

***NORTON CITY SCHOOL DISTRICT***

***SUMMIT COUNTY, OHIO***

**SINGLE AUDIT**

**For the Year Ended June 30, 2024**







65 East State Street  
Columbus, Ohio 43215  
[ContactUs@ohioauditor.gov](mailto:ContactUs@ohioauditor.gov)  
800-282-0370

Board of Education  
Norton City School District  
4128 Cleveland-Massillon Road  
Norton, Ohio 44203

We have reviewed the *Independent Auditor's Report* of the Norton City School District, Summit County, prepared by Charles E. Harris & 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. The Norton City School District is responsible for compliance with these laws and regulations.

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

KEITH FABER  
Ohio Auditor of State

A handwritten signature in cursive ink that reads "Tiffany L. Ridenbaugh".

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

January 15, 2026

**This page intentionally left blank.**

**Norton City School District  
Summit County**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	14
Statement of Activities.....	15
 Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Fund Net Position – Internal Service Fund.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Internal Service Fund .....	21
Statement of Cash Flows – Internal Service Fund .....	22
Notes to the Basic Financial Statements .....	24
 Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	64
Schedule of the District's Proportionate Share of the Net Pension Liability .....	66
Schedule of District Pension Contributions .....	67
Schedule of the District's Proportionate Share of Net OPEB Liability /Asset .....	68
Schedule of School District Contributions - OPEB .....	69
Notes to Required Supplementary Information .....	70
Schedule of Expenditures of Federal Awards (Prepared by Management) .....	76

**Norton City School District  
Summit County**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Notes to the Schedule of Expenditures of Federal Awards (Prepared by Management) .....	77
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	78
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	80
Schedule of Findings.....	83

**INDEPENDENT AUDITOR'S REPORT**

Norton City School District  
Summit County  
4128 Cleveland-Massillon Road  
Norton, Ohio 44203

To the Board of Education:

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

***Opinion***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Norton City School District, Summit County, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

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

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

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

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

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required budgetary comparison schedule, schedules of net pension and other post-employment benefit liabilities/assets and pension and other post-employment benefit contributions 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The Schedule 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. Such 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 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 July 17, 2025, 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.

*Charles E. Harris & Associates*

***Charles E. Harris & Associates, Inc.***  
July 17, 2025

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(UNAUDITED)**

The management of the Norton City School District (the School District) offers the readers of the School District's Annual Comprehensive Financial Report this narrative overview and analysis of the financial activities for the year ended June 30, 2024. The School District encourages readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year 2024 are as follows:

- In total, net position of governmental activities decreased \$2,344,646 which represents a 230.22% decrease from 2023's net position.
- General revenues accounted for \$23,173,388 in revenue or 76.98% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$6,930,552 or 23.02% of total revenues of \$30,103,940.
- The School District had \$32,448,586 in expenses related to governmental activities; \$6,930,552 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$23,173,388 supported governmental activities (primarily taxes and unrestricted grants and entitlements) were insufficient to provide for these programs.
- The School District's major governmental funds are the general fund, debt service fund, and the permanent improvement fund. The general fund had \$25,398,014 in revenues and other financing sources and \$26,629,763 in expenditures and other financing uses. During fiscal year 2024, the general fund's fund balance decreased \$1,231,749 from a balance of \$5,385,236 to \$4,153,487.
- The bond retirement fund had \$891,679 in revenues and \$1,146,941 in expenditures. During fiscal year 2024, the debt service fund's fund balance decreased \$255,262 from a balance of \$986,449 to a balance of \$731,187.
- The permanent improvement fund had \$626,968 in revenues, \$1,162,552 in expenditures. During fiscal year 2024, the permanent improvement fund balance decreased \$535,584 from a balance of \$886,891 to a balance of \$351,307.

**USING THE BASIC FINANCIAL STATEMENTS**

This annual comprehensive financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Norton City 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 major funds with all other non-major funds presented in total in one column. The major funds for the Norton City School District are the general fund, the debt service fund, and the permanent improvement fund.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(UNAUDITED)**

**REPORTING THE SCHOOL DISTRICT AS A WHOLE**

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

While this document contains a large number of funds utilized 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 questions, "How did the School District perform financially in 2024?" The Statement of Net Position and the Statement of Activities help to answer this question. These statements include all assets plus deferred outflows of resources and liabilities plus deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by private sector corporations. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and change in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The reader must also consider other non-financial factors such as the School District's property tax base, current property tax laws, student enrollment growth, facility conditions and other factors in arriving at their conclusion regarding the overall health of the School District.

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation and maintenance of plant, student transportation and extracurricular activities.

**REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

***Fund Financial Statements***

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

***Governmental Funds***

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, 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.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(UNAUDITED)**

***Proprietary Funds***

The School District has one proprietary fund which is an internal service fund established to account for the resources used to pay claims and other expenses associated with the self-insured medical benefits program. This fund is reported using the accrual basis of accounting, just as the district-wide statements and is focused on the determination of operating income, the change in net position, financial position, and cash flows. On the district-wide financial statements, the assets and liabilities are included with governmental activities and the net revenue or expense of the internal service fund for the year is allocated to the participating functions within the governmental activities.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support programs of the School District. The accounting used for fiduciary funds is much like that in the district-wide financial statements. The School District had no fiduciary funds in fiscal year 2024.

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

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

***Supplementary Information***

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

**THE SCHOOL DISTRICT AS A WHOLE**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities plus deferred inflows were greater than assets plus deferred outflows by \$3,363,075 at the close of the most recent fiscal year.

A significant portion of the School District's net position, \$15,026,407 reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The School District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the School District's net position, \$3,863,984, represents resources subject to external restrictions on how they may be used.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(UNAUDITED)**

Table 1 provides a comparative analysis of fiscal year 2024 to 2023.

**Table 1  
NET POSITION**

	Governmental Activities	
	<u>2024</u>	<u>2023</u>
Current assets	\$ 23,661,188	\$ 23,619,712
Capital assets	<u>36,300,928</u>	<u>36,937,876</u>
Total assets	<u>59,962,116</u>	<u>60,557,588</u>
Deferred outflows	<u>7,555,108</u>	<u>7,222,012</u>
Current liabilities	3,232,939	2,334,688
Long-term liabilities:	<u>51,341,866</u>	<u>50,783,900</u>
Total liabilities	<u>54,574,805</u>	<u>53,118,588</u>
Deferred inflows	<u>16,305,494</u>	<u>15,679,441</u>
Net Position:		
Net investment in capital assets	15,026,407	15,431,619
Restricted	3,863,984	3,472,006
Unrestricted (deficit)	<u>(22,253,466)</u>	<u>(19,922,054)</u>
Total net position (deficit)	<u>\$ (3,363,075)</u>	<u>\$ (1,018,429)</u>

The net pension liability (NPL) is reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and the net OPEB asset/liability is reported pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting net OPEB asset and deferred outflows related to pension and OPEB.

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

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(UNAUDITED)**

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

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

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

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

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

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

At year-end, capital assets represented 60.54% of total assets and deferred outflows of resources. Capital assets include land, land improvements, construction in progress, buildings and improvements, furniture and equipment, vehicles, and intangible right to use equipment. Net investment in capital assets was \$15,026,407. 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, \$3,863,984, represents resources that are subject to external restriction on how they may be used. The remaining balance is a deficit net position of \$22,253,466.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(UNAUDITED)**

*Governmental Activities*

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

<b>Change in Net Position</b>		
	Governmental Activities 2024	Governmental Activities 2023
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 2,205,678	\$ 2,115,744
Operating grants and contributions	4,724,874	4,085,351
General revenues:		
Property taxes	9,400,359	12,578,665
Income taxes	2,023,405	2,111,624
Grants and entitlements	11,383,606	11,579,108
Investment earnings	282,740	138,967
Gain on disposal of capital assets	24,258	-
Miscellaneous	59,020	40,906
Total revenues	<u>30,103,940</u>	<u>32,650,365</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	12,458,546	11,758,390
Special	4,645,557	4,312,506
Vocational	838,847	669,703
Adult/continuing	7,754	6,998
Student intervention services	37,758	61,617
Support services:		
Pupil	2,942,304	2,737,553
Instructional staff	719,053	729,853
Board of education	44,507	37,625
Administration	1,974,452	1,769,568
Fiscal	700,104	651,552
Business	552,902	356,580
Operations and maintenance	2,815,007	2,439,434
Pupil transportation	1,639,720	1,421,124
Central	97,083	130,197
Operation of non-instructional services:		
Food service operations	1,227,026	1,110,299
Other non-instructional services	4,518	5,147
Extracurricular activities	1,026,198	1,012,100
Interest and fiscal charges	717,250	764,235
Total expenses	<u>32,448,586</u>	<u>29,974,481</u>
Change in net position	(2,344,646)	2,675,884
Net position (deficit) at beginning of year	<u>(1,018,429)</u>	<u>(3,694,313)</u>
Net position (deficit) at end of year	<u>\$ (3,363,075)</u>	<u>\$ (1,018,429)</u>

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(UNAUDITED)**

Net position of the School District's governmental activities decreased \$2,344,646. Total governmental expenses of \$32,448,586 were offset by program revenues of \$6,930,552 and general revenues of \$23,173,388. Program revenues supported 21.36% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes, and grants and entitlements. These revenue sources represent 75.76% of total governmental revenue. Property tax revenue decreased due to less money collected and available for advance to the School District at June 30, 2024 than at June 30, 2023. The amount of taxes collected and available for advance at June 30, 2024 and June 30, 2023 were \$486,230 and \$2,434,855, respectively. These amounts are reported as revenue in the respective year. The amounts of taxes collected and available as advance can vary depending upon when tax bills are sent.

The largest expense of the School District is for instructional programs. Instruction expenses totaled \$17,988,462 or 55.43% of total governmental expenses for fiscal year 2024.

Expenses of the governmental activities increased \$2,475,105 or 8.25%. This increase is primarily the result of increased regular instruction costs and increased operations and maintenance costs related to maintaining School District facilities.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. The net cost of program services must be supported by general revenues including tax revenue, investment earnings and unrestricted State entitlements.

(Table 3)  
**Total and Cost of Program Services  
Governmental Activities**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Program expenses				
Instruction	\$ 17,988,462	\$ 16,809,214	\$ 14,070,356	\$ 13,544,609
Support services:				
Pupil and instructional staff	3,661,357	3,467,406	2,729,491	2,137,618
Board of education, Administration, Fiscal and business	3,271,965	2,815,325	3,110,033	2,790,873
Operations and maintenance	2,815,007	2,439,434	2,788,819	2,364,766
Pupil transportation	1,639,720	1,421,124	1,377,112	1,417,443
Central	97,083	130,197	97,083	130,197
Other non-instructional services	1,231,544	1,115,446	29,592	(60,832)
Extracurricular activities	1,026,198	1,012,100	598,298	684,477
Interest and fiscal charges	717,250	764,235	717,250	764,235
Total expenses	\$ 32,448,586	\$ 29,974,481	\$ 25,518,034	\$ 23,773,386

The dependence upon tax and other general revenues for governmental activities is apparent; 78.22% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 78.64%. The School District's taxpayers and unrestricted grants and entitlements from the State of Ohio are by far the primary support for School District's students.

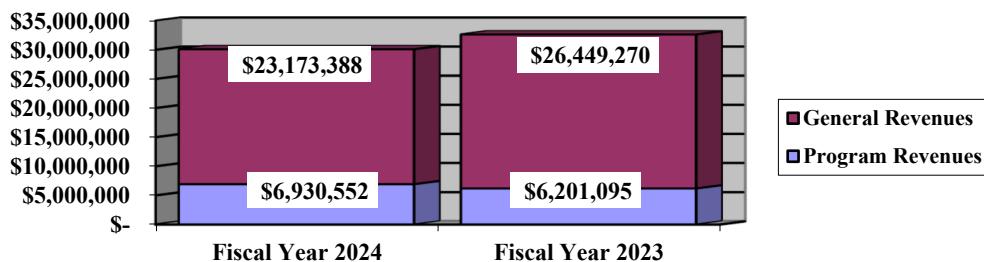
**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(UNAUDITED)**

Unallocated depreciation represents depreciation expense associated with capital assets that are commonly utilized by multiple functional areas, typically school buildings and related improvements. Depreciation expense on specific assets of a functional area is included in the expense reported for those functions.

The graph below presents the School District's governmental activities revenue for fiscal year 2024 and 2023.

**Governmental Activities - General and Program Revenues**



***The School District's Funds***

The School District's governmental funds reported a combined fund balance of \$6,056,789, which is \$2,389,271 less than last year's total of \$8,446,060. The decrease in fund balance is a result of expenditures outpacing tax revenue and intergovernmental revenue. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2024 and 2023.

	Fund Balance <u>June 30, 2024</u>	Fund Balance <u>June 30, 2023</u>	<u>Change</u>
General	\$ 4,153,487	\$ 5,385,236	\$ (1,231,749)
Bond retirement	731,187	986,449	(255,262)
Permanent Improvement	351,307	886,891	(535,584)
Other Governmental	<u>820,808</u>	<u>1,187,484</u>	<u>(366,676)</u>
<b>Total</b>	<b><u>\$ 6,056,789</u></b>	<b><u>\$ 8,446,060</u></b>	<b><u>\$ (2,389,271)</u></b>

**General Fund Budget Information**

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 several times. For the general fund, final budgeted revenues and other financing sources were \$26,811,901 which was \$1,381,258 higher than the original budgeted revenues and other financing sources estimate of \$25,430,643. Actual revenues and other financing sources for fiscal year 2024 were \$26,811,901, which was equal to the final budgeted revenues and other financing sources.

General fund final appropriations were \$31,213,865 which was \$1,379,330 higher than the original budgeted expenditures of \$29,834,535. Actual expenditures and other financing uses for fiscal year 2024 were \$26,000,283 which was \$5,213,582 lower than the final appropriations and other financing uses.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(UNAUDITED)**

**Capital Assets**

At the end of fiscal year 2024, the School District had \$36,300,928 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles in governmental activities. The table below shows fiscal year 2024 balances compared to 2023, however for greater detail readers should review Note 7 to the basic financial statements.

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

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Land	\$ 1,259,263	\$ 1,259,263
Land improvements	1,404,658	1,498,013
Building and improvements	30,431,471	31,326,339
Furniture and equipment	1,951,738	1,970,347
Vehicles	<u>1,253,798</u>	<u>883,914</u>
Total	<u>\$ 36,300,928</u>	<u>\$ 36,937,876</u>

Overall, net capital assets decreased \$636,948 from the fiscal year 2023 total net capital assets. Current year capital outlay of \$779,831 were less than current year depreciation/amortization expense of \$1,415,679. Disposals on capital assets were a net decrease of \$1,100, resulting in overall decrease in net capital assets for the year. Cost associated with repair and maintenance of the School District's facilities and other assets that do not extend the useful life of the capitalized item are included within the plant operation and maintenance function.

**Debt Administration**

The table below summarizes the bonds, notes and leases outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities 2024	Governmental Activities 2023
General obligation bonds - 2020	13,664,004	13,794,399
General obligation bonds - 2016	8,035,811	8,088,738
Capital Appreciation bonds (including accrued interest)	<u>644,554</u>	<u>901,238</u>
Total	<u>\$ 22,344,369</u>	<u>\$ 22,784,375</u>

As permitted by Ohio Revised Code Section 133.06(E), the State of Ohio was declared to be a "special needs" district as it relates to issuing debt for purposes of constructing and renovating classroom facilities. This classification allows the School District to exceed the established voted debt limit, if needed, in an amount not to exceed 12 percent of its taxable values plus an amount by which the State projects the tax valuation to increase during the next ten years.

For more detailed disclosures regarding the School District's debt obligations the reader should refer to Note 12 to the basic financial statements.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(UNAUDITED)**

**Current Financial Related Activities**

The School District has carefully managed its general fund budget in order to optimize the dollars available for educating the students it serves. Sound fiscal management by the Board of Education and administration has enabled the School District to maintain a healthy cash balance, and continue a quality, comprehensive educational program.

The Board of Education and administration monitor the growth of student enrollment and continue to evaluate staffing and facility needs.

The School District has committed itself to educational and financial excellence for many years. It is committed to living within its financial means and working with the community it serves in order to garner adequate resources to support the educational program. The Board of Education and administration closely monitor the School District's revenues and expenditures in accordance with its financial forecast. Overall, the School District continues to perform at a high level.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Treasurer's Office at Norton City School District, 4128 South Cleveland Massillon Road, Norton, OH 44203 or call (330) 825-2114.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**STATEMENT OF NET POSITION  
JUNE 30, 2024**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 7,818,092
Receivables:	
Property taxes	12,197,958
Income taxes	841,962
Accounts	11,628
Intergovernmental	874,568
Prepayments	33,817
Materials and supplies inventory	44,627
Inventory held for resale	13,631
Net OPEB asset	1,824,905
Capital assets:	
Not being depreciated/amortized	1,259,263
Being depreciated/amortized, net	<u>35,041,665</u>
Capital assets, net	<u>36,300,928</u>
Total assets	<u>59,962,116</u>
<b>Deferred outflows of resources:</b>	
Unamortized deferred charges on refunding	697,507
Pension	5,882,097
OPEB	<u>975,504</u>
Total deferred outflows of resources	<u>7,555,108</u>
<b>Liabilities:</b>	
Accounts payable	60,336
Contracts payable	266,090
Accrued wages and benefits payable	2,183,965
Intergovernmental payable	619,695
Accrued interest payable	102,853
Long-term liabilities:	
Due within one year	706,264
Due in more than one year:	
Net pension liability	25,654,639
Net OPEB liability	1,673,949
Other amounts due in more than one year	<u>23,307,014</u>
Total liabilities	<u>54,574,805</u>
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year	11,233,233
Unamortized deferred charge on refunding	150,457
Pension	1,877,172
OPEB	<u>3,044,632</u>
Total deferred inflows of resources	<u>16,305,494</u>
<b>Net position:</b>	
Net investment in capital assets	15,026,407
Restricted for:	
Capital projects	383,682
Classroom facilities maintenance	48,523
Debt service	674,595
Food service operations	636,552
Extracurricular activities	231,346
Other purposes	64,381
OPEB	1,824,905
Unrestricted (deficit)	<u>(22,253,466)</u>
Total net position (deficit)	<u><u>\$ (3,363,075)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	
<b>Governmental activities:</b>				
Instruction:				
Regular	\$ 12,458,546	\$ 547,233	\$ 602,237	\$ (11,309,076)
Special	4,645,557	803,887	1,790,641	(2,051,029)
Vocational	838,847	-	174,108	(664,739)
Adult/continuing	7,754	-	-	(7,754)
Student intervention services	37,758	-	-	(37,758)
Support services:				
Pupil	2,942,304	-	853,490	(2,088,814)
Instructional staff	719,053	-	78,376	(640,677)
Board of education	44,507	-	-	(44,507)
Administration	1,974,452	-	7,511	(1,966,941)
Fiscal	700,104	-	-	(700,104)
Business	552,902	-	154,421	(398,481)
Operations and maintenance	2,815,007	-	26,188	(2,788,819)
Pupil transportation	1,639,720	-	262,608	(1,377,112)
Central	97,083	-	-	(97,083)
Operation of non-instructional services:				
Food service operations	1,227,026	472,798	724,983	(29,245)
Other non-instructional services	4,518	-	4,171	(347)
Extracurricular activities	1,026,198	381,760	46,140	(598,298)
Interest	717,250	-	-	(717,250)
<b>Totals</b>	<b>\$ 32,448,586</b>	<b>\$ 2,205,678</b>	<b>\$ 4,724,874</b>	<b>\$ (25,518,034)</b>
<b>General revenues:</b>				
Property taxes levied for:				
General purposes				7,958,734
Debt service				858,287
Capital outlay				528,335
Classroom facilities maintenance				55,003
Income taxes levied for:				
General purposes				2,023,405
Grants and entitlements not restricted				
to specific programs				11,383,606
Investment earnings				282,740
Gain on disposal of capital assets				24,258
Miscellaneous				59,020
Total general revenues				<b>\$ 23,173,388</b>
Change in net position				(2,344,646)
<b>Net position (deficit) at beginning of year</b>				<b>\$ (1,018,429)</b>
<b>Net position (deficit) at end of year</b>				<b>\$ (3,363,075)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	<b>General</b>	<b>Bond Retirement</b>	<b>Permanent Improvement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents	\$ 5,419,028	\$ 684,178	\$ 584,499	\$ 1,082,942	\$ 7,770,647
Receivables:					
Property taxes	10,290,310	1,122,011	785,637	-	12,197,958
Income taxes	841,962	-	-	-	841,962
Accounts	9,778	-	-	1,850	11,628
Interfund loans	175,497	-	-	-	175,497
Intergovernmental	720,837	-	-	153,731	874,568
Prepayments	31,146	-	-	2,671	33,817
Materials and supplies inventory	37,610	-	-	7,017	44,627
Inventory held for resale	-	-	-	13,631	13,631
Advances to other funds	50,411	-	-	-	50,411
Total assets	<u>\$ 17,576,579</u>	<u>\$ 1,806,189</u>	<u>\$ 1,370,136</u>	<u>\$ 1,261,842</u>	<u>\$ 22,014,746</u>
<b>Liabilities:</b>					
Accounts payable	\$ 34,773	\$ -	\$ -	\$ 25,563	\$ 60,336
Contracts payable	-	-	266,090	-	266,090
Accrued wages and benefits payable	2,041,292	-	-	142,673	2,183,965
Compensated absences payable	66,023	-	-	24,326	90,349
Intergovernmental payable	575,623	-	-	44,072	619,695
Interfund loans payable	-	-	-	125,497	125,497
Advance from other funds	-	-	-	50,411	50,411
Total liabilities	<u>2,717,711</u>	<u>-</u>	<u>266,090</u>	<u>412,542</u>	<u>3,396,343</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the next fiscal year	9,484,128	1,028,741	720,364	-	11,233,233
Delinquent property tax revenue not available	399,859	46,261	32,375	-	478,495
Income tax revenue not available	145,317	-	-	-	145,317
Intergovernmental revenue not available	-	-	-	28,492	28,492
Tuition and fee revenue not available	676,077	-	-	-	676,077
Total deferred inflows of resources	<u>10,705,381</u>	<u>1,075,002</u>	<u>752,739</u>	<u>28,492</u>	<u>12,561,614</u>
<b>Fund balances:</b>					
Nonspendable:					
Materials and supplies inventory	37,610	-	-	7,017	44,627
Prepays	31,146	-	-	2,671	33,817
Long-term loans	50,411	-	-	-	50,411
Restricted:					
Debt service	-	731,187	-	-	731,187
Capital improvements	-	-	351,307	-	351,307
Classroom facilities maintenance	-	-	-	48,523	48,523
Food service operations	-	-	-	635,662	635,662
Extracurricular activities	-	-	-	231,346	231,346
Other purposes	-	-	-	64,381	64,381
Committed:					
Underground storage tanks	11,000	-	-	-	11,000
Assigned:					
Student instruction	86,098	-	-	-	86,098
Student and staff support	139,624	-	-	-	139,624
Extracurricular activities	1,465	-	-	-	1,465
Subsequent year's appropriations	5,213,581	-	-	-	5,213,581
Unassigned (deficit)	<u>(1,417,448)</u>	<u>-</u>	<u>-</u>	<u>(168,792)</u>	<u>(1,586,240)</u>
Total fund balances	<u>4,153,487</u>	<u>731,187</u>	<u>351,307</u>	<u>820,808</u>	<u>6,056,789</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 17,576,579</u>	<u>\$ 1,806,189</u>	<u>\$ 1,370,136</u>	<u>\$ 1,261,842</u>	<u>\$ 22,014,746</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENT!

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES**  
JUNE 30, 2024

<b>Total governmental fund balances</b>	\$ 6,056,789
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	36,300,928
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds	
Property taxes	\$ 478,495
Income taxes	145,317
Tuition and fees	676,077
Intergovernmental	<u>28,492</u>
Total	1,328,381
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.	(2,555)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(102,853)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.	
Deferred outflows - pension	5,882,097
Deferred inflows - pension	(1,877,172)
Net pension liability	(25,654,639)
Deferred outflows - OPEB	975,504
Deferred inflows - OPEB	(3,044,632)
Net OPEB asset	1,824,905
Net OPEB liability	<u>(1,673,949)</u>
Total	(23,567,886)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
General obligation current interest bonds	(20,565,000)
General obligation capital appreciation bonds	(121,756)
Accreted interest on capital appreciation bonds	(522,798)
Unamortized premiums	(1,134,815)
Unamortized cost of refunding - inflow	(150,457)
Unamortized cost of refunding - outflow	697,507
Compensated absences	<u>(1,578,560)</u>
Total	<u>(23,375,879)</u>
<b>Net position (deficit) of governmental activities</b>	<b><u>\$ (3,363,075)</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<b>General</b>	<b>Bond Retirement</b>	<b>Permanent Improvement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
Property taxes	\$ 8,023,267	\$ 867,704	\$ 534,912	\$ 55,003	\$ 9,480,886
Income taxes	2,016,094	-	-	-	2,016,094
Intergovernmental	13,268,832	23,975	92,056	2,742,945	16,127,808
Investment earnings	282,740	-	-	38,353	321,093
Tuition and fees	1,615,883	-	-	-	1,615,883
Extracurricular	93,520	-	-	288,240	381,760
Rental income	6,437	-	-	-	6,437
Charges for services	-	-	-	472,798	472,798
Contributions and donations	6,539	-	-	47,743	54,282
Miscellaneous	46,044	-	-	30,404	76,448
Total revenues	<u>25,359,356</u>	<u>891,679</u>	<u>626,968</u>	<u>3,675,486</u>	<u>30,553,489</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	11,409,973	-	219,360	595,591	12,224,924
Special	4,031,404	-	-	718,679	4,750,083
Vocational	667,277	-	-	-	667,277
Adult/continuing	8,194	-	-	-	8,194
Student intervention services	37,758	-	-	-	37,758
Support services:					
Pupil	2,500,534	-	-	504,964	3,005,498
Instructional staff	636,048	-	11,427	79,246	726,721
Board of education	45,361	-	-	-	45,361
Administration	1,972,803	-	-	7,968	1,980,771
Fiscal	678,385	19,247	13,956	-	711,588
Business	67,549	-	215,389	237,967	520,905
Operations and maintenance	2,161,309	-	1	269,453	2,430,763
Pupil transportation	1,650,572	-	317,347	90,000	2,057,919
Central	93,110	-	-	-	93,110
Operation of non-instructional services					
Food service operations	-	-	-	1,318,895	1,318,895
Other non-instructional services	-	-	-	4,518	4,518
Extracurricular activities	596,186	-	-	274,881	871,067
Facilities acquisition and construction	-	-	385,072	-	385,072
Debt service:					
Principal retirement	-	510,000	-	-	510,000
Interest and fiscal charges	-	617,694	-	-	617,694
Total expenditures	<u>26,556,463</u>	<u>1,146,941</u>	<u>1,162,552</u>	<u>4,102,162</u>	<u>32,968,118</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,197,107)</u>	<u>(255,262)</u>	<u>(535,584)</u>	<u>(426,676)</u>	<u>(2,414,629)</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets	25,358	-	-	-	25,358
Transfers in	-	-	-	60,000	60,000
Transfers (out)	(60,000)	-	-	-	(60,000)
Total other financing sources (uses)	<u>(34,642)</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>25,358</u>
Net change in fund balances	(1,231,749)	(255,262)	(535,584)	(366,676)	(2,389,271)
<b>Fund balances at beginning of year</b>	<b>5,385,236</b>	<b>986,449</b>	<b>886,891</b>	<b>1,187,484</b>	<b>8,446,060</b>
<b>Fund balances at end of year</b>	<b><u>\$ 4,153,487</u></b>	<b><u>\$ 731,187</u></b>	<b><u>\$ 351,307</u></b>	<b><u>\$ 820,808</u></b>	<b><u>\$ 6,056,789</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<b>Net change in fund balances - total governmental funds</b>	\$ (2,389,271)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.	
Capital asset additions	\$ 779,831
Current year depreciation/amortization	<u>(1,415,679)</u>
Total	(635,848)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.	
	(1,100)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	(80,527)
Income taxes	7,311
Tuition and fees	(264,763)
Intergovernmental	<u>(135,828)</u>
Total	(473,807)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.	
	510,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:	
Decrease in accrued interest payable	191
Amortization of:	
Amortization of bond premiums	68,322
Deferred cost of refunding - outflows	(40,235)
Deferred cost of refunding - inflows	10,482
Accreted interest on capital appreciation bonds	<u>(138,316)</u>
Total	(99,556)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
Pension	2,477,871
OPEB	<u>67,580</u>
Total	2,545,451
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.	
Pension	(1,987,138)
OPEB	<u>381,394</u>
Total	(1,605,744)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	<u>(149,124)</u>
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.	
	<u>(45,647)</u>
<b>Change in net position of governmental activities</b>	<b>\$ (2,344,646)</b>

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2024**

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	<u>\$ 47,445</u>
<b>Liabilities:</b>	
Interfund loan payable	<u>50,000</u>
<b>Net position:</b>	
Unrestricted (deficit)	<u>\$ (2,555)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Charges for services	<u>\$ 4,158,199</u>
<b>Operating expenses:</b>	
Purchased services	<u>4,203,846</u>
Change in net position	(45,647)
<b>Net position at beginning of year</b>	<u>43,092</u>
<b>Net position (deficit) at end of year</b>	<u><u>\$ (2,555)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services	\$ 4,158,199
Cash payments for purchased services	<u>(4,203,846)</u>
Net cash (used in) operating activities	<u>(45,647)</u>
<b>Cash flows from noncapital financing activities:</b>	
Cash received from advances in	50,000
Cash payments for advances out	<u>(5,000)</u>
Net cash provided by noncapital financing activities	<u>45,000</u>
Net (decrease) in cash and cash equivalents	(647)
<b>Cash and cash equivalents at beginning of year</b>	48,092
<b>Cash and cash equivalents at end of year</b>	<u>\$ 47,445</u>
<b>Reconciliation of operating (loss) to net (used in) operating activities:</b>	
Operating (loss)	\$ (45,647)
Net cash (used in) operating activities	<u>\$ (45,647)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE SCHOOL DISTRICT**

The Norton City School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's six instructional/support facilities staffed by 130 classified employees and 179 certificated teaching and support personnel, including 20 administrators that provide services to 2,067 students and other community members.

**Reporting Entity**

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally 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 material component units.

The School District is associated with the Metropolitan Regional Service Council (MRSC) also known as Northeast Ohio Network for Educational Technology (NEOnet), Ohio Schools Council and the Four Cities Educational Compact, which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 13.

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

**A. Basis of Presentation - Fund Accounting**

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

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE SCHOOL DISTRICT – (Continued)**

**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 activity of the internal service fund is eliminated to avoid “doubling-up” revenues and expenses. However, the services provided and used are not eliminated in the process of consolidation.

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient 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 and interest earned on grants that is required to be used to support a particular program. Revenues that 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**

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

**B. Fund Accounting**

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

**Governmental Fund Types:**

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, deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The School District’s has three major governmental funds:

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

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

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE SCHOOL DISTRICT – (Continued)**

*Permanent Improvement Fund:* The permanent improvement capital projects fund is used to account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

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

**Proprietary Fund Type**

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

*Internal Service Fund:* The internal service fund accounts for the financing of services provided by one department or agency to other departments or agency of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for employee health care benefits. Insurance premiums and related costs are paid from revenue received from other funds as well as employee withholdings.

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

**Government-wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets, liabilities, deferred outflows of resources and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflow of resources and all liabilities and deferred inflows of resources associated with the operation of the fund are included on the statement of net position. The statement of revenues, expenses and changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

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

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE SCHOOL DISTRICT – (Continued)**

Revenue - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the income is earned and revenue from property taxes is recognized in the fiscal year for which the taxes are 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 nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension, OPEB, and a deferred charge on refunding. The deferred outflows of resources related to pension and OPEB are explained in Note 10 & 11. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and governmental fund balance sheet reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources are related to property taxes, debt refunding, pension and OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance year 2024 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, income taxes, and intergovernmental grants. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Note 10 & 11).

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE SCHOOL DISTRICT – (Continued)**

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the “Operating grants and contributions” program revenue account.

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

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**D. Budgets and Budgetary Accounting**

The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The amounts reported as the original budget revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2024. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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

**E. Cash and Investments**

To improve cash management, all 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 cash equivalents". During the fiscal year, investments were limited to certificates of deposit and interest in STAR Ohio, the State Treasurer's Investment Pool. These investments are stated at market value (fair value).

The School District's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the School District. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE SCHOOL DISTRICT – (Continued)**

For the fiscal year 2024, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice is appreciated 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board has passed a resolution to allow interest to also be recorded in other funds as listed in Note 4.

**F. Interfund balances**

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

**G. Inventory**

On the governmental-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expended when used.

Inventories on the fund financial statements are stated at cost on a first-in, first-out basis. Inventories of the general fund consist of expendable supplies held for consumption. Inventories of the food service special revenue fund consist of donated food, purchased food and supplies held for resale. Inventories reported on the fund financial statements are expended when purchased.

**H. Bond Premiums**

In governmental fund types, bond premiums are recognized in the current period. On the statement of net position, bond premiums are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable.

**I. Deferred Charge on Refunding**

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. The School District is reporting a separate gain and a loss from debt refundings. These deferred amounts are amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and are presented as deferred outflows of resources and as deferred inflows of resources on the statement of net position.

**J. Capital Assets**

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

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE SCHOOL DISTRICT – (Continued)**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of five thousand dollars. 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 the asset's life are not capitalized. The School District's policy is not to capitalize interest costs incurred as part of construction.

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

<u>Description</u>	<u>Governmental Activities</u>	<u>Estimated Lives</u>
Land improvements		10 - 30 years
Buildings and Improvements		30 - 50 years
Furniture and Equipment		5 - 20 years
Vehicles		10 - 15 years

**K. Pension and other postemployment benefits (OPEB)**

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

The current accounting standard requires school districts to report their proportionate share of the net pension/OPEB liability or asset using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and postemployment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. Under the new standards, the net pension/OPEB liability or asset equals the School District's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. The unfunded portion of this benefit of exchange is a liability of the School District. However, the School District is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE SCHOOL DISTRICT – (Continued)**

There is no repayment schedule for the net pension liability or the net OPEB liability. The School District has no control over the changes in the benefits, contribution rates, and return on investments affecting the balance of the liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability and the OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

**L. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's 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.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

For the governmental fund financial statements, the matured portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

**M. Net Position**

Net position represents the difference between all other elements in the statement of financial position. Net position 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 District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position restricted for other purposes primarily include amounts generated by individual school buildings to supplement co-curricular and extra-curricular programs, scholarships, classroom facilities maintenance, student wellness, and for operating or capital costs for any new and innovative programs designed to enhance or promote education within the School District.

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

**N. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims, judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental 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.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE SCHOOL DISTRICT – (Continued)**

**O. Fund Balances**

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

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

Restricted fund balance category includes amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

Assigned fund balance classifications are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. The purpose constraint that represents the intended use is established by the Board of Education or by their designated official. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District or by State statute. The Treasurer is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the next year's appropriated budget.

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

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.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE SCHOOL DISTRICT – (Continued)**

**P. Operating Revenues and Expenses**

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

**Q. Interfund Transactions**

Interfund transactions are reported as other financing sources/uses for governmental funds in the fund financial statements. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of net position.

**R. Estimates**

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

**NOTE 2 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2024, the School District has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, “*Omnibus 2022*”, GASB Statement No. 100, “*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*” and Implementation Guide No. 2023-1.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously report by the School District.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the School District.

GASB Statement No. 100 is to enhance 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 did not have an effect on the financial statements of the School District.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the School District.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2024 included the following individual fund deficits:

Elementary and Secondary School Emergency	\$ 24,585
IDEA Part B	82,366
Title I	39,608
Student Support and Academic Enrichment Programs	12,249
IDEA Part B - Preschool Stimulus	481
Improving Teacher Quality	<u>9,503</u>
	<u><u>\$ 168,792</u></u>

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

**NOTE 3 - 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 the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the School District and the investment is not a commercial paper note, a banker's acceptance or a repurchase agreement:

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and,
8. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days.

According to state law, public depositories must provide security for the repayment of all public deposits. These institutions shall give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC). The security for these deposits will be made under an agreement using a surety bond and/or by means of pledging allowable securities as collateral to be held by a qualified trustee. The pledged collateral can be held for each public depositor or in a pool for multiple public depositors and must have a market value of at least 105% of the total value of public monies on deposit at the institution. If the institution participates in the Ohio Pooled Collateral System (OPCS), the total market value of the securities pledged can be 102% or lower if permitted by the Treasurer of State. The School District's financial institution participates in the OPCS and was approved for a reduced collateral floor of 60 %.

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

**A. Deposits:**

At June 30, 2024, the carrying amount of all District deposits was \$2,065,285 and the bank balance of all School District deposits was \$2,913,085. Of the bank balance, \$250,000 was covered by the FDIC, \$1,597,851 was covered by OPCS, and \$1,065,234 exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party.

**B. Investments:**

As of June 30, 2024, the School District had the following investment and maturity:

Investment type	Fair Value	Percentage of Portfolio	Maturity	Standard and Poor's Rating
STAR Ohio	\$ 5,752,806	100.00%	38.5 <sup>(1)</sup>	AAAm

<sup>(1)</sup> Days (Average)

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

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 tables identify the School District's recurring fair value measurement as of June 30, 2024. As previously discussed, Star Ohio is reported at its net asset value.

All interest is legally required to be placed in the general fund, the food service special revenue fund and the scholarships private purpose trust fund. Interest revenue credited to the general fund during fiscal year 2024 amount to \$282,740, which includes \$69,712 assigned from other School District funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAR Ohio an AAA rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

**NOTE 4 - PROPERTY TAX**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used for public utilities) located in the School District. Real property tax revenue received in calendar 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi- annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value

The School District receives property taxes from Summit County. The County Fiscal Officer 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 2024 operations.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 4 - PROPERTY TAX - (Continued)**

The amount available as an advance at June 30, 2024 and 2023 were:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Major governmental funds:		
General fund	\$ 406,323	\$ 2,022,688
Bond retirement fund	47,009	242,509
Permanent improvement fund	32,898	169,658

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

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2024 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been recorded as a deferred inflow. The assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 345,439,670	92.73	\$ 436,696,550	94.11
Public utility personal	<u>27,093,790</u>	<u>7.27</u>	<u>27,347,740</u>	<u>5.89</u>
<b>Total</b>	<b><u>\$ 372,533,460</u></b>	<b><u>100.00</u></b>	<b><u>\$ 464,044,290</u></b>	<b><u>100.00</u></b>
 Tax rate per \$1,000 of assessed valuation		\$62.27		\$62.27

**NOTE 5 – INCOME TAX**

The School District levies a voted tax of a half percent for general operations on the earned income of residents and of estates. The tax was effective on January 1, 2019, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

**NOTE 6 - RECEIVABLES**

Receivables at year-end consisted of taxes, interfund, accrued interest, accounts, intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The general fund and the other governmental funds reported intergovernmental receivables in the amounts of \$720,837 and \$153,731, respectively.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 7 - CAPITAL ASSETS**

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

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2024</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 1,259,263	\$ -	\$ -	\$ 1,259,263
Total capital assets, not being depreciated/amortized	<u>1,259,263</u>	<u>-</u>	<u>-</u>	<u>1,259,263</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	3,084,892	15,600	(13,183)	3,087,309
Buildings and improvements	41,130,885	31,650	-	41,162,535
Furniture and equipment	4,284,391	188,504	(58,329)	4,414,566
Vehicles	2,370,744	544,077	(133,960)	2,780,861
Total capital assets, being depreciated/amortized	<u>50,870,912</u>	<u>779,831</u>	<u>(205,472)</u>	<u>51,445,271</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(1,586,879)	(108,955)	13,183	(1,682,651)
Buildings and improvements	(9,804,546)	(926,518)	-	(10,731,064)
Furniture and equipment	(2,314,044)	(207,113)	58,329	(2,462,828)
Vehicles	(1,486,830)	(173,093)	132,860	(1,527,063)
Total accumulated depreciation/amortization	<u>(15,192,299)</u>	<u>(1,415,679)</u>	<u>204,372</u>	<u>(16,403,606)</u>
Total capital assets being depreciated/amortized, net	<u>35,678,613</u>	<u>(635,848)</u>	<u>(1,100)</u>	<u>35,041,665</u>
Governmental activities capital assets, net	<u>\$ 36,937,876</u>	<u>\$ (635,848)</u>	<u>\$ (1,100)</u>	<u>\$ 36,300,928</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 603,781
Special	1,851
Vocational	184,486
<u>Support services:</u>	
Pupil	1,001
Instructional staff	8,037
Administration	39,401
Business	32,142
Operations & Maintenance	191,332
Pupil transportation	157,803
Operation of food services	31,354
Extracurricular Activities	<u>164,491</u>
Total depreciation/amortization expense	<u>\$ 1,415,679</u>

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 8 – INTERFUND BALANCES AND TRANSFERS**

Interfund balances result from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. In a prior year, the general fund advanced money to two nonmajor special revenue funds and these advances are considered long-term. During the current fiscal year, the general fund advanced money to service fund and four nonmajor funds to cover deficit cash balances. The advances were to the special revenue funds awaiting reimbursements from state and federal grants. All of these interfund balances are expected to be repaid when anticipated revenue is received.

Short-term interfund loans for the year ended June 30, 2024, consisted of the following:

	Interfund Loans Receivable	Interfund Loans Payable
General fund	\$ 175,497	\$ -
Nonmajor governmental funds	- -	125,497
Internal service fund	- -	50,000
	<hr/>	<hr/>
	<u>\$ 175,497</u>	<u>\$ 175,497</u>

Long-term interfund advances for the year ended June 30, 2024, consisted of the following:

	Advances To Other Funds	Advances From Other Funds
General fund	\$ 50,411	\$ -
Nonmajor governmental funds	- -	50,411
	<hr/>	<hr/>
	<u>\$ 50,411</u>	<u>\$ 50,411</u>

Interfund transfers for the year ended June 30, 2024, consisted of the following:

Transfers from general fund to:	
District managed student activity fund	<u>\$ 60,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 9 – RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

**B. Health Insurance**

The School District has ceased being self-insured. On July 1, 2010, the School District became a participant in the Summit Regional Health Care Consortium (SRHCC) to provide medical/surgical, dental, vision, life insurance and accidental death and dismemberment insurance for its employees and their covered dependents. The SRHCC is a shared risk pool comprised of five Summit County school districts. The employer participants pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees and their covered dependents. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of \$200,000 per participant and an aggregate stop-loss provision of \$2,000,000.

Premium contributions are determined annually in a manner that ensures the pool is funded up to the aggregate stop loss attachment point of \$2,000,000. In the event of termination, all participating school districts' claims would be paid without regard to their individual account balances. The SRHCC Board of Directors has authority to return monies to an exiting school district subsequent to the settlement of all claims and expenditures.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School 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 11 for the required OPEB disclosures.

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

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

Plan Description - The School District's non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://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 after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, 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. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

**Funding Policy** - Plan members are required to contribute 10.00% of their annual covered salary and the School District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$591,594 for fiscal year 2024. Of this amount, \$74,298 is reported as intergovernmental payable.

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

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% 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 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.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

The School District's contractually required contribution to STRS was \$1,886,277 for fiscal year 2024. Of this amount, \$311,556 is reported as intergovernmental payable.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.098020300%	0.089314000%	
Proportion of the net pension liability current measurement date	<u>0.098596200%</u>	<u>0.093832140%</u>	
Change in proportionate share	<u>0.000575900%</u>	<u>0.004518140%</u>	
Proportionate share of the net pension liability	\$ 5,447,946	\$ 20,206,693	\$ 25,654,639
Pension expense	\$ 462,330	\$ 1,524,808	\$ 1,987,138

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

	SERS	STRS	Total
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 234,164	\$ 736,695	\$ 970,859
Changes of assumptions	38,590	1,664,132	1,702,722
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	40,327	690,318	730,645
Contributions subsequent to the measurement date	591,594	1,886,277	2,477,871
Total deferred outflows of resources	<u>\$ 904,675</u>	<u>\$ 4,977,422</u>	<u>\$ 5,882,097</u>
 <b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 44,840	\$ 44,840
Net difference between projected and actual earnings on pension plan investments	76,574	60,562	137,136
Changes of assumptions	-	1,252,612	1,252,612
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	442,584	442,584
Total deferred inflows of resources	<u>\$ 76,574</u>	<u>\$ 1,800,598</u>	<u>\$ 1,877,172</u>

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\$2,477,871 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ 61,678	\$ (216,450)	\$ (154,772)
2026	(191,638)	(730,535)	(922,173)
2027	362,407	2,176,489	2,538,896
2028	4,060	61,043	65,103
<b>Total</b>	<b><u>\$ 236,507</u></b>	<b><u>\$ 1,290,547</u></b>	<b><u>\$ 1,527,054</u></b>

***Actuarial Assumptions - SERS***

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

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

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

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023 and June 30, 2022, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2023, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
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><u>100.00 %</u></u>	

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

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, 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%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 8,040,893	\$ 5,447,946	\$ 3,263,886

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - STRS*

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2023 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers 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, 2022. An actuarial experience study is done on a quinquennial basis.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
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
<b>Total</b>	<b>100.00 %</b>	

\* 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 actuarial rate of return, without net value added by management.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 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 the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table represents the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 31,073,421	\$ 20,206,693	\$ 11,016,414

**Assumption and Benefit Changes Since the Prior Measurement Date** - The discount rate remained at 7.00% for June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/Asset***

See Note 11 for a description of the net OPEB liability (asset).

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

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$67,580.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$67,580 for fiscal year 2024. Of this amount, \$67,580 is reported as pension and postemployment benefits payable.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS – (Continued)**

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

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

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

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

The net OPEB liability/asset was measured as of June 30, 2023, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability/asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.100695400%	0.089314000%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.101608800%</u>	<u>0.093832140%</u>	
Change in proportionate share	<u>0.000913400%</u>	<u>0.004518140%</u>	
Proportionate share of the net OPEB liability	\$ 1,673,949	\$ -	\$ 1,673,949
Proportionate share of the net OPEB asset	\$ -	\$ (1,824,905)	\$ (1,824,905)
OPEB expense	\$ (269,576)	\$ (111,818)	\$ (381,394)

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS – (Continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 3,490	\$ 2,848	\$ 6,338
Net difference between projected and actual earnings on OPEB plan investments	12,973	3,259	16,232
Changes of assumptions	566,012	268,837	834,849
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	48,574	1,931	50,505
Contributions subsequent to the measurement date	<u>67,580</u>	<u>-</u>	<u>67,580</u>
Total deferred outflows of resources	<u><u>\$ 698,629</u></u>	<u><u>\$ 276,875</u></u>	<u><u>\$ 975,504</u></u>
 <b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 863,318	\$ 278,349	\$ 1,141,667
Changes of assumptions	475,420	1,204,047	1,679,467
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>197,878</u>	<u>25,620</u>	<u>223,498</u>
Total deferred inflows of resources	<u><u>\$ 1,536,616</u></u>	<u><u>\$ 1,508,016</u></u>	<u><u>\$ 3,044,632</u></u>

\$67,580 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 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:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2025	\$ (343,430)	\$ (544,081)	\$ (887,511)
2026	(276,809)	(251,012)	(527,821)
2027	(156,124)	(95,583)	(251,707)
2028	(92,479)	(129,161)	(221,640)
2029	(52,767)	(118,274)	(171,041)
Thereafter	<u>16,042</u>	<u>(93,030)</u>	<u>(76,988)</u>
<b>Total</b>	<b><u><u>\$ (905,567)</u></u></b>	<b><u><u>\$ (1,231,141)</u></u></b>	<b><u><u>\$ (2,136,708)</u></u></b>

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS – (Continued)**

*Actuarial Assumptions - SERS*

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 and June 30, 2022 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.86%
Prior measurement date	3.69%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.27%
Prior measurement date	4.08%
Medical trend assumption:	
Current measurement date	6.75 to 4.40%
Prior measurement date	7.00 to 4.40%

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS – (Continued)**

In 2023, the following mortality assumptions were used:

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

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

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

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

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

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

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

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

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

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS – (Continued)**

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

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	<u>100.00 %</u>	

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

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the 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 the 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 (6.75% decreasing to 4.40%).

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 2,139,786	\$ 1,673,949	\$ 1,306,618
Current			
	1% Decrease	Trend Rate	1% Increase
	\$ 1,229,793	\$ 1,673,949	\$ 2,262,517

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS – (Continued)**

*Actuarial Assumptions - STRS*

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

	June 30, 2023			June 30, 2022
Inflation	2.50%			2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%			Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation			7.00%, net of investment expenses, including inflation
Payroll increases	3.00%			3.00%
Cost-of-living adjustments (COLA)	0.00%			0.00%
Discount rate of return	7.00%			7.00%
Blended discount rate of return	N/A			N/A
Health care cost trends		Initial	Ultimate	Initial
Medical				Ultimate
Pre-Medicare	7.50%	4.14%	7.50%	3.94%
Medicare	-10.94%	4.14%	-68.78%	3.94%
Prescription Drug				
Pre-Medicare	-11.95%	4.14%	9.00%	3.94%
Medicare	1.33%	4.14%	-5.47%	3.94%

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

For the June 30, 2023 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 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.

***Assumption Changes Since the Prior Measurement Date*** - The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS – (Continued)**

***Benefit Term Changes Since the Prior Measurement Date*** - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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

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

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

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% 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 OPEB asset was 7.00% 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 those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB asset as of June 30, 2023.

***Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate*** - The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, 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%) or one percentage point higher (8.00%) 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.

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 1,544,544	\$ 1,824,905	\$ 2,069,071
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 2,080,401	\$ 1,824,905	\$ 1,517,165

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 12 - LONG-TERM OBLIGATIONS**

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

	Balance 6/30/23	Additions	Deductions	Balance 6/30/24	Due Within One Year
<i>General obligation bonds:</i>					
2020 School Improvement Refunding, 1 - 3%					
Serial and term bonds	\$ 13,560,000	\$ -	\$ (115,000)	\$ 13,445,000	\$ 115,000
Premium	234,399	- (15,395)		219,004	-
2016 School Improvement Refunding, 1 - 4%					
Serial and term bonds	7,120,000	-	-	7,120,000	-
Capital appreciation bonds	199,923	-	(78,167)	121,756	68,499
Accretion on bonds	701,315	138,316	(316,833)	522,798	366,501
Premium	968,738	-	(52,927)	915,811	-
Total general obligation bonds	<u>22,784,375</u>	<u>138,316</u>	<u>(578,322)</u>	<u>22,344,369</u>	<u>550,000</u>
<i>Other long-term obligations:</i>					
Compensated absences	1,429,436	371,788	(132,315)	1,668,909	156,264
Net pension liability					
STRS	19,854,615	352,078	-	20,206,693	-
SERS	5,301,700	146,246	-	5,447,946	-
Total net pension liability	<u>25,156,315</u>	<u>498,324</u>	<u>-</u>	<u>25,654,639</u>	<u>-</u>
Net OPEB liability					
SERS	1,413,774	260,175	-	1,673,949	-
Total net OPEB liability	<u>1,413,774</u>	<u>260,175</u>	<u>-</u>	<u>1,673,949</u>	<u>-</u>
Total governmental activities	<u>\$ 50,783,900</u>	<u>\$ 1,268,603</u>	<u>\$ (710,637)</u>	<u>\$ 51,341,866</u>	<u>\$ 706,264</u>

***General Obligation Bonds:*** During fiscal year 2021, the School District issued bonds to provide resources for a current refunding of the remaining 2014A and 2014B School Improvement bonds. The issuance of the 2020 School Improvement Refunding bonds consisted of \$14,060,000 of serial and term bonds, \$118,101 of a capital appreciation bond and a net premium of \$283,605. The new bonds have interest rates ranging from 1.0% to 3.0% and have a final maturity of November 1, 2049. The net proceeds of \$14,234,961 (after payment of \$218,607 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for debt service payments of the remaining portion of the 2014A and 2014B School Improvement bonds called for redemption on December 3, 2020. As a result of this issue, the old bonds are considered to be redeemed and the liability has been removed. The difference between the reacquisition price and the net carrying amount of the old debt was \$194,723 and is reported as a deferred inflow of resources on the Statement of Net Position. The premium of the new debt was significant and is amortized over the life of the new bonds using the bonds outstanding method of amortization. The School District current refunded the School Improvement Bonds to reduce their total debt service payments over the next 29 years by \$1,507,365 and \$2,286,137 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,019,524 and \$1,664,608 for the 2014A and 2014B School Improvement bonds respectively.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 12 - LONG-TERM OBLIGATIONS – (Continued)**

On September 28, 2016, the School District issued \$7,734,923 in general obligation bonds with interest rates ranging from 1% to 4% to advance refund \$7,735,000 of outstanding School Improvement Bonds with interest rates ranging from 3% to 5%. The bond proceeds consisted of bond principal and \$1,347,530 of premium. The net proceeds of \$8,934,844 (after payment of \$147,609 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of School Improvement Bonds refunded. As a result of this issue, a portion of the School Improvement Bonds are considered to be redeemed and the liability has been removed. The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources on the Statement of Net Position. The premium of the new debt was significant and is amortized over the life of the new bonds using the bonds outstanding method of amortization. All of the old bonds were called and redeemed on November 1, 2020. The School District advance refunded the School Improvement Bonds to reduce their total debt service payments over the next 33 years and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$790,341.

Compensated absences will be paid from the fund from which the employee is paid. In prior years, this fund has primarily been the general fund.

There is not a repayment schedule for the net pension liability and net OPEB liability; however the School District pays pension and OPEB obligations related to employee compensation from the fund benefitting from their service.

Principal and interest requirements to amortize all bonds outstanding at June 30, 2024 are as follows:

Fiscal Year <u>Ending June 30,</u>	School Improvement Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 183,499	983,044	\$ 1,166,543
2026	173,257	987,111	1,160,368
2027	545,000	604,443	1,149,443
2028	590,000	582,893	1,172,893
2029	560,000	562,768	1,122,768
2030 - 2034	3,180,000	2,528,715	5,708,715
2035 - 2039	3,925,000	1,981,177	5,906,177
2040 - 2044	4,505,000	1,409,335	5,914,335
2045 - 2049	5,740,000	658,468	6,398,468
2050	<u>1,285,000</u>	<u>18,713</u>	<u>1,303,713</u>
Total	<u>\$ 20,686,756</u>	<u>\$ 10,316,667</u>	<u>\$ 31,003,423</u>

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS**

The Metropolitan Regional Service Council (MRSC) is the computer service organization or Information Technology Center (ITC) used by the School District. MRSC is also known as Northeast Ohio Network for Educational Technology (NEOnet), which is the name used exclusively prior to their reorganization from a consortium to a council of governments. The superintendent from each member entity is appointed to the legislative body of MRSC known as the assembly. The assembly elects a board of directors consisting of nine members. These members comprise the managerial body of the council and meet at least five times yearly. The operations of MRSC are under the control of the board of directors and the executive director. The purpose of the MRSC is to develop and employ a computer system efficiently and effectively for the needs of the member school districts. All members are required to pay fees, charges and assessments as charged. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to MRSC are made from various funds. During fiscal year 2024, the School District contributed \$262,131 to MRSC. Financial information can be obtained by contacting the fiscal agent at 700 Graham Road, Cuyahoga Falls, Ohio 44221.

The Four Cities Educational Compact is a jointly governed organization that provides for the vocational and special education needs of the students of four participating school districts. The four-member board consists of the superintendent from each of the participating school districts. Students may attend any vocational or special education class offered by any of the four districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district that offered the class.

Wadsworth City School District serves as the fiscal agent for this organization, collecting fees and distributing payments. The committee exercises total control over the operation of the compact, including budgeting, appropriating, contracting and designating management. All revenues are generated from charges for services. Financial information can be obtained by contacting the Treasurer at the Wadsworth City School District, 360 College St., Wadsworth, Ohio 44281.

The Ohio Schools Council Association (Council) is a jointly governed organization among school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2024, the School District paid \$1,295 to the Council in the form of program membership fees and \$61,661 for natural gas purchases. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

**NOTE 14 - CONTINGENT LIABILITIES**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODEW has not finalized the impact of enrollment adjustments to the June 30, 2024 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODEW and management believe this will result in either a receivable to or liability of the School District.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 15 - SET-ASIDES**

The School District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. The School District may replace using general fund revenues with proceeds from various sources (offsets), such as bond or levy proceeds related to the acquisition, replacement, enhancement, maintenance or repair of permanent improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years.

Although the School District had qualifying disbursements and current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital maintenance reserve, this amount may not be used to reduce the set aside requirement for future years. This negative balance is, therefore, not presented as being carried forward to future years.

The following information describes the change in the year-end set-aside amounts for capital maintenance.

	<u>Capital Maintenance Reserve</u>
Set-aside balance July 1, 2023	\$ -
Current year set-aside requirement	471,736
Current year offsets	<u>(471,736)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2025	<u>\$ -</u>

**NOTE 16 – TAX ABATEMENTS**

Pursuant to the Ohio Revised Code (ORC) Section 3735, the City of Norton (the City) established a Community Reinvestment Area (CRA) program. The CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing has traditionally been discouraged. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for the renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

The total value of the School District's share of taxes abated within the CRA areas for fiscal year 2024 were at \$572,238.

THIS PAGE IS INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b> <b>Budgetary Basis</b>	<b>Variance with Final Budget - over (under) Actual Amounts</b>
	<b>Original</b>	<b>Final</b>		
Budgetary revenues and other financing sources	\$ 25,430,643	\$ 26,811,901	\$ 26,811,901	\$ -
Budgetary expenditures and other financing uses	29,834,535	31,213,865	26,000,283	(5,213,582)
Net change in fund balance	(4,403,892)	(4,401,964)	811,618	5,213,582
<b>Budgetary fund balance at beginning of year</b>	4,239,680	4,239,680	4,239,680	-
<b>Prior year encumbrances appropriated</b>	162,284	162,284	162,284	-
<b>Budgetary fund balance at end of year</b>	<u>\$ (1,928)</u>	<u>\$ -</u>	<u>\$ 5,213,582</u>	<u>\$ 5,213,582</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE IS INTENTIONALLY LEFT BLANK

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

<b>Fiscal Year (1)</b>	<b>School District's Proportion of the Net Pension Liability</b>	<b>School District's Proportionate Share of the Net Pension Liability</b>	<b>School District's Covered Payroll</b>	<b>School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.098596%	\$ 5,447,946	\$ 4,041,236	134.81%	76.06%
2023	0.098020%	5,301,700	3,661,686	144.79%	75.82%
2022	0.097723%	3,605,692	3,373,143	106.89%	82.86%
2021	0.102799%	6,799,316	3,471,343	195.87%	68.55%
2020	0.103667%	6,202,566	3,440,489	180.28%	70.85%
2019	0.119985%	6,871,775	3,445,733	199.43%	71.36%
2018	0.117930%	7,046,051	4,223,900	166.81%	69.50%
2017	0.119634%	8,756,083	3,673,100	238.38%	62.98%
2016	0.115377%	6,583,495	3,437,314	191.53%	69.16%
2015	0.114086%	5,773,828	3,276,089	176.24%	71.70%

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>School District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 591,594	\$ (591,594)	\$ -	\$ 4,225,671	14.00%
2023	565,773	(565,773)	-	4,041,236	14.00%
2022	512,636	(512,636)	-	3,661,686	14.00%
2021	472,240	(472,240)	-	3,373,143	14.00%
2020	485,988	(485,988)	-	3,471,343	14.00%
2019	464,466	(464,466)	-	3,440,489	13.50%
2018	465,174	(465,174)	-	3,445,733	13.50%
2017	591,346	(591,346)	-	4,223,900	14.00%
2016	514,234	(514,234)	-	3,673,100	14.00%
2015	453,038	(453,038)	-	3,437,314	13.18%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

<b>Fiscal Year (1)</b>	<b>School District's Proportion of the Net Pension Liability</b>	<b>School District's Proportionate Share of the Net Pension Liability</b>	<b>School District's Covered Payroll</b>	<b>School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.0938321%	\$ 20,206,693	\$ 12,673,750	159.44%	80.02%
2023	0.0893140%	19,854,615	11,611,243	170.99%	78.88%
2022	0.0918646%	11,745,718	11,335,493	103.62%	87.80%
2021	0.0940213%	22,749,816	11,322,200	200.93%	75.50%
2020	0.0937119%	20,723,824	10,964,921	189.00%	77.40%
2019	0.0971018%	21,350,514	11,057,786	193.08%	77.30%
2018	0.0977714%	23,225,813	10,924,521	212.60%	75.30%
2017	0.0977003%	32,703,232	10,505,957	311.28%	66.80%
2016	0.0974650%	26,936,464	10,253,586	262.70%	72.10%
2015	0.0967810%	23,540,486	10,020,169	234.93%	74.70%

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>School District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 1,886,277	\$ (1,886,277)	\$ -	\$ 13,473,407	14.00%
2023	1,774,325	(1,774,325)	-	12,673,750	14.00%
2022	1,625,574	(1,625,574)	-	11,611,243	14.00%
2021	1,586,969	(1,586,969)	-	11,335,493	14.00%
2020	1,585,108	(1,585,108)	-	11,322,200	14.00%
2019	1,535,089	(1,535,089)	-	10,964,921	14.00%
2018	1,548,090	(1,548,090)	-	11,057,786	14.00%
2017	1,529,433	(1,529,433)	-	10,924,521	14.00%
2016	1,470,834	(1,470,834)	-	10,505,957	14.00%
2015	1,435,502	(1,435,502)	-	10,253,586	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

<b>Fiscal Year (1) (2)</b>	<b>School District's Proportion of the Net OPEB Liability</b>	<b>School District's Proportionate Share of the Net OPEB Liability</b>	<b>School District's Covered Payroll</b>	<b>School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2024	0.101609%	\$ 1,673,949	\$ 4,041,236	41.42%	30.02%
2023	0.100695%	1,413,774	3,661,686	38.61%	30.34%
2022	0.100688%	1,905,595	3,373,143	56.49%	24.08%
2021	0.106579%	2,316,300	3,471,343	66.73%	18.17%
2020	0.105916%	2,663,562	3,440,489	77.42%	15.57%
2019	0.121344%	3,366,421	3,445,733	97.70%	13.57%
2018	0.119114%	3,196,712	4,223,900	75.68%	12.46%
2017	0.120761%	3,442,130	3,673,100	93.71%	11.49%

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>School District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 67,580	\$ (67,580)	\$ -	\$ 4,225,671	2.00%
2023	75,103	(75,103)	-	4,041,236	1.86%
2022	68,157	(68,157)	-	3,661,686	1.86%
2021	65,291	(65,291)	-	3,373,143	1.94%
2020	68,017	(68,017)	-	3,471,343	1.96%
2019	80,340	(80,340)	-	3,440,489	2.34%
2018	81,094	(81,094)	-	3,445,733	2.35%
2017	62,342	(62,342)	-	4,223,900	1.48%
2016	59,068	(59,068)	-	3,673,100	1.61%
2015	85,715	(85,715)	-	3,437,314	2.49%

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

<b>Fiscal Year (1) (2)</b>	<b>School District's Proportion of the Net OPEB Liability/(Asset)</b>	<b>School District's Proportionate Share of the Net OPEB Liability/(Asset)</b>	<b>School District's Covered Payroll</b>	<b>School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)</b>
2024	0.093832%	\$ (1,824,905)	\$ 12,673,750	14.40%	168.52%
2023	0.089314%	(2,312,637)	11,611,243	19.92%	230.73%
2022	0.091865%	(1,936,890)	11,335,493	17.09%	174.70%
2021	0.094022%	(1,652,423)	11,322,200	14.59%	182.10%
2020	0.093712%	(1,552,094)	10,964,921	14.16%	174.70%
2019	0.097102%	(1,560,328)	11,057,786	14.11%	176.00%
2018	0.097771%	3,814,680	10,924,521	34.92%	47.10%
2017	0.097700%	5,225,037	10,505,957	49.73%	37.30%

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>School District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ -	\$ -	\$ -	\$ 13,473,407	0.00%
2023	-	-	-	12,673,750	0.00%
2022	-	-	-	11,611,243	0.00%
2021	-	-	-	11,335,493	0.00%
2020	-	-	-	11,322,200	0.00%
2019	-	-	-	10,964,921	0.00%
2018	-	-	-	11,057,786	0.00%
2017	-	-	-	10,924,521	0.00%
2016	-	-	-	10,505,957	0.00%
2015	-	-	-	10,253,586	0.00%

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - BUDGETARY PROCESS**

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

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

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

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 811,618
Net adjustment for revenue and other financing sources accruals	(1,578,841)
Net adjustment for expenditure and other financing uses accruals	(635,480)
Funds budgeted elsewhere	26,809
Adjustments for encumbrances	<u>144,145</u>
GAAP Basis	<u><u>\$ (1,231,749)</u></u>

As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the public school support fund, uniform school supplies fund, and state or political subdivision fund.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**PENSION**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

*Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.

*Changes in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Change in benefit terms:*

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

*Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate went from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate went from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

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

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.

**NORTON CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

*Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.
- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

**NORTON CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(Prepared by Management)**

<b>FEDERAL GRANTOR</b> <b>Pass Through Grantor</b> <b>Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	3L60	\$ 70,219
Cash Assistance:			
National School Breakfast Program	10.553	3L70	104,577
National School Lunch Program	10.555	3L60	573,496
National School Lunch Program - Supply Chain Assistance	10.555	3L60	58,778
Total Nutrition Cluster			<u>807,070</u>
<b>Total U.S. Department of Agriculture</b>			<u>807,070</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
Special Education Cluster:			
IDEA Part B - FY24	84.027	3M20	480,725
ARP IDEA Part B - Special Education FY24	84.027	3M20	20,755
Special Education - Preschool Program	84.173	3C50	10,610
Total Special Education Cluster			<u>512,090</u>
Title I Grants to Local Education Agencies - FY24	84.010	3M00	263,429
Title II - A Supporting Effective Instruction State Grants - FY23	84.367	3Y60	6,297
Title II - A Supporting Effective Instruction State Grants - FY24	84.367	3Y60	<u>44,435</u>
Total Title II			<u>50,732</u>
Title IV - A Student Support and Academy Enrichment - FY24	84.424	3H10	34,083
ESSER - ARP - FY23	84.425	3HS0	4,462
ESSER - ARP - FY24	84.425	3HS0	<u>1,032,467</u>
Total ESSER			<u>1,036,929</u>
<b>Total U.S. Department of Education</b>			<u>1,897,263</u>
<b><u>U.S. DEPARTMENT OF TREASURY</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
Coronavirus State and Local Fiscal Recovery - Safety Grant - OFCC	21.027	N/A	<u>238,371</u>
<b>Total U.S. Department of Treasury</b>			<u>238,371</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 2,942,704</u></b>

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

**Norton City School District  
Summit County  
Notes to the Schedule of Expenditures of Federal Awards  
2 CFR 200.510(b)(6)  
For the Year Ended June 30, 2024  
(Prepared by Management)**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Norton City School District, Summit County, (the 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 District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

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

Norton City School District  
Summit County  
4128 Cleveland-Massillon Road  
Norton, Ohio 44203

To the Board of Education:

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Norton City School District, Summit County, 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 and have issued our report thereon dated July 17, 2025.

***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 purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Norton City School District

Summit County

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

Page 2

### ***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*.

However, we noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 17, 2025.

### ***Purpose of this Report***

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



***Charles E. Harris & Associates, Inc.***

July 17, 2025

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

Norton City School District  
Summit County  
4128 Cleveland-Massillon Road  
Norton, Ohio 44203

To the Board of Education:

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

***Opinion on the Major Federal Program***

We have audited the Norton City School District, Summit County, Ohio's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2024. The District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

***Basis for Opinion on the Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

*Norton City School District*

*Summit County*

**Independent Auditor's Report on Compliance with Requirements  
Applicable to the Major Federal Program and on Internal Control  
Over Compliance Required by the Uniform Guidance**

Page 2

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

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

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

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

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

***Report on Internal Control Over Compliance***

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

Norton City School District

Summit County

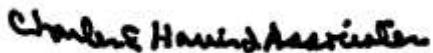
Independent Auditor's Report on Compliance with Requirements  
Applicable to the Major Federal Program and on Internal Control  
Over Compliance Required by the Uniform Guidance

Page 3

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

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

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



**Charles E. Harris & Associates, Inc.**

July 17, 2025

**Norton City School District  
Summit County  
Schedule of Findings  
2 CFR § 200.515  
June 30, 2024**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	ESSER – Education Stabilization Fund – ALN # 84.425
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



NORTON CITY SCHOOL DISTRICT

SUMMIT 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 1/27/2026

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)