,543	34,356,323
Buildings and Improvements	6,614,151	5,528,269
Equipment	826,020	904,864
Total Net Capital Assets	<u>\$46,366,923</u>	<u>\$41,299,665</u>

Overall, capital assets increased due to depreciation expense being less than current fiscal year additions.

See Note 5 in the notes to the basic financial statements for further details on the School District’s capital assets.

Long-Term Obligations

At June 30, 2024, the School District had \$37,692,938 in debt outstanding, \$524,883 due within one year. Table 5 summarizes long-term obligations outstanding.

Norwood City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2024	2023
2022 Refunding Bonds: Current Interest #4	\$20,080,000	\$20,080,000
2022 Refunding Bonds: Capital Appreciation - Principal	144,491	215,490
2022 Refunding Bonds: Capital Appreciation - Interest	178,201	177,011
2022 Refunding Bonds - Premium	3,374,832	3,530,876
2021 School Improvement GO Bonds	6,210,000	6,600,000
2021 School Improvement GO Bonds - Premium	489,511	518,306
2017 School Improvement GO Bonds	5,375,000	6,150,000
2017 School Improvement GO Bonds - Premium	1,840,903	1,906,650
Total	<u>\$37,692,938</u>	<u>\$39,178,333</u>

See Note 10 in the notes to the basic financial statements for further details on the School District’s outstanding debt.

For the Future

While the district’s history pointed toward economic challenges as student enrollment decreased, we could be seeing a change in patterns. Though the District’s per pupil valuation is above state average the taxpayer median income trails that of the state of Ohio as a whole. However, home prices have climbed since the summer of 2021 and single family home valuations have increased in response. Our student demographic is slowly changing as wealthier families move into Norwood. Only time will tell if our student counts rebound with these changing demographics.

The District’s school buildings are older and voters did approve new levies in November of 2016 to address issues such as air conditioning, safety, roofing, and utilities. The project is expected to exceed \$42,000,000 and while it only addresses the fundamentals, the work will help ensure that the District’s facilities can support the educational programs. The repairs and renovations included in the project will also help to lower ongoing maintenance cost and effort. The renovation project is nearing the end and all buildings have new HVAC systems that filter clean air continuously, new windows, roofing, drop off lanes, and new lighting. The buildings are bright and beautiful and reflect their historic period details. In addition, where we could, we have added elevators to help building accessibility. We are beginning an outside beautification project that will update playgrounds, parking lots, and green spaces.

Like many school districts in Ohio, Norwood’s general operating fund was projecting a trend toward revenue shortfall, even with the passage of a renewal of an existing levy. The general operating fund has seen some savings as ESSER grant funds absorb some costs. In the time period ESSER is effective, district management is working to get right sized so that our general operating fund stays solvent. Current cash reserves provide a stable environment through fiscal year 2024.

Contacting the School District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District’s finances and to show the School District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer’s office at Norwood City School District, 2132 Williams Avenue, Norwood, Ohio 45212.

Norwood City School District
Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$26,741,005
Restricted Cash and Investments	26,862
Receivables (Net):	
Taxes	23,140,606
Accounts	19,689
Interest	146,889
Intergovernmental	3,057,595
Prepays	249,226
Nondepreciable Capital Assets	38,926,752
Depreciable Capital Assets, Net	7,440,171
Net OPEB Asset	<u>2,113,772</u>
 Total Assets	 <u>101,862,567</u>
 Deferred Outflows of Resources:	
Deferred Charge on Refunding	3,124,664
Pension	6,037,658
OPEB	<u>1,133,075</u>
 Total Deferred Outflows of Resources	 <u>10,295,397</u>
 Liabilities:	
Accounts Payable	636,190
Accrued Wages and Benefits	3,167,737
Contracts Payable	410,391
Retainage Payable	6,862
Accrued Interest Payable	152,048
Long-Term Liabilities:	
Due Within One Year	769,103
Due In More Than One Year:	
Net Pension Liability	29,555,217
Net OPEB Liability	1,885,401
Other Amounts	<u>39,202,655</u>
 Total Liabilities	 <u>75,785,604</u>
 Deferred Inflows of Resources:	
Property Taxes	11,367,147
Grants and Other Taxes	2,235,075
OPEB	3,515,767
Pension	<u>2,665,045</u>
 Total Deferred Inflows of Resources	 <u>19,783,034</u>
 Net Position:	
Net Investment in Capital Assets	11,976,850
Restricted for:	
Local Grants	33,023
District Managed Student Activity	123,037
State Grants	51,695
Federal Grants	213,350
Nonexpendable	20,000
Expendable	29,522
Capital Projects	4,975,931
Debt Service	4,384,161
Net OPEB Asset	2,113,772
Other Purposes	503,394
Unrestricted	<u>(7,835,409)</u>
 Total Net Position	 <u>\$16,589,326</u>

See accompanying notes to the basic financial statements.

Norwood City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2024

	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services and Sales	Operating Grants and Contributions	and Changes in Net Position Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$14,940,811	\$583,075	\$4,138,907	(\$10,218,829)
Special	6,621,796	324,934	1,739,868	(4,556,994)
Vocational	68,793	0	0	(68,793)
Other	0	0	309,938	309,938
Support Services:				
Pupil	3,019,815	0	724,769	(2,295,046)
Instructional Staff	1,209,662	0	423,852	(785,810)
General Administration	51,011	0	0	(51,011)
School Administration	2,116,666	0	0	(2,116,666)
Fiscal	851,860	0	0	(851,860)
Business	841	0	0	(841)
Operations and Maintenance	3,587,072	0	4,844	(3,582,228)
Pupil Transportation	841,933	0	128,675	(713,258)
Central	498,910	0	27,876	(471,034)
Operation of Non-Instructional Services	277,724	0	115,777	(161,947)
Extracurricular Activities	1,071,184	158,958	0	(912,226)
Interest and Fiscal Charges	1,020,677	0	0	(1,020,677)
Totals	\$36,178,755	\$1,066,967	\$7,614,506	(27,497,282)

General Revenues:

Property Taxes Levied for:

General Purposes	20,638,021
Debt Service Purposes	1,904,294
Capital Projects Purposes	1,098,178
Grants and Entitlements, Not Restricted	6,539,469
Revenue in Lieu of Taxes	2,248,860
Unrestricted Contributions	38,506
Investment Earnings	1,943,540
Other Revenues	391,682

Total General Revenues 34,802,550

Change in Net Position 7,305,268

Net Position - Beginning of Year 9,284,058

Net Position - End of Year \$16,589,326

See accompanying notes to the basic financial statements.

Norwood City School District
Balance Sheet
Governmental Funds
June 30, 2024

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$14,475,218	\$7,952,404	\$4,313,383	\$26,741,005
Restricted Cash and Investments	0	6,862	20,000	26,862
Receivables (Net):				
Taxes	20,376,759	1,095,906	1,667,941	23,140,606
Accounts	19,689	0	0	19,689
Interest	146,889	0	0	146,889
Intergovernmental	2,305,843	0	751,752	3,057,595
Interfund	579,214	0	87,842	667,056
Prepays	108,877	93	140,256	249,226
Total Assets	<u>38,012,489</u>	<u>9,055,265</u>	<u>6,981,174</u>	<u>54,048,928</u>
Liabilities:				
Accounts Payable	570,189	44,737	21,264	636,190
Accrued Wages and Benefits	2,959,843	7,858	200,036	3,167,737
Compensated Absences	115,667	0	0	115,667
Contracts Payable	0	410,391	0	410,391
Retainage Payable	0	6,862	0	6,862
Interfund Payable	87,842	0	579,214	667,056
Total Liabilities	<u>3,733,541</u>	<u>469,848</u>	<u>800,514</u>	<u>5,003,903</u>
Deferred Inflows of Resources:				
Property Taxes	11,323,759	615,906	836,941	12,776,606
Grants and Other Taxes	2,235,075	0	52,917	2,287,992
Investment Earnings	80,745	0	0	80,745
Total Deferred Inflows of Resources	<u>13,639,579</u>	<u>615,906</u>	<u>889,858</u>	<u>15,145,343</u>
Fund Balances:				
Nonspendable	108,877	93	160,256	269,226
Restricted	0	4,975,838	5,192,419	10,168,257
Committed	141,449	2,993,580	0	3,135,029
Assigned	460,065	0	29,522	489,587
Unassigned	19,928,978	0	(91,395)	19,837,583
Total Fund Balances	<u>20,639,369</u>	<u>7,969,511</u>	<u>5,290,802</u>	<u>33,899,682</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$38,012,489</u>	<u>\$9,055,265</u>	<u>\$6,981,174</u>	<u>\$54,048,928</u>

See accompanying notes to the basic financial statements.

Norwood City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2024

Total Governmental Fund Balance		\$33,899,682
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		46,366,923
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	1,409,459	
Interest	80,745	
Intergovernmental	<u>52,917</u>	
		1,543,121
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(152,048)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(2,163,153)
Deferred charge on refunding associated with long-term liabilities that are not reported in the funds.		
		3,124,664
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	6,037,658	
Deferred inflows of resources related to pensions	(2,665,045)	
Deferred outflows of resources related to OPEB	1,133,075	
Deferred inflows of resources related to OPEB	<u>(3,515,767)</u>	
		989,921
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	2,113,772	
Net Pension Liability	(29,555,217)	
Net OPEB Liability	(1,885,401)	
Other Amounts	<u>(37,692,938)</u>	
		<u>(67,019,784)</u>
Net Position of Governmental Activities		<u>\$16,589,326</u>

See accompanying notes to the basic financial statements.

Norwood City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General	Capital Projects	Formerly Major Fund Elementary and Secondary School Emergency Relief	Formerly Major Fund Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property and Other Taxes	\$20,454,803	\$1,097,410	\$0	\$0	\$1,926,553	\$23,478,766
Tuition and Fees	575,544	0	0	0	0	575,544
Investment Earnings	1,789,204	3,598	0	0	118,799	1,911,601
Intergovernmental	9,481,442	9,923	0	0	5,025,710	14,517,075
Extracurricular Activities	352,259	0	0	0	139,164	491,423
Revenue in Lieu of Taxes	2,248,859	0	0	0	0	2,248,859
Other Revenues	131,576	95,000	0	0	203,614	430,190
Total Revenues	35,033,687	1,205,931	0	0	7,413,840	43,653,458
Expenditures:						
Current:						
Instruction:						
Regular	13,751,746	56,837	0	0	1,486,370	15,294,953
Special	5,979,861	0	0	0	735,488	6,715,349
Vocational	68,793	0	0	0	0	68,793
Support Services:						
Pupil	2,346,122	0	0	0	709,400	3,055,522
Instructional Staff	771,124	200	0	0	452,807	1,224,131
General Administration	51,011	0	0	0	0	51,011
School Administration	2,181,542	2,615	0	0	0	2,184,157
Fiscal	819,704	13,513	0	0	25,933	859,150
Operations and Maintenance	2,578,007	624,127	0	0	207,118	3,409,252
Pupil Transportation	829,776	0	0	0	12,157	841,933
Central	421,983	0	0	0	31,543	453,526
Operation of Non-Instructional Services	145,506	0	0	0	105,195	250,701
Extracurricular Activities	640,344	19,388	0	0	210,051	869,783
Capital Outlay	0	3,962,348	0	0	1,915,475	5,877,823
Debt Service:						
Principal Retirement	0	390,000	0	0	845,999	1,235,999
Interest and Fiscal Charges	0	133,484	0	0	1,028,551	1,162,035
Total Expenditures	30,585,519	5,202,512	0	0	7,766,087	43,554,118
Excess of Revenues Over (Under) Expenditures	4,448,168	(3,996,581)	0	0	(352,247)	99,340
Other Financing Sources (Uses):						
Transfers In	148	1,475,000	0	0	6,657	1,481,805
Transfers (Out)	(1,481,657)	0	0	0	(148)	(1,481,805)
Total Other Financing Sources (Uses)	(1,481,509)	1,475,000	0	0	6,509	0
Net Change in Fund Balance	2,966,659	(2,521,581)	0	0	(345,738)	99,340
Fund Balance - Beginning of Year, as previously presented	17,672,710	10,491,092	(452,408)	4,255,283	1,833,665	33,800,342
Change Within Financial Reporting Entity (Major to Nonmajor Fund)	0	0	452,408	(4,255,283)	3,802,875	0
Fund Balance Beginning of Year, as adjusted or restated	17,672,710	10,491,092	0	0	5,636,540	33,800,342
Fund Balance - End of Year	\$20,639,369	\$7,969,511	\$0	\$0	\$5,290,802	\$33,899,682

See accompanying notes to the basic financial statements.

Norwood City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2024

Net Change in Fund Balance - Total Governmental Funds \$99,340

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

Governmental funds report capital asset additions as expenditures.
 However, in the statement of activities, the cost of those assets is
 allocated over their estimated useful lives as depreciation
 expense. This is the amount of the difference between capital
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	6,278,894	
Depreciation Expense	<u>(1,211,636)</u>	5,067,258

Governmental funds report district pension and OPEB contributions as
 expenditures. However in the Statement of Activities, the cost
 of pension and OPEB benefits earned net of employee contributions are
 reported as pension and OPEB expense.

School District pension contributions	2,846,489	
Cost of benefits earned net of employee contributions - Pensions	(2,092,857)	
School District OPEB contributions	81,569	
Cost of benefits earned net of employee contributions - OPEB	<u>256,733</u>	1,091,934

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

Delinquent Property Taxes	161,727	
Interest	31,939	
Intergovernmental	<u>(363,101)</u>	(169,435)

Repayment of the bond principal and capital appreciation accrued interest are
 expenditures in the governmental funds, but the repayments reduces long-term
 liabilities in the statement of net position. 1,395,000

In the statement of activities interest expense is accrued when incurred;
 whereas, in governmental funds an interest expenditure is reported
 when due. 3,557

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

Compensated Absences	(161,186)	
Amortization of Bond Premium	250,586	
Amortization of Deferred Charge on Refunding	(111,595)	
Bond Accretion	<u>(160,191)</u>	(182,386)

Change in Net Position of Governmental Activities \$7,305,268

See accompanying notes to the basic financial statements.

Norwood City School District
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2024

	<u>Custodial Fund</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$0</u>
Total Assets	<u>0</u>
Liabilities:	
Accounts Payable	<u>0</u>
Total Liabilities	<u>0</u>
Net Position:	
Restricted for Individuals, Organizations, and Other Government	<u>0</u>
Total Net Position	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

Norwood City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2024

	Custodial Fund
Additions:	
Extracurricular Collections for OHSAA	\$541
Total Additions	541
Deductions:	
Extracurricular Distributions to OHSAA	541
Total Deductions	541
Change in Net Position	0
Net Position - Beginning of Year	0
Net Position - End of Year	\$0

See accompanying notes to the basic financial statements.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies

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

Reporting Entity

The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected Board of Education (five members) and is responsible for the education of the residents of the School District.

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations and student related activities. Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District is associated with three jointly governed organizations. These organizations are:

Jointly Governed Organizations:
Southwestern Ohio Computer Association
Great Oaks Career Campuses
Greater Cincinnati Insurance Consortium

These organizations are presented in Note 11.

Basis of Presentation

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District has no business-type activities.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore identifiable to a particular function. Program revenues include charges paid by the recipient of 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 School 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 School District.

Fund Financial Statements Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fund Accounting

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are grouped into the categories governmental and fiduciary.

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

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

Capital Projects – Fund used to account for all transactions relating to acquiring, constructing or improving permanent improvements other than those authorized by special bond funds.

Fiduciary Funds report 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 distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District has an OHSAA custodial fund.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made.

The modified accrual basis of accounting is used by the governmental funds. On a modified accrual basis, revenues are recorded when they become both measurable and 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. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, student fees, and grants.

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 except for unmatured principal and interest on general long-term debt which is recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Also, private-purpose trust and agency funds utilize accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

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.

Non-exchange transactions, in which the School District receives value without directly giving 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 were levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources includes deferred charge on refunding, pension and other post employment benefits (OPEB). These amounts are reported on the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include investment earnings, OPEB, property tax, pension, and grants and other taxes which

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

includes tax incremental financing (TIF). Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Grants and investment earnings are reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Other taxes are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension, OPEB, (see Notes 7 and 8) and other taxes are reported on the government-wide statement of net position.

Equity in Pooled Cash and Investments

Cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the balance sheet.

During fiscal year 2024, the School District's investments were limited to Commercial Paper, Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Treasury Notes, Federal Home Loan Mortgage Corporation, Certificates of Deposit, STAR Ohio, and Money Market Funds. Investments are reported at fair value, which is based on quoted market prices.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditure/expense is reported in the year in which services are consumed.

Capital Assets

Capital assets, which include land, buildings, building improvements, and equipment, are reported in the government-wide financial statements. The School District defines capital assets as those with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated acquisition values as of the date received. The School 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.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

All reported capital assets except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and Improvements	10-30 years
Equipment	3-5 years

Interfund Balances

On the governmental fund level financial statements, receivables and payables resulting from short-term

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

interfund loans are classified as "interfund receivable/payable." These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that have matured, for example, as a result of employee resignations and retirements.

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 those, 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, and special termination benefits 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 in the current year. The lease purchase agreement will be paid from governmental funds are recognized as a liability in the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Pension/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension/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.

Net Position

Net position represents the difference between assets and deferred inflows of resources, and liabilities and deferred outflows of resources. Net investment 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 are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Of the School District's \$12,447,885 in restricted net position, none were restricted for enabling legislation.

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

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that can be used only for the specific purposes imposed by a formal action (board resolution) of the School District's Board of Education. The Board of Education is the highest level of decision making authority for the School District. Those committed resources cannot be used for any other purpose unless the School District's Board of Education removes or changes the specified use by taking the same type of action (board resolution) it employed to previously commit those resources.

Assigned – resources that are intended to be used for specific purposes as approved through the School District's formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The School 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.

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, laws of other government or imposed by enabling legislation. Restricted assets included the amount for non expendable amount related to the permanent fund.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 - Deposits and Investments

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies that 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 pass book accounts.

Interim monies held by the District can be deposited or 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

6. 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.
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement No. 40 "Deposit and Investment Risk Disclosures".

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2024, \$385,320 of the School District's bank balance of \$635,320 was exposed to custodial credit risk because it was uninsured and collateralized.

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

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

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

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

Investments

As of June 30, 2024, the School District had the following investments:

	<u>Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Federal Farm Credit Bank	\$6,701,104	Level 2	3.15
Federal Home Loan Bank	4,666,806	Level 2	1.86
Federal Home Loan Mortgage Corporation	415,735	Level 2	3.71
Federal Agriculture Mortgage Corporation	97,757	Level 2	0.64
Federal National Mortgage Association	1,344,760	Level 2	1.53
Treasury Note	5,805,453	Level 2	1.99
Certificates of Deposit	1,958,836	Level 2	3.39
Commercial Paper	310,106	Level 2	3.91
STAR Ohio	4,891,059	N/A	0.13
Money Market Funds	127,636	N/A	0.00
Total Investments	<u>\$26,319,252</u>		
Portfolio Weighted Average Maturity			2.03

The School 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 School District’s recurring fair value measurements as of June 30, 2024. STAR Ohio is reported at its share price (Net Asset value per share).

Interest Rate Risk - In accordance with the investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the School District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The School District’s investments in, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Home Loan Bank were rated AAA by Standard & Poor’s and Fitch ratings and Aaa by Moody’s Investors Service. Investments in Treasury Notes were rated AA by Standard & Poor’s and Fitch ratings. Commercial Paper was rated A-1+ by Standard & Poor’s. Investments in STAR Ohio were rated AAAM by Standard & Poor’s. Money Market funds and Certificates of Deposit were not rated.

Concentration of Credit Risk – The School District’s investment policy allows investments in U.S. Agencies or Instrumentalities. The School District has invested 25% in Federal Farm Credit Bank, 1% in Commercial Paper, 7% in Certificates of Deposit, 18% in Federal Home Loan Bank, 5% in Federal National Mortgage Association, 22% in Treasury Note, 2% in Federal Home Loan Mortgage Corporation, 1% in Federal Agriculture Mortgage Corporation, 18% in STAR Ohio, and 1% in Money Market Funds.

Custodial Credit Risk – The risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District’s securities are either insured and registered in the name of the

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

School District or at least registered in the name of the School District.

Note 3 – Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31st; 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. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. The School District receives property taxes from Hamilton County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2025 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2024. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations in the General Fund.

The assessed values upon which fiscal year 2024 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$573,842,910
Public Utility Personal	<u>31,019,640</u>
Total	<u><u>\$604,862,550</u></u>

Note 4 – Interfund Transactions

Interfund transactions at June 30, 2024, consisted of the following fund for interfund receivables, interfund payables, transfers in and transfers out:

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$579,214	\$87,842	\$148	\$1,481,657
Capital Projects Fund	0	0	1,475,000	0
Other Governmental Funds	87,842	579,214	6,657	148
Total All Funds	\$667,056	\$667,056	\$1,481,805	\$1,481,805

The interfund loans (receivable and payables) were made to provide operating capital. These amounts are eliminated in the governmental activities column of the statement of net position.

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, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The \$148 transfer out of other Governmental Funds was for the unexpended balance in a special fund that was transferred to the General Fund. The special fund was terminated by the District. All transfers are in compliance with the Ohio Revised Code.

Note 5 – Capital Assets

Capital assets activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$510,209	\$0	\$0	\$510,209
Constructions in Progress	34,356,323	6,184,300	2,124,080	38,416,543
Capital Assets, being depreciated:				
Buildings and Improvements	22,976,594	1,993,532	0	24,970,126
Equipment	3,060,450	225,142	0	3,285,592
Totals at Historical Cost	60,903,576	8,402,974	2,124,080	67,182,470
Less Accumulated Depreciation:				
Buildings and Improvements	17,448,325	907,650	0	18,355,975
Equipment	2,155,586	303,986	0	2,459,572
Total Accumulated Depreciation	19,603,911	1,211,636	0	20,815,547
Governmental Activities Capital Assets, Net	\$41,299,665	\$7,191,338	\$2,124,080	\$46,366,923

Depreciation expense was charged to governmental functions as follows:

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

Instruction:	
Regular	\$480,342
Special	142,962
Support Services:	
Pupil	40,298
Instructional Staff	29,575
School Administration	28,592
Fiscal	706
Business	841
Operations and Maintenance	211,085
Central	42,890
Operation of Non-Instructional Services	27,023
Extracurricular Activities	207,322
Total Depreciation Expense	<u>\$1,211,636</u>

Note 6 – Risk Management

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the School District contracted with Wright Specialty Insurance for general liability insurance with a \$3,000,000 aggregate limit covering all employees and volunteers of the School District.

Wright Specialty Insurance Company also provides property and fleet insurance and property holds a \$5,000 deductible and the maintenance vehicles have a \$500 deductible for comprehensive and collision and a \$1,000,000 limit per occurrence. Wright Specialty Insurance Company maintains a \$500,000 crime policy for all employees and maintains Faithful Performance of Duty and Breach of Fiduciary Duty Insurance Coverage for the Treasurer.

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

Note 7 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represent the 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,

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the 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 8 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description

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

Age and service requirements for retirement are as follows:

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

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

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$666,569 for fiscal year 2024. Of this amount \$89,707 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. 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, a one-time 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

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent 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. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

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

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

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

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

Funding Policy

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

The District's contractually required contribution to STRS was \$2,179,920 for fiscal year 2024. Of this amount \$363,320 is reported as accrued wages and benefits.

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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$6,149,987	\$23,405,230	\$29,555,217
Proportion of the Net Pension Liability:			
Current Measurement Date	0.11130160%	0.10868492%	
Prior Measurement Date	<u>0.12176560%</u>	<u>0.11028551%</u>	
Change in Proportionate Share	-0.01046400%	-0.00160059%	
Pension Expense	\$453,124	\$1,639,733	\$2,092,857

At June 30 2024, 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>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$264,341	\$853,305	\$1,117,646
Changes of assumptions	43,564	1,927,547	1,971,111
Changes in employer proportionate share of net pension liability	8,024	94,388	102,412
Contributions subsequent to the measurement date	<u>666,569</u>	<u>2,179,920</u>	<u>2,846,489</u>
Total Deferred Outflows of Resources	<u>\$982,498</u>	<u>\$5,055,160</u>	<u>\$6,037,658</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$51,938	\$51,938
Changes of assumptions	0	1,450,889	1,450,889
Net difference between projected and actual earnings on pension plan investments	86,443	70,146	156,589
Changes in employer proportionate share of net pension liability	<u>409,329</u>	<u>596,300</u>	<u>1,005,629</u>
Total Deferred Inflows of Resources	<u>\$495,772</u>	<u>\$2,169,273</u>	<u>\$2,665,045</u>

\$2,846,489 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	(\$94,686)	(\$343,135)	(\$437,821)
2026	(382,521)	(1,018,282)	(1,400,803)
2027	292,781	2,258,841	2,551,622
2028	4,583	(191,457)	(186,874)
Total	<u>(\$179,843)</u>	<u>\$705,967</u>	<u>\$526,124</u>

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. 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, 2023 and compared with June 30, 2022, are presented below:

	June 30, 2023	June 30, 2022
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 three years following commencement	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three 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)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. 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 an arithmetic 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, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00%	0.75%
US Equity	24.75%	4.82%
Non-US Equity Developed	13.50%	5.19%
Non-US Equity Emerging	6.75%	5.98%
Fixed Income/Global Bonds	19.00%	2.24%
Private Equity	12.00%	7.49%
Real Estate/Real Assets	17.00%	3.70%
Private Debt/Private Credit	5.00%	5.64%
Total	<u>100.00%</u>	

Discount Rate

The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$9,077,066	\$6,149,987	\$3,684,480

Changes Between the Measurement Date and the Report Date

Governor DeWine signed HB33 in July 2023 authorizing SERS to implement a Contribution Based Benefit Cap beginning August 1, 2024. Any effect on the net pension liability is unknown.

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to those used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected Salary Increases	From 2.50% to 8.50% based on service	From 2.50% to 8.50% based on age
Investment Rate of Return	7.00% net of investments expense, including inflation	7.00% net of investments expense, including inflation
Discount Rate of Return	7.00%	7.00%
Payroll Increases	3.00%	3.00%
Cost-of-Living Adjustments (COLA)	0.00%	0.00%

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed Income	22.00%	1.75%
Real Estate	10.00%	5.75%
Liquidity Reserves	1.00%	1.00%
Total	100.00%	

* Final target weights reflected October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, 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 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$35,992,063	\$23,405,230	\$12,760,213

Changes Between the Measurement Date and the Report Date

In March 2024, the STRS Board made the eligibility rule requiring 34 years of service for an unreduced retirement permanent, effective June 1, 2024. Eligibility for a reduced retirement benefit has been lowered from 30 to 29 years of service. The effect of these changes on the net pension liability is currently unknown.

Note 8 - Defined Benefit OPEB Plans

See Note 7 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. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the District's surcharge obligation was \$81,569.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

The surcharge, added to the allocated portion of the 14.00% employer contribution rate is the total amount assigned to the Health Care Fund. The District’s contractually required contribution to SERS was \$81,569 for fiscal year 2024.

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.

Funding Policy

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,885,401	\$0	\$1,885,401
Proportionate Share of the Net OPEB (Asset)	0	(2,113,772)	(2,113,772)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.11444390%	0.10868492%	
Prior Measurement Date	<u>0.12464030%</u>	<u>0.11028551%</u>	
Change in Proportionate Share	-0.01019640%	-0.00160059%	
OPEB Expense	(\$151,704)	(\$105,029)	(\$256,733)

At June 30 2024, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$3,929	\$3,295	\$7,224
Changes of assumptions	637,509	311,389	948,898
Net difference between projected and actual earnings on OPEB plan investments	14,613	3,772	18,385
Changes in employer proportionate share of net OPEB liability	65,871	11,128	76,999
Contributions subsequent to the measurement date	81,569	0	81,569
Total Deferred Outflows of Resources	<u>\$803,491</u>	<u>\$329,584</u>	<u>\$1,133,075</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$972,371	\$322,406	\$1,294,777
Changes of assumptions	535,472	1,394,637	1,930,109
Changes in employer proportionate share of net OPEB liability	288,098	2,783	290,881
Total Deferred Inflows of Resources	<u>\$1,795,941</u>	<u>\$1,719,826</u>	<u>\$3,515,767</u>

\$81,569 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	(\$281,535)	(\$619,057)	(\$900,592)
2026	(281,878)	(282,629)	(564,507)
2027	(188,387)	(107,169)	(295,556)
2028	(122,217)	(146,509)	(268,726)
2029	(93,810)	(133,803)	(227,613)
Thereafter	(106,192)	(101,075)	(207,267)
Total	<u>(\$1,074,019)</u>	<u>(\$1,390,242)</u>	<u>(\$2,464,261)</u>

Actuarial Assumptions - SERS

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

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

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, 2023, compared with June 30, 2022, are presented below:

	June 30, 2023	June 30, 2022
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	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	2048	2044
Municipal Bond Index Rate:		
Measurement Date	3.86%	3.69%
Prior Measurement Date	3.69%	1.92%
Single Equivalent Interest Rate (SEIR), net of plan investment expense, including price inflation:		
Measurement Date	4.27%	4.08%
Prior Measurement Date	4.08%	2.27%
Health Care Cost Trend Rate	6.75% to 4.40%	7.00% to 4.40%

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	0.75%
US Equity	24.75%	4.82%
Non-US Equity Developed	13.50%	5.19%
Non-US Equity Emerging	6.75%	5.98%
Fixed Income/Global Bonds	19.00%	2.24%
Private Equity	12.00%	7.49%
Real Estate/Real Assets	17.00%	3.70%
Private Debt/Private Credit	5.00%	5.64%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 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, 2022, and the June 30, 2023, 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 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
Proportionate share of the net OPEB liability	\$2,410,081	\$1,885,401	\$1,471,668
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
Proportionate share of the net OPEB liability	\$1,385,139	\$1,885,401	\$2,548,315

Changes Between Measurement Date and Reporting Date

In September 2023, the SERS Board changed minimum compensation to \$30,000 from \$25,000 for purposes of the surcharge. Any effect on the net OPEB liability is unknown.

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to the prior year are presented below:

	June 30, 2023	June 30, 2022
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:		
Medical		
Pre-Medicare	7.50% initial, 4.14% ultimate	7.50% initial, 3.94% ultimate
Medicare	-10.94% initial, 4.14% ultimate	-68.78% initial, 3.94% ultimate
Prescription Drug		
Pre-Medicare	-11.95% initial, 4.14% ultimate	9.00% initial, 3.94% ultimate
Medicare	1.33% initial, 4.14% ultimate	-5.47% initial, 3.94% ultimate

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

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

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed Income	22.00%	1.75%
Real Estate	10.00%	5.75%
Liquidity Reserves	1.00%	1.00%
Total	100.00%	

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

Sensitivity of the 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, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net OPEB (asset)	(\$1,789,031)	(\$2,113,772)	(\$2,396,586)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$2,409,710)	(\$2,113,772)	(\$1,757,319)

Changes Between the Measurement Date and the Reporting date

In March, 2024, the STRS Board made changes to the eligibility for the maximum health care premium subsidy, going into effect initially with the January 2025 benefit. In May, 2024, the Board aligned the eligibility for the health care premium subsidy with the changes to pension eligibility made in March 2024. The effect on the net OPEB liability (asset) is unknown at this time.

Note 9 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, Board resolutions and State laws. Eligible classified employees and administrators earn ten to thirty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who are not on a twelve-month contract do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of 15 sick days of leave for each year under contract. During regular employment, sick leave may be accumulated, up to a maximum of 325 days for teachers, 325 days for administrators and exempt staff and 260 days for classified. Upon retirement, severance pay is based upon one-fourth of the accrual of sick days up to a maximum of 65 days for teachers, 65 days for administrators and exempt staff and 54 days for classified.

Note 10 – Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2024 were as follows:

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Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
Governmental Activities:					
2017 School Improvement GO Bonds	\$6,150,000	\$0	(\$775,000)	\$5,375,000	\$185,000
2017 School Improvement GO Bonds - Premium	1,906,650	0	(65,747)	1,840,903	0
2021 School Improvement GO Bonds	6,600,000	0	(390,000)	6,210,000	295,000
2021 School Improvement GO Bonds - Premium	518,306	0	(28,795)	489,511	0
2022 Refunding Bonds: Current Interest #4	20,080,000	0	0	20,080,000	0
2022 Refunding Bonds: Capital Appreciation - Principal	215,490	0	(70,999)	144,491	44,883
2022 Refunding Bonds: Capital Appreciation - Interest	177,011	160,191	(159,001)	178,201	0
2022 Refunding Bonds - Premium	3,530,876	0	(156,044)	3,374,832	0
Subtotal Bonds	39,178,333	160,191	(1,645,586)	37,692,938	524,883
Compensated Absences	2,005,933	359,852	(86,965)	2,278,820	244,220
Subtotal Bonds and Other Amounts	41,184,266	520,043	(1,732,551)	39,971,758	769,103
Net Pension Liability	31,102,638	0	(1,547,421)	29,555,217	0
Net OPEB Liability	1,749,963	135,438	0	1,885,401	0
Total Long-Term Obligations	<u>\$74,036,867</u>	<u>\$655,481</u>	<u>(\$3,279,972)</u>	<u>\$71,412,376</u>	<u>\$769,103</u>

Compensated Absences: Compensated absences will be paid from the funds from which the employees' salaries are paid.

Net Pension/OPEB Liability: There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

School Improvement Bonds: Series 2017A and 2017B School Improvement Unlimited Tax General Obligation Bonds were issued on April 25, 2017 and bear an average interest rate of 3.5%. The bonds mature on November 1, 2051. Principal and interest are paid from the debt service fund.

Series 2021 School Improvement Limited Tax General Obligation Bonds were issued on February 9, 2021 and bear an average interest rate of 2.5%. The bonds mature on December 1, 2040. Principal and interest are paid from the debt service fund.

On October 13, 2021 the School District issued \$20,438,950 in bonds with an interest rate between 2.347% and 3.232% which was used to partially refund \$20,440,000 of the outstanding 2017 school improvement bonds with an interest rate between 3.50% and 5.25%. The net proceeds of \$20,438,950 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the bond issues. As a result, \$20,440,000 of the 2017 school improvement bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

The School District refunded the 2017 school improvement bonds to reduce its total debt service payments by \$3,416,222 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,178,774.

Principal and interest requirements to retire general obligation debt outstanding at year end are as follows:

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

Fiscal Year	General Obligation Bonds			Capital Appreciation Bonds			
	Ending June 30	Principal	Interest	Total	Principal	Interest	Total
2025		\$480,000	\$986,965	\$1,466,965	\$44,883	\$220,117	\$265,000
2026		510,000	974,290	1,484,290	24,626	240,374	265,000
2027		360,000	959,065	1,319,065	22,691	422,309	445,000
2028		385,000	948,115	1,333,115	21,716	473,284	495,000
2029		400,000	935,715	1,335,715	12,975	487,025	500,000
2030-2034		2,890,000	4,472,275	7,362,275	17,600	2,167,400	2,185,000
2035-2039		6,240,000	3,861,731	10,101,731	0	0	0
2040-2044		6,620,000	2,960,892	9,580,892	0	0	0
2045-2049		8,065,000	1,823,811	9,888,811	0	0	0
2050-2052		5,715,000	390,600	6,105,600	0	0	0
Total		<u>\$31,665,000</u>	<u>\$18,313,459</u>	<u>\$49,978,459</u>	<u>\$144,491</u>	<u>\$4,010,509</u>	<u>\$4,155,000</u>

Note 11 – Jointly Governed Organizations

Great Oaks Career Campuses

Great Oaks Career Campuses, a jointly governed organization, is a distinct political subdivision of the State of Ohio which operates under the direction of a Board consisting of one representative from each participating school district’s elected board. The Board possesses its own budgeting and taxing authority. Great Oaks Career Campuses provides academic preparation and job training which leads to employment and/or further education upon graduation from high school. The School District has no ongoing financial interest in or responsibility for the Institute. To obtain financial information, write to Great Oaks Career Campuses at 3254 East Kemper Road, Cincinnati, Ohio 45241.

Southwest Ohio Computer Association (SWOCA)

The Southwest Ohio Computer Association (SWOCA), a jointly governed organization, was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the member schools of the four county consortium supports SWOCA based upon a per pupil charge dependent upon the software package utilized. SWOCA is governed by a Board of Directors consisting of one representative from each four districts plus one representative from the fiscal agent. The degree of control exercised by any participating school district is limited to its representation on the Board. To obtain financial information, write to the Southwestern Ohio Computer Association, at 3611 Hamilton-Middletown, Hamilton, Ohio 45011.

Greater Cincinnati Insurance Consortium

The School District is a member of the Greater Cincinnati Insurance Consortium (GCIC) which is a group insurance consortium. The consortium has 14 member schools and provides a wide range of group insurance benefits to each member schools employees and dependents and designated beneficiaries. The purpose of the consortium is to establish and maintain a fund to provide and/or purchase health insurance, dental insurance, life insurance and other insurance benefits to employees, their dependents and designated beneficiaries. The consortium is governed by a Board of Directors made up from one representative of each school district/service center.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

Note 12 – Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are 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 School District at June 30, 2024.

Litigation

The School District is party to legal proceedings. The School District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Note 13 – Required Set-Asides

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

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

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2023	\$0
Current Year Set Aside Requirements	347,963
Qualified Disbursements	(4,732,757)
Current Year Offsets	0
Set Aside Reserve Balance as of June 30, 2024	<u>(\$4,384,794)</u>
Restricted Cash as of June 30, 2024	<u>\$0</u>

Since the School District had offsets and qualifying disbursements during the year that reduced the set aside amount for capital acquisitions to below zero, these extra amounts may not be used to reduce the set aside requirements of future years. The excess qualifying disbursements of the capital improvement set-aside may not be used to reduce the capital improvement set aside requirements of future years.

Note 14 – Deficit Fund Balances

The following governmental funds had deficit fund balances at June 30, 2024:

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

<u>Fund</u>	<u>Deficit</u>
Other Governmental Funds:	
Title VI-B	\$40,306
Title I	48,777

These deficit balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 15 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Permanent	\$0	\$0	\$20,000	\$20,000
Prepays	108,877	93	140,256	249,226
Total Nonspendable	108,877	93	160,256	269,226
Restricted for:				
Special Revenue	0	0	415,552	415,552
Local Grant	0	0	33,023	33,023
District Managed Student Activity	0	0	91,728	91,728
Career Development	0	0	1,148	1,148
Food Service	0	0	87,842	87,842
Miscellaneous Federal Grants	0	0	74,192	74,192
Straight A Grant	0	0	51,695	51,695
21st Century	0	0	66	66
District Wide Student Activity Support	0	0	31,309	31,309
Debt Service	0	0	4,405,864	4,405,864
Capital Projects	0	4,975,838	0	4,975,838
Total Restricted	0	4,975,838	5,192,419	10,168,257
Committed to:				
Termination Benefits	141,449	0	0	141,449
Capital Projects	0	2,993,580	0	2,993,580
Total Committed	141,449	2,993,580	0	3,135,029
Assigned to:				
Encumbrances	242,756	0	0	242,756
Public Support	217,309	0	0	217,309
Permanent	0	0	29,522	29,522
Total Assigned	460,065	0	29,522	489,587
Unassigned (Deficit)	19,928,978	0	(91,395)	19,837,583
Total Fund Balance	\$20,639,369	\$7,969,511	\$5,290,802	\$33,899,682

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

Note 16 – Construction and Other Commitments

The School 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 School District’s commitments for encumbrances in the governmental funds were as follows:

<u>Description</u>	<u>Remaining Commitment</u>
General	\$733,776
Capital Projects	1,991,668
Other Governmental	341,186

Note 17 – Tax Abatements entered Into By Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) and Enterprise Zone (EZ) programs with the taxing districts of the School District. The CRA and EZ programs are directive incentive tax exemption programs benefiting property owners who renovate or construct new buildings. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the School District, the City of Norwood has entered into such agreements. Under these agreements the School District’s property taxes were reduced by an estimated \$4,300,000 annually. Payment in lieu of tax revenues were received to offset about half of these losses.

Note 18 – Implementation of New Accounting Principles

New Accounting Principles

For fiscal year 2024, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections; and portions of GASB Statement No. 99, Omnibus 2022.

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 is presented on the financial statements of the District.

GASB Statement No. 99 addresses a variety of topics and includes clarification of provisions related to accounting and reporting of leases under GASB Statement No. 87, provides extension of the period which the London Interbank Offered Rate is considered appropriate benchmark interest rate, guidance on disclosure of nonmonetary transaction, accounting for pledges of future revenues when resources are not received by the pledging government under GASB Statement No. 48, and terminology updates related to certain provisions of GASB Statement No. 63 and No. 53. These topics under GASB Statement No. 99 provisions were implemented in a prior year.

Other topics in GASB Statement No. 99 includes classification of other derivative instruments within the scope of GASB Statement No. 53, clarification of provisions related to accounting and reporting of Public-Private and Public-Public Partnerships under GASB Statement No. 94, and clarification of provisions to

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

accounting and reporting of subscription-based information technology arrangements under GASB Statement No. 96. These topics under GASB Statement No. 99 provisions were implemented and did not have an effect on the financial statements of the District.

REQUIRED SUPPLEMENTARY INFORMATION

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years (1)

Year	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
2024	0.11130160%	\$6,149,987	\$4,415,629	139.28%	76.06%
2023	0.12176560%	6,586,031	4,548,636	144.79%	75.82%
2022	0.12132750%	4,476,633	4,187,914	106.89%	82.86%
2021	0.12017910%	7,948,899	4,213,214	188.67%	68.55%
2020	0.12487510%	7,471,496	4,283,919	174.41%	70.85%
2019	0.12081750%	6,919,442	4,020,733	172.09%	71.36%
2018	0.10765700%	6,432,268	3,475,593	185.07%	69.50%
2017	0.10151450%	7,429,925	3,619,886	205.25%	62.98%
2016	0.09833420%	5,611,045	3,757,511	149.33%	69.16%
2015	0.09794300%	4,956,839	2,874,791	172.42%	71.70%

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

See accompanying notes to the required supplementary information.

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2024	\$666,569	(\$666,569)	\$0	\$4,761,207	14.00%
2023	618,188	(618,188)	0	4,415,629	14.00%
2022	636,809	(636,809)	0	4,548,636	14.00%
2021	586,308	(586,308)	0	4,187,914	14.00%
2020	589,850	(589,850)	0	4,213,214	14.00%
2019	578,329	(578,329)	0	4,283,919	13.50%
2018	542,799	(542,799)	0	4,020,733	13.50%
2017	486,583	(486,583)	0	3,475,593	14.00%
2016	506,784	(506,784)	0	3,619,886	14.00%
2015	495,240	(495,240)	0	3,757,511	13.18%

See accompanying notes to the required supplementary information.

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years (1)

Year	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
2024	0.10868492%	\$23,405,230	\$13,833,600	169.19%	80.02%
2023	0.11028551%	24,516,607	14,645,829	167.40%	78.88%
2022	0.11046399%	14,123,813	13,833,943	102.10%	87.78%
2021	0.11406983%	27,600,840	13,465,629	204.97%	75.48%
2020	0.11176915%	24,717,076	13,777,371	179.40%	77.40%
2019	0.11093762%	24,392,692	13,300,371	183.40%	77.30%
2018	0.11120266%	26,416,430	11,682,600	226.12%	75.30%
2017	0.11069423%	37,052,695	11,535,000	321.22%	66.80%
2016	0.10844463%	29,970,924	11,777,314	254.48%	72.10%
2015	0.11183763%	27,202,797	12,305,692	221.06%	74.70%

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

See accompanying notes to the required supplementary information.

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2024	\$2,179,920	(\$2,179,920)	\$0	\$15,570,857	14.00%
2023	1,936,704	(1,936,704)	0	13,833,600	14.00%
2022	2,050,416	(2,050,416)	0	14,645,829	14.00%
2021	1,936,752	(1,936,752)	0	13,833,943	14.00%
2020	1,885,188	(1,885,188)	0	13,465,629	14.00%
2019	1,928,832	(1,928,832)	0	13,777,371	14.00%
2018	1,862,052	(1,862,052)	0	13,300,371	14.00%
2017	1,635,564	(1,635,564)	0	11,682,600	14.00%
2016	1,614,900	(1,614,900)	0	11,535,000	14.00%
2015	1,648,824	(1,648,824)	0	11,777,314	14.00%

See accompanying notes to the required supplementary information.

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Eight Fiscal Years (1) (2)

Year	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
2024	0.11444390%	\$1,885,401	\$4,415,629	42.70%	30.02%
2023	0.12464030%	1,749,963	4,548,636	38.47%	30.34%
2022	0.12527210%	2,370,877	4,187,914	56.61%	24.08%
2021	0.12511460%	2,719,150	4,213,214	64.54%	18.17%
2020	0.12802420%	3,219,539	4,283,919	75.15%	15.57%
2019	0.12239550%	3,395,582	4,020,733	84.45%	13.57%
2018	0.10909940%	2,927,941	3,475,593	84.24%	12.46%
2017	0.10256862%	2,923,585	3,619,886	80.76%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Nine Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2024	\$81,569	(\$81,569)	\$0	\$4,761,207	1.71%
2023	83,198	(83,198)	0	4,415,629	1.88%
2022	82,082	(82,082)	0	4,548,636	1.80%
2021	81,250	(81,250)	0	4,187,914	1.94%
2020	82,292	(82,292)	0	4,213,214	1.95%
2019	99,805	(99,805)	0	4,283,919	2.33%
2018	85,454	(85,454)	0	4,020,733	2.13%
2017	58,779	(58,779)	0	3,475,593	1.69%
2016	50,589	(50,589)	0	3,619,886	1.40%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2024	0.10868492%	(\$2,113,772)	\$13,833,600	(15.28%)	168.52%
2023	0.11028551%	(2,855,658)	14,645,829	(19.50%)	230.73%
2022	0.11046399%	(2,329,043)	13,833,943	(16.84%)	174.73%
2021	0.11406983%	(2,004,776)	13,465,629	(14.89%)	182.13%
2020	0.11176915%	(1,851,165)	13,777,371	(13.44%)	174.74%
2019	0.11093762%	(1,782,654)	13,300,371	(13.40%)	176.00%
2018	0.11120266%	4,338,717	11,682,600	37.14%	47.10%
2017	0.11069423%	5,919,956	11,535,000	51.32%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Nine Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2024	\$0	\$0	\$0	\$15,570,857	0.00%
2023	0	0	0	13,833,600	0.00%
2022	0	0	0	14,645,829	0.00%
2021	0	0	0	13,833,943	0.00%
2020	0	0	0	13,465,629	0.00%
2019	0	0	0	13,777,371	0.00%
2018	0	0	0	13,300,371	0.00%
2017	0	0	0	11,682,600	0.00%
2016	0	0	0	11,535,000	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Norwood City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2024

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$17,178,957	\$18,270,062	\$18,101,803	(\$168,259)
Revenue in lieu of taxes	2,134,210	2,269,762	2,248,859	(20,903)
Tuition and Fees	546,202	580,894	575,544	(5,350)
Investment Earnings	773,413	822,535	814,960	(7,575)
Intergovernmental	8,930,909	9,498,148	9,410,674	(87,474)
Extracurricular Activities	133,609	142,095	140,786	(1,309)
Other Revenues	78,874	83,884	83,111	(773)
Total Revenues	29,776,174	31,667,380	31,375,737	(291,643)
Expenditures:				
Current:				
Instruction:				
Regular	12,877,150	13,290,992	13,196,587	94,405
Special	5,852,782	6,040,877	5,997,969	42,908
Vocational	68,006	70,192	69,693	499
Support Services:				
Pupil	2,293,009	2,366,702	2,349,891	16,811
Instructional Staff	746,217	770,199	764,728	5,471
General Administration	50,020	51,628	51,261	367
School Administration	2,143,601	2,212,491	2,196,776	15,715
Fiscal	805,788	831,684	825,777	5,907
Operations and Maintenance	2,543,363	2,625,101	2,606,455	18,646
Pupil Transportation	825,874	852,416	846,361	6,055
Central	419,171	432,642	429,569	3,073
Extracurricular Activities	621,709	641,689	637,131	4,558
Total Expenditures	29,246,690	30,186,613	29,972,198	214,415
Excess of Revenues Over (Under) Expenditures	529,484	1,480,767	1,403,539	(77,228)
Other Financing Sources (Uses):				
Transfers (Out)	(1,494,582)	(1,542,614)	(1,531,657)	10,957
Total Other Financing Sources (Uses)	(1,494,582)	(1,542,614)	(1,531,657)	10,957
Net Change in Fund Balance	(965,098)	(61,847)	(128,118)	(66,271)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	14,151,098	14,151,098	14,151,098	0
Fund Balance - End of Year	\$13,186,000	\$14,089,251	\$14,022,980	(\$66,271)

See accompanying notes to the required supplementary information.

Norwood City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

Note 1 - Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations 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 amount that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. During the course of fiscal year 2023, the School District amended its budget at several times, however none were significant.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during fiscal year 2024.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Board during the year. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

While the School District is 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, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

Norwood City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

	General
GAAP Basis	\$2,966,659
Revenue Accruals	(3,657,950)
Expenditure Accruals	1,347,097
Transfers In	(148)
Transfers Out	(50,000)
Encumbrances	(733,776)
Budget Basis	(\$128,118)

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2023-2024: There were no changes in benefit terms since the prior measurement period.

2022: Cost of Living Adjustments (COLA) increased from 0.50% to 2.50%.

2020-2021: There were no changes in benefit terms from the amounts reported for this 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.

2018: SERS changed from a fixed 3.00% annual increase to a Cost of Living Adjustments (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.50% and a floor of 0.00%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2023-2024: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Cost of Living Adjustments (COLA) was increased from 2.00% to 2.50% for calendar year 2024.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.00% to 2.40%,
- (2) Payroll growth assumption was reduced from 3.50% to 1.75%,
- (3) Assumed real wage growth was increased from 0.50% to 0.85%,
- (4) Cost of Living Adjustments (COLA) was reduced from 2.50% to 2.00%,
- (5) The discount rate was reduced from 7.50% to 7.00%,

Norwood City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

- (6) Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and,
- (7) Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) 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,
- (6) 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,
- (7) 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
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019-2024: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table:
 - a. Adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020
- (2) Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table:
 - a. Adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020

Norwood City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

- (3) Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table:
 - a. Projected forward generationally using mortality improvement scale MP-2020
- (4) Projected salary increases changed from 2.50% to 12.50% to 2.50% to 8.50%

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) 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,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

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

2017-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2024: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	4.08%
Measurement Date	4.27%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.69%
Measurement Date	3.86%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	4.08%
Measurement Date	4.27%

Norwood City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

- (4) The assumption for percent of pre-Medicare eligible retirees who choose the Wraparound plan increased from 10% to 20%.
- (5) The health care trend assumption on retiree premiums was updated to not apply trend to the \$35 surcharge.
- (6) The morbidity factors were updated based on the Society of Actuaries' June 2013 research report Health Care Costs—From Birth to Death by Dale Yamamoto and from the ASOP 6 practice note developed by the American Academy of Actuaries.
- (7) An assumption was added to assume that 15% of pre-65 retirees who waive will elect coverage upon Medicare eligibility.

2023: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	2.27%
Measurement Date	4.08%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	1.92%
Measurement Date	3.69%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	2.27%
Measurement Date	4.08%
- (4) Health care trend rates were updated.

2022: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	2.63%
Measurement Date	2.27%
- (2) Investment Rate of Return:

Prior Measurement Date	7.50%
Measurement Date	7.00%
- (3) Assumed Rate of Inflation:

Prior Measurement Date	3.00%
Measurement Date	2.40%
- (4) Payroll Growth Assumption:

Prior Measurement Date	3.50%
Measurement Date	1.75%
- (5) Assumed Real Wage Growth:

Prior Measurement Date	0.50%
Measurement Date	0.85%
- (6) Municipal Bond Index Rate:

Prior Measurement Date	2.45%
Measurement Date	1.92%
- (7) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	2.63%
Measurement Date	2.27%
- (8) Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- (9) Rate of health care participation for future retirees and spouses was updated to reflect recent.

Norwood City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

- (10) Mortality among active members was updated to the following:
 - a. PUB-2010 General Amount Weighted Below Median Employee mortality table.
- (11) Mortality among service retired members was updated to the following:
 - a. 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.
- (12) Mortality among beneficiaries was updated to the following:
 - a. 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.
- (13) Mortality among disabled member was updated to the following:
 - a. 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.
- (14) Mortality rates are projected using a fully generational projection with Scale MP-2020.

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.22%
Measurement Date	2.63%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.13%
Measurement Date	2.45%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.22%
Measurement Date	2.63%

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.70%
Measurement Date	3.22%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.62%
Measurement Date	3.13%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.70%
Measurement Date	3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	3.70%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%

Norwood City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
- | | |
|------------------------|-------|
| Prior Measurement Date | 3.63% |
| Measurement Date | 3.70% |

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
- | | |
|------------------|-------|
| Fiscal Year 2018 | 3.63% |
| Fiscal Year 2017 | 2.98% |
- (2) Municipal Bond Index Rate:
- | | |
|------------------|-------|
| Fiscal Year 2018 | 3.56% |
| Fiscal Year 2017 | 2.92% |
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
- | | |
|------------------|-------|
| Fiscal Year 2018 | 3.63% |
| Fiscal Year 2017 | 2.98% |

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) 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,
- (6) 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, and
- (7) 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.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2024: Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024. The change in the subsidy percentage and the base amount for all retiree Non-Medicare Eligible (NME) participants, from 2.2% per year in last year's valuation to 2.5% per year, capped at 75%, as well as the unfreezing of the NME subsidy, the removal of the 6% cap on the year over year subsidy increase for Medicare Eligible (ME) participants, the changes in deductible and office visits copays for Aetna's Medicare Advantage plan, and updates in the medical and PBM vendor contracts. In addition, there were benefit changes related to the change in eligibility for unreduced Pension benefits.

2023: Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

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

Norwood City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

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.

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. 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.

2020: There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.10% to 1.90% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in Assumptions:

2024: Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024. The change in the subsidy percentage and the base amount for all retiree Non-Medicare Eligible (NME) participants, from 2.2% per year in last year's valuation to 2.5% per year, capped at 75%, as well as the unfreezing of the NME subsidy, the removal of the 6% cap on the year over year subsidy increase for Medicare Eligible (ME) participants, the changes in deductible and office visits copays for Aetna's Medicare Advantage plan, and updates in the medical and PBM vendor contracts. In addition, there were benefit changes related to the change in eligibility for unreduced Pension benefits.

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

Norwood City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2024

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: 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). Valuation year per capita health care costs were updated.

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

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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**NORWOOD CITY SCHOOL DISTRICT
HAMILTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Ohio Department of Education:			
Special Education Cluster:			
Special Education-Grants to States	84.027	3M20	570,259
COVID - 19 Special Education-Grants to States	84.027X	3IA0	1,688
Special Education-Preschool Grants	84.173	3C50	<u>11,892</u>
Total Special Education Cluster			<u>583,839</u>
COVID - 19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	3HS0	2,818,434
Twenty-First Century Community Learning Centers	84.287	3Y20	689,684
Supporting Effective Instruction State Grants	84.367	3Y60	121,542
Title I Grants to Local Educational Agencies	84.010	3M00	905,020
English Language Acquisition State Grants	84.365	3Y70	12,158
Student Support and Academic Enrichment Program	84.424	3H10	<u>105,168</u>
Total Department of Education			<u>5,235,845</u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
Passed Through Ohio Facilities Construction Commission:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	5CV3	175,808
Total Department of the Treasury			<u>175,808</u>
Total Expenditures of Federal Awards			<u><u>\$5,411,653</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

**NORWOOD CITY SCHOOL DISTRICT
HAMILTON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Norwood City School District (the School District) under programs of the federal government for the year ended June 30, 2024. 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

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

Board of Education
Norwood City School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Norwood City School District (the District), as of and for the year ended June 30, 2024, 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 13, 2024.

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.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

December 13, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Education
Norwood City School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Norwood City School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are 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 types of 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, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
December 13, 2024

**NORWOOD CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

COVID-19 ARP-Elementary and Secondary School Emergency Relief ALN 84.425U

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? No

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS

None

Section III – Federal Award Findings and Questioned Costs

None



**NORWOOD CITY SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
2 CFR 200.511(b)
JUNE 30, 2024**

None Noted.

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OHIO AUDITOR OF STATE KEITH FABER



NORWOOD CITY SCHOOL DISTRICT

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/4/2025

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