

## PRELIMINARY OFFICIAL STATEMENT DATED MAY 1, 2025

NEW ISSUE; BOOK-ENTRY ONLY

Rating: Moody's: Aa2  
See **Ratings**

*In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see **Tax Matters**.*



**\$76,780,000\***  
**NORTH ROYALTON CITY SCHOOL DISTRICT, OHIO**  
**GENERAL OBLIGATION (Unlimited Tax)**  
**SCHOOL IMPROVEMENT REFUNDING BONDS, SERIES 2025**

**Dated:** Date of Issuance

**Due:** December 1, as shown on inside cover page

**The Bonds.** The Bonds are voted general obligations of the School District, issued to refund certain securities issued previously to finance certain permanent improvements, as described under **The Bonds – Authorization and Purpose**. Principal and interest, unless paid from other sources, are to be paid from the proceeds of the School District's levy of ad valorem property taxes, which taxes are without limitation as to amount or rate.

**Book-Entry Only.** The Bonds will be initially issued only as fully registered bonds, one for each maturity (and interest rate within a maturity, if applicable), issuable under a book-entry system, registered initially in the name of The Depository Trust Company or its nominee (DTC). There will be no distribution of Bonds to the ultimate purchasers. The Bonds in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Official Statement. See **Appendix E**.

**Payment.** (See *Principal Maturity Schedule on inside cover.*) Principal of and interest on the Bonds will be payable to the registered owner (DTC), principal upon presentation and surrender (except as otherwise provided) at the designated corporate trust office of The Huntington National Bank (the Bond Registrar) and interest transmitted by the Bond Registrar on each interest payment date (June 1 and December 1 of each year, beginning December 1, 2025\*) to the registered owner (DTC) as of the close of business on the 15<sup>th</sup> day preceding that interest payment date.

**Prior Redemption\*.** The Bonds stated to mature on and after December 1, 20\_\_, are subject to optional redemption by the School District prior to maturity, on any date on or after December 1, 20\_\_, and any Term Bonds may be subject to mandatory redemption, as described in this Official Statement. See **Certain Terms of the Bonds – Prior Redemption**.

*The Bonds are offered when, as and if issued and accepted by Stifel, Nicolaus & Company, Incorporated (the Underwriter), subject to the opinion on certain legal matters relating to their issuance of Squire Patton Boggs (US) LLP, Bond Counsel to the School District. Certain legal matters will be passed upon for the School District by Squire Patton Boggs (US) LLP, as disclosure counsel to the School District. Certain legal matters will be passed upon for the Underwriter by Bricker Graydon LLP. The Bonds are expected to be available for delivery to DTC or its agent on \_\_\_\_\_, 2025.*

**STIFEL**

This Official Statement has been prepared by the School District in connection with its original offering for sale of the Bonds. The Cover includes certain information for quick reference only. It is not a summary of the Bond issue. Investors should read the entire Official Statement to obtain information as a basis for making informed investment judgments.

The date of this Official Statement is May \_\_\_, 2025, and the information herein speaks only as of that date.

\* Preliminary, subject to change.

**PRINCIPAL MATURITY SCHEDULE\***  
**ON DECEMBER 1**

**\$76,780,000 SERIAL BONDS**

<b>Year</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Price</b>	<b>CUSIP®(a) No. 662055</b>
2025	\$3,520,000		%	
2026	1,905,000			
2027	2,005,000			
2028	2,105,000			
2029	2,210,000			
2030	2,320,000			
2031	2,435,000			
2032	2,560,000			
2033	2,685,000			
2034	2,815,000			
2035	2,960,000			
2036	3,105,000			
2037	3,260,000			
2038	3,425,000			
2039	3,595,000			
2040	3,775,000			
2041	3,965,000			
2042	4,160,000			
2043	4,350,000			
2044	4,565,000			
2045	4,780,000			
2046	5,015,000			
2047	5,265,000			

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\* Preliminary, subject to change.

## **NORTH ROYALTON CITY SCHOOL DISTRICT, OHIO**

### **SCHOOL DISTRICT OFFICIALS**

Board of Education:	Jacquelyn A. Arendt, President Carlin Culbertson Chris May Jeremiah Sawyer Lisa Shuck, Vice President
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Superintendent of Schools:	Michael Laub
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Treasurer/Chief Financial Officer:	Biagio Sidoti
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### **PROFESSIONAL SERVICE PROVIDERS**

Bond and Disclosure Counsel:	Squire Patton Boggs (US) LLP
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Bond Registrar and Escrow Trustee:	The Huntington National Bank
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Underwriter:	Stifel, Nicolaus & Company, Incorporated
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Underwriter's Counsel:	Bricker Graydon LLP
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Verification Agent:	Causey Public Finance, LLC
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## **REGARDING THIS OFFICIAL STATEMENT**

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds identified on the Cover (as defined herein). No dealer, broker, sales person or other person has been authorized by the Board of Education of the School District (the Board) to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been given or authorized by the School District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make that offer, solicitation or sale.

The information in this Official Statement is provided by the School District in connection with the original offering of the Bonds. Reliance should not be placed on any other information publicly provided, in any format including electronic, by the School District for other purposes, including general information provided to the public or to portions of the public. The information in this Official Statement is subject to change without notice. Information located at websites referred to herein has been prepared by the respective entities responsible for maintaining such websites. The School District takes no responsibility for the continued accuracy of any internet address or the accuracy, completeness, or timeliness of any information posted at any such address. Neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the School District since its date.

This Official Statement contains statements that the School District believes may be “forward-looking statements.” Words such as “plan,” “estimate,” “project,” “budget,” “anticipate,” “expect,” “intend,” “believe” and similar terms are intended to identify forward-looking statements. The achievement of results or other expectations expressed or implied by such forward-looking statements involves known and unknown risks, uncertainties and other factors that are difficult to predict, may be beyond the School District’s control and could cause actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. The School District undertakes no obligation, and does not plan, to issue any updates or revisions to such forward-looking statements.

UPON ISSUANCE, THE BONDS WILL NOT BE REGISTERED BY THE SCHOOL DISTRICT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE AT THE REQUEST OF THE SCHOOL DISTRICT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED OR DISAPPROVED THE BONDS FOR SALE.

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The Ohio Municipal Advisory Council (OMAC) has requested that this paragraph be included in this Official Statement. Certain information contained in the Official Statement is attributed to OMAC. OMAC compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Official Statement to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

In connection with this offering, the Underwriter may over allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the Cover, which public offering price may be changed from time to time by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information.

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Appendix A:	Historical Revenues and Expenditures General Operating Funds for Fiscal Years 2020 through 2024 and Forecasted for Fiscal Year 2025
Appendix B-1:	Financial Report (Cash Basis All-Funds Summary) for Fiscal Year 2023
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Appendix C:	Basic Financial Statements from the School District's Financial Report for Fiscal Year 2024 (Audited)
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Appendix E:	Book-Entry System; DTC
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## INTRODUCTORY STATEMENT

This Official Statement has been prepared by the Board of Education (the Board) of North Royalton City School District, Ohio (the School District or District), in connection with its original issuance and sale of the Bonds identified on the Cover (the Bonds). Certain information concerning the Bonds, including their authorization, purpose, terms and security and sources of payment, and the School District is provided in this Official Statement.

This Introductory Statement briefly describes certain information relating to the Bonds and supplements certain information on the Cover. It is not intended as a substitute for the more detailed discussions in this Official Statement. Investors should read the entire Official Statement to obtain information as a basis for making informed investment judgments.

All financial and other information in this Official Statement has been provided by the School District from its records, except for information expressly attributed to other sources and except for certain information on the Cover and all information under **Underwriting** and in **Appendices D** and **E**. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the School District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or otherwise be predictive of future experience. See also **Regarding This Official Statement**.

This Official Statement should be considered in its entirety and no one subject should be considered less important than another by reason of location in the text. Reference should be made to laws, reports or documents referred to for more complete information regarding their contents. References to provisions of Ohio law, including the Revised Code and the Ohio Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

As used in this Official Statement:

- **“Beneficial Owner”** means the owner of a book-entry interest in the Bonds, as defined in **Appendix E**.
- **“Board”** means the Board of Education of the North Royalton City School District, Ohio.
- **“City”** means the City of North Royalton, Ohio.
- **“County”** means County of Cuyahoga, Ohio.
- **“County Fiscal Officer”** means the Fiscal Officer of the County.
- **“Cover”** means the cover page and the inside cover of this Official Statement.
- **“Date of issuance”** means the date of initial delivery of the Bonds against payment by the Underwriter.
- **“Debt charges”** means the principal (including any mandatory sinking fund deposits and mandatory redemption payments), interest and any redemption premium payable on the obligations referred to as those payments come due and are payable; debt charges may also be referred to as “debt service.”

- **“Fiscal Year 2024 Financial Statements”** means the audited Basic Financial Statements from the School District’s Financial Report for Fiscal Year 2024 attached as **Appendix C**.
- **“Fiscal Year”** means the 12-month period ending June 30, and reference to a particular Fiscal Year (such as “Fiscal Year 2025”) means the Fiscal Year ending on June 30 in that year.
- **“Interest Payment Date”** means each June 1 and December 1, beginning December 1, 2025\*.
- **“Revised Code”** means the Ohio Revised Code.
- **“State”** or **“Ohio”** means the State of Ohio.
- **“Treasurer”** means the Treasurer of the Board.
- **“2021 State Budget Act”** means Amended Substitute House Bill No. 110, passed by the Ohio General Assembly and signed by the Governor on June 30, 2021, providing State appropriations for its 2021-2023 biennium (beginning July 1, 2021, through June 30, 2023) and enacting other statutory provisions.
- **“2023 State Budget Act”** means Amended Substitute House Bill No. 33, passed by the Ohio General Assembly and signed by the Governor on July 3, 2023, providing State appropriations for its 2023-2025 biennium (beginning July 1, 2023, through June 30, 2025) and enacting other statutory provisions.
- **“2025 State Budget Act”** means the State budget to be adopted by the Ohio General Assembly on or before approximately June 30, 2025, and providing State appropriations for its 2025-2027 biennium (beginning July 1, 2025, through June 30, 2027) and enacting other statutory provisions.

The Bonds are to be issued by the School District. They are authorized by Chapter 133 and Sections 133.34 and 5705.218 of the Revised Code, a vote of the electors, and legislation adopted by the Board. The Bonds are being issued for the purpose of refunding for debt charges savings certain of the School District’s outstanding School Improvement Refunding Bonds, Series 2017, dated August 15, 2017 (the Series 2017 Bonds). See **The Bonds – Authorization and Purpose**.

The Bonds are voted general obligations of the School District, the full faith and credit and general property taxing power of which are pledged to the payment of debt charges. Unless paid from other sources, debt charges are to be paid from the proceeds of the School District’s levy of ad valorem property taxes, which taxes are without limitation as to amount or rate. See **Security and Sources of Payment**.

The Authorizing Legislation (see **The Bonds – Authorization and Purpose**) provides that the Bonds will be issued in the denomination of \$5,000 or in whole multiples of \$5,000 at their respective maturities. The Bonds will be initially issued only as fully registered bonds, one for each maturity (and each interest rate within a maturity, if applicable), issuable under a book-entry system and registered initially in the name of The Depository Trust Company, New York, New York, or its nominee (DTC). See **General; Book-Entry System** and **Appendix E**.

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\* Preliminary, subject to change.

Principal and interest will be payable to the registered owner (DTC). See **Bond Registrar**. Interest on the Bonds will be transmitted by the Bond Registrar on each Interest Payment Date to the registered owner as of the close of business on the 15th day of the calendar month next preceding that Interest Payment Date.

The Bonds stated to mature on and after December 1, 20\_\_\* are subject to prior redemption by and at the sole option of the Board, in whole or in part as selected by the Board (in whole multiples of \$5,000), on any date on or after December 1, 20\_\_\*, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date. Certain of the Bonds may be offered and sold as term bonds subject to mandatory prior redemption, as described in this Official Statement. See **Certain Terms of the Bonds – Prior Redemption**.

The opinion as to the validity of the Bonds and the tax-exempt status of the interest on the Bonds will be rendered by Squire Patton Boggs (US) LLP (Bond Counsel). See **Legal Matters** and **Tax Matters** and **Appendix D**.

## THE BONDS

### AUTHORIZATION AND PURPOSE

The Bonds are to be issued pursuant to (i) Chapter 133 (and particularly Section 133.34 thereof) and Section 5705.218 of the Revised Code, (ii) a vote of the electors of the School District at the election held on May 2, 2017, on the question (approved by a 59.25% affirmative vote) of issuing general obligation bonds in the aggregate principal amount of \$88,900,000 for the purpose of constructing, renovating, remodeling, rehabilitating, adding to, furnishing, equipping and otherwise improving buildings and facilities, and acquiring, preparing, equipping and otherwise improving real estate, for School District purposes, and levying a property tax to retire those Bonds, and (iii) a resolution adopted by the Board on March 3, 2025, and a Final Terms Certificate proved for by that Resolution (collectively, the Authorizing Legislation).

The Bonds are being issued for the purpose of refunding for debt charges savings the outstanding Series 2017 Bonds stated to mature on December 1 in the years from 2025\* through 2041\* and 2047\*, totaling \$77,680,000\* in aggregate principal amount (the Refunded Bonds).

### Sources and Uses

The estimated sources and uses of funds in connection with the issuance of the Bonds are as follows:

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\* Preliminary, subject to change.

## Sources of Funds

## Amount

Principal Amount of the Bonds  
[Net] Original Issue Premium  
Total Sources

## Application of Funds

Deposit to the Escrow Fund  
Deposit to the Bond Retirement Fund  
Costs of Issuance(a)  
Total Uses

- (a) Includes costs of the issuance of the Bonds and the refunding of the Refunded Bonds, including the Underwriter's discount. See also **Underwriting**.

Any original issue premium actually received by the School District on the sale of the Bonds in excess of that necessary to fully fund the Escrow Fund, as described below, and to pay costs of issuing the Bonds and refunding the Refunded Bonds and any interest accrued on the Bonds will be deposited in the School District's Bond Retirement Fund. Money in the Bond Retirement Fund is used to pay debt charges on School District debt obligations. See also the discussion under **Verification of Mathematical Computations**.

## Refunding

Proceeds from the sale of the Bonds that will be used to currently refund the Refunded Bonds will be deposited in an Escrow Fund held by The Huntington National Bank (the Escrow Trustee), pursuant to an Escrow Agreement between the School District and the Escrow Trustee to be dated \_\_\_\_\_, 2025 (the Escrow Agreement). The money deposited in the Escrow Fund will be (a) held in cash to the extent not needed to make the investments described in (b) below, and (b) invested in direct obligations of or obligations guaranteed as to payment by the United States (within the meaning of Section 133.34(D) of the Revised Code) that mature or are subject to redemption by and at the option of the holder, in amounts sufficient, together with any uninvested cash in the Escrow Fund but without further investment or reinvestment, for the payment of the (i) interest on the Refunded Bonds on June 1, 2025, and (ii) principal of and accrued interest on the Refunded Bonds upon their prior optional redemption on \_\_\_\_\_, 2025, as provided in the Authorizing Legislation. The Authorizing Legislation provides for an irrevocable call for optional redemption of the Refunded Bonds on \_\_\_\_\_, 2025, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

## CERTAIN TERMS OF THE BONDS

### General; Book-Entry System

The Bonds will be dated their date of original issuance, will be payable in the principal amounts and on the dates and will bear interest (computed on the basis of a 360-day year and 12 30-day months) at the rates and be payable on the dates, at the place and in the manner, all as described on the Cover.

The Bond Registrar will act as the paying agent for the Bonds and will keep all books and records necessary for registration, exchange and transfer of the Bonds (the Register). See **Bond Registrar and Escrow Trustee**.

The Bonds will be delivered in book-entry-only form and, when issued, registered in the name of The Depository Trust Company (DTC), New York, New York, or its nominee Cede & Co., which will act as securities depository for the Bonds. For discussion of the book-entry system and DTC and the replacement of Bonds in the event that the book-entry system is discontinued, see **Appendix E**.

### **Prior Redemption\***

The Bonds are subject to redemption as described below.

### **Mandatory Redemption**

Some or all of the Bonds may be offered and sold as term bonds, with mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date, on December 1 in the year or years as may be specified by the Underwriter at the time such Bonds are offered. Any term bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement for the corresponding term bonds.

### **Optional Redemption**

The Bonds stated to mature on and after December 1, 20\_\_, are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of \$5,000), on any date on or after December 1, 20\_\_, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

### **Selection of Bonds and Book-Entry Interests to be Redeemed**

If fewer than all outstanding Bonds are called for optional redemption at one time, the Bonds to be called will be called as selected by, and selected in a manner as determined by, the School District.

If less than all of an outstanding Bond of one maturity and interest rate within a maturity, if applicable, under a book-entry system is to be called for redemption (in the amount of \$5,000 or any whole multiple of \$5,000), the Bond Registrar will give notice of redemption only to DTC as registered owner. The selection of the book-entry interests in that Bond to be redeemed is discussed below under **Notice of Call for Redemption; Effect**.

If bond certificates are issued to the ultimate owners, and if fewer than all of the Bonds of a single maturity and interest rate within a maturity, if applicable, are to be redeemed, the selection of Bonds (or portions of Bonds in the amount of \$5,000 or any whole multiple) to be redeemed will be made by lot in a manner determined by the Bond Registrar.

In the case of a partial redemption by lot when Bonds of denominations greater than \$5,000 are then outstanding, each \$5,000 unit of principal will be treated as if it were a separate Bond of the denomination of \$5,000.

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\* Preliminary, subject to change.

### **Notice of Call for Redemption; Effect**

The Bond Registrar is to cause notice of the call for redemption, identifying the Bonds or portions of Bonds to be redeemed, to be sent by first-class mail, at least 30 days prior to the redemption date, to the registered owner (initially, DTC) of each Bond to be redeemed at the address shown on the Register on the 15th day preceding that mailing. Any defect in the notice or any failure to receive notice by mailing will not affect the validity of any proceedings for the redemption of any Bonds.

On the date designated for redemption, Bonds or portions of Bonds called for redemption shall become due and payable. If the Bond Registrar then holds sufficient money for payment of debt charges payable on that redemption date, interest on each Bond (or portion of a Bond) so called for redemption will cease to accrue on that date.

So long as all Bonds are held under a book-entry system by a securities depository (such as DTC), a call notice is to be sent by the Bond Registrar only to the depository or its nominee. Selection of book-entry interests in the Bonds called, and giving notice of the call to the owners of those interests called, is the sole responsibility of the depository and of its Direct Participants and Indirect Participants. Any failure of the depository to advise any Direct Participant, or of any Direct Participant or any Indirect Participant to notify the Beneficial Owners, of any such notice and in its content or effect will not affect the validity of any proceedings for the redemption of any Bonds or portions of Bonds. See **Appendix E**.

### **SECURITY AND SOURCES OF PAYMENT**

The Bonds will be voted general obligation debt of the School District payable from the sources described below, subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

#### **Basic Security**

The basic security for payment of the Bonds is the requirement that the Board of Education of the School District levy ad valorem property taxes that are unlimited as to amount or rate to pay debt charges on the Bonds. The State constitution specifically prohibits a subdivision such as the School District from incurring general obligation indebtedness unless the authorizing legislation makes provision "for levying and collecting annually by taxation an amount sufficient to pay" the debt charges on the bonds. (Ohio Constitution Article XII Section 11.)

The Ohio Supreme Court has stated:

"Section 11 of Article XII of the Constitution of Ohio imposes a mandatory duty upon the State and its political subdivisions to pay the interest and principal of their indebtedness before provisions are to be made for current operating expenses." *State ex rel. Nat'l City Bank v. Bd. of Ed. of the Cleveland City School District*, 52 Ohio St. 2d 81, 85 (1977).

See the further discussions under **Ad Valorem Property Taxes and School District Debt and Other Long-Term Obligations**.

Ohio law requires the Board to levy and collect that property tax to pay debt charges on the Bonds as they come due, unless and to the extent those debt charges are paid from other sources.

The Authorizing Legislation provides further security by making a pledge of the full faith and credit and the general property taxing power of the School District for the payment of debt charges on the Bonds as they come due. Included in that pledge are all funds of the School District, except those specifically limited to another use or prohibited from that use by the Ohio Constitution, or Ohio or federal law. Those exceptions include tax levies voted for specific purposes or expressly pledged to certain obligations. A similar pledge is made in each resolution authorizing voted or unvoted general obligation debt.

### **Enforcement of Rights and Remedies**

In addition to the right of individual bondholders to sue upon their particular Bonds, Ohio law authorizes the holders of not less than 10% in principal amount of the outstanding Bonds, whether or not then due and payable or reduced to judgment, to bring mandamus or other actions to enforce all contractual or other rights of the bondholders, including the right to require the Board of Education of the School District to levy, collect and apply the voted property taxes and other pledged receipts, if any, to pay debt charges and to perform its duties under law. Those bondholders may, in the case of any default in payment of debt charges, bring action to require the School District to account as if it were the trustee of an express trust for the bondholders or to enjoin any acts that may be unlawful or in violation of bondholder rights. See also **Appendix E**.

The State has pledged to and agreed with holders of securities such as the Bonds that

“...the state will not, by enacting any law or adopting any rule, repeal, revoke, repudiate, limit, alter, stay, suspend, or otherwise reduce, rescind, or impair the power or duty of a subdivision to exercise, perform, carry out, and fulfill its responsibilities or covenants under this chapter [Chapter 133, the State’s Uniform Public Securities Law] or legislation or agreements as to its Chapter 133. securities, including a credit enhancement facility, passed or entered into pursuant to this chapter, or repeal, revoke, repudiate, limit, alter, stay, suspend, or otherwise reduce, rescind, or impair the rights and remedies of any such holders fully to enforce such responsibilities, covenants, and agreements or to enforce the pledge and agreement of the State contained in this division, or otherwise exercise any sovereign power materially impairing or materially inconsistent with the provisions of such legislation, covenants, and agreements.” (Section 133.25(D) of the Revised Code.)

### **Bankruptcy**

Federal and State laws provide procedures for the adjustment of indebtedness of political subdivisions, such as the School District. Chapter 9 of the U.S. Bankruptcy Code would permit the School District to make such an adjustment if (i) it were “insolvent” (*i.e.*, the School District was not paying its debt charges as they came due or it was unable to pay those debt charges as they became due), (ii) it met certain other criteria (*e.g.*, having negotiated in good faith with its creditors and failed to reach agreement or such negotiation was impractical because of time restrictions, the number of creditors or other reasons) and (iii) it were authorized under State law (by legislation or by a governmental officer) to seek relief under Chapter 9. The State’s Uniform Public Securities Law provides that the School District or any other subdivision must obtain the approval of the State Tax Commissioner in order to file a bankruptcy petition stating that it is insolvent and “that it desires to effect a plan for the composition or adjustment of its debts and to take such further proceedings” under the Bankruptcy Code. That law also states:



“No taxing subdivision shall be permitted, in availing itself of such acts of congress [the Bankruptcy Code], to scale down, cut down, or reduce the principal sum of its securities, except that interest thereon may be reduced in whole or in part.” (Section 133.36 of the Revised Code.)

The County may also initiate proceedings under the Bankruptcy Code. Because it collects, distributes or otherwise provides revenues to the School District, the School District’s financial condition could be affected by such an action.

## **Refunding**

State law authorizes the refunding of all or a portion of the Bonds. If the School District places in escrow either money or direct obligations of, or obligations guaranteed as to payment by, the United States, or a combination of both, that with investment income thereon will be sufficient for the payment of debt charges on the refunded Bonds, those Bonds will no longer be considered to be outstanding. They will also not be considered in determining any direct or indirect limitation on School District indebtedness, and the levy of taxes to pay debt charges on them will not be required. For this purpose, direct obligations of or obligations guaranteed by the United States include rights to receive payments or portions of payments of the principal of or interest or other investment income on (i) those U.S. obligations and (ii) other obligations fully secured as to payment by those U.S. obligations and the interest or other investment income on those obligations.

## **LITIGATION**

To the knowledge of the appropriate School District and Board officials, no litigation or administrative action or proceeding is pending restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, or the levy and collection of taxes to pay the debt charges on the Bonds, or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, signed or delivered, or the validity of the Bonds. The School District will deliver to the Underwriter a certificate to that effect at the time of original delivery of the Bonds to the Underwriter.

The School District is not currently a party to any legal proceedings seeking damages or injunctive or other relief.

Under current Ohio law, School District money, accounts and investments are not subject to attachment to satisfy tort judgments in State courts against the School District.

See also **The School System – Insurance** for information regarding the School District’s liability insurance coverage.

## **LEGAL MATTERS**

Certain legal matters incident to the issuance of the Bonds and with regard to certain tax matters (see **Tax Matters**) are subject to the opinion of Squire Patton Boggs (US) LLP, Bond Counsel to the School District. The signed legal opinion of Bond Counsel, substantially in the form attached hereto as **Appendix D**, dated and premised on law in effect on the date of issuance of the Bonds, will be delivered on the date of issuance of the Bonds. The text of the opinion to be delivered may vary from the text as set forth in **Appendix D** if necessary to reflect facts and law on the date of issuance. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date.

Squire Patton Boggs (US) LLP, in its capacity as Bond Counsel, has drafted those portions of this Official Statement under the captions **Certain Terms of the Bonds** (excluding certain information concerning the book-entry system there and in **Appendix E**), **Security and Sources of Payment** and **Tax Matters**.

Certain legal matters will be passed upon for the Underwriter by its counsel, Bricker Graydon LLP.

Squire Patton Boggs (US) LLP, both in its capacity as Bond Counsel and as Disclosure Counsel to the School District, and others, including the Underwriter and its counsel, have assisted the School District with its preparation of certain other portions of this Official Statement and participated with responsible School District officials and staff in telephone conferences where other statements and information contained in this Official Statement were reviewed for accuracy and completeness. Bond Counsel and Disclosure Counsel and those other parties, however, have not been engaged to, and will not, independently confirm or verify such statements or information or any other statements or information provided by the School District or others, and will not be responsible for the accuracy, completeness or fairness of any such statements or information or any other reports, financial information, offering or disclosure documents or other information pertaining to the Bonds that may be prepared or made available by the School District or others to potential or actual purchasers of the Bonds, to owners of the Bonds, including Beneficial Owners, or to others.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinions or advice are rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion or letter guarantee the outcome of any legal dispute that may arise out of the transaction.

The Board has also retained the legal services of Squire Patton Boggs (US) LLP from time to time as special counsel in connection with matters that do not relate to School District financings. That law firm also serves and has served as bond counsel for one or more of the political subdivisions that the School District territorially overlaps and as counsel to the Underwriter in connection with matters that do not relate to the Bonds or the School District.

## **TAX MATTERS**

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the Code), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the School District contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently

verify the accuracy of the School District's certifications and representations or the continuing compliance with the School District's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (IRS) or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the School District may cause loss of such status and result in the interest on the Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The School District has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market value of the Bonds.

Interest on the Bonds may be subject: (1) to a federal branch profits tax imposed on certain foreign corporations doing business in the United States; (2) to a federal tax imposed on excess net passive income of certain S corporations; and (3) to the alternative minimum tax imposed under Section 55(b) of the Code on "applicable corporations" (within the meaning of Section 59(k) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the School District or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the School District as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Prospective purchasers of the Bonds upon their original issuance at prices other than the respective prices indicated on the Cover, and prospective purchasers of the Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

### **Risk of Future Legislative Changes and/or Court Decisions**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest or other income on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax that was in effect at that time, and eliminated the tax-exempt advance refunding of tax-exempt bonds and tax-advantaged bonds, among other things. Additionally, investors in the Bonds should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of holders to sell their Bonds in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

### **Original Issue Discount and Original Issue Premium**

Certain of the Bonds (Discount Bonds) may be offered and sold to the public at an original issue discount (OID). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the issue price (described above) for that Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds (Premium Bonds) may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be

required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

*Owners of Discount and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.*

## **ELIGIBILITY FOR INVESTMENT AND AS PUBLIC MONEY SECURITY**

To the extent that the matter as to the particular investor is governed by Ohio law, and subject to any applicable limitations under other provisions of Ohio law, the Bonds are lawful investments for banks, savings and loan associations, credit union share guaranty corporations, trust companies, trustees, fiduciaries, insurance companies (including domestic for life and domestic not for life), trustees or other officers having charge of sinking and bond retirement or other funds of the State and State subdivisions and taxing districts, the Commissioners of the Sinking Fund, the Administrator of Workers' Compensation, and State retirement systems (Teachers, Public Employees, Public School Employees, and Police and Fire), notwithstanding any other provisions of the Revised Code or rules adopted pursuant to those provisions by any State agency with respect to investments by them.

The Bonds are acceptable under Ohio law as security for the repayment of the deposit of public money.

Beneficial Owners of the Bonds should make their own determination as to such matters as legality of investment in or pledgeability of book-entry interests.

## **UNDERWRITING**

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the Underwriter), at a price of \$\_\_\_\_\_. The initial offering price of the Bonds is \$\_\_\_\_\_; therefore, the gross underwriting spread is \$\_\_\_\_\_ from the public offering prices of the Bonds set forth on the Cover (the Offering Prices). In the Bond Purchase Agreement between the Underwriter and the School District, from the purchase price, the Underwriter has agreed to wire funds to the Bond Registrar at closing for further distribution by the Bond Registrar at closing to pay certain costs of issuance of the Bonds (\$\_\_\_\_\_).

The Underwriter has provided the information in this Official Statement pertaining to the Offering Prices and to the offering of the Bonds in the seventh paragraph of **Regarding This Official Statement**. As noted in that paragraph, the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing into investment trusts) and others at prices lower than the Offering Prices. The Offering Prices may be changed after the initial offering by the Underwriter.

The purchase of the Bonds by the Underwriter is subject to certain conditions and requires that the Underwriter will purchase all of the Bonds, if any are purchased.

Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the School District and to persons and entities with relationships with the School District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the School District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the School District.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the School District.

## **RATING**

The Bonds have been rated “Aa2” by Moody’s Ratings (Moody’s). No application for a rating has been made by the School District to any other rating service.

The rating reflects only the views of the rating service, and any explanation of the meaning or significance of the rating may only be obtained from the rating service. The School District furnished to the rating service certain information and materials, some of which may not have been included in this Official Statement, relating to the Bonds and the School District. Generally, rating services base their ratings on such information and materials and on their own investigation, studies and assumptions.

There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating service if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market value of the Bonds.

The School District expects to furnish the rating service with information and materials that may be requested. The School District, however, assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Bonds.

## **TRANSCRIPT AND CLOSING CERTIFICATES**

A complete transcript of proceedings and a certificate (described under **Litigation**) relating to litigation will be delivered by the School District when the Bonds are delivered by the School District to the Underwriter. The School District at that time will also provide to the Underwriter a certificate, signed by the School District officials who sign this Official Statement and

addressed to the Underwriter, relating to the accuracy and completeness of this Official Statement and to its being a “final official statement” in the judgment of the Board for purposes of SEC Rule 15c2-12(b)(3).

### **CONTINUING DISCLOSURE AGREEMENT**

The School District has agreed, for the benefit of the holders and Beneficial Owners from time to time of the Bonds, in accordance with SEC Rule 15c2-12 (the Rule), to provide or cause to be provided to the Municipal Securities Rulemaking Board (the MSRB) such annual financial information and operating data, audited financial statements and notices of the occurrence of certain events in such manner as may be required for purposes of paragraph (b)(5)(i) of the Rule (the Continuing Disclosure Agreement). See **Appendix F** for the proposed form of the Continuing Disclosure Agreement. In addition to being available on the MSRB’s Electronic Municipal Market Access (EMMA) website (<http://emma.msrb.org>), the foregoing information, data and notices can be obtained from:

Biagio Sidoti  
Treasurer, Board of Education  
North Royalton City School District, Ohio  
6579 Royalton Road  
North Royalton, Ohio 44133  
Telephone: (440) 582-9045  
E-mail: [biagio.sidoti@northroyaltonsd.org](mailto:biagio.sidoti@northroyaltonsd.org)

The performance by the School District of the Continuing Disclosure Agreement will be subject to the annual appropriation by the School District of any funds that may be necessary to perform it. The Continuing Disclosure Agreement will remain in effect only for such period that the Bonds are outstanding in accordance with their terms and the School District remains an obligated person with respect to the Bonds within the meaning of the Rule.

The Treasurer is the designated person within the School District charged with ensuring the School District’s compliance with the Continuing Disclosure Agreement. The School District expects to engage Disclosure Counsel on an annual basis to assist it in meeting the requirements of the Continuing Disclosure Agreement.

The School District believes that, in the previous five years, it has complied in all material respects with its previous undertaking entered into pursuant to the Rule.

### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Prior to the delivery of the Bonds, Causey Public Finance, LLC, an independent public accounting firm, will deliver a report on the mathematical accuracy of certain computations contained in schedules provided to them by the Underwriter. These computations will relate to the adequacy of the money and maturing principal amounts of the direct obligations of or obligations guaranteed as to payment by the United States held in the Escrow Fund for the payment of (i) interest on the Refunded Bonds on June 1, 2025, and (ii) principal of and accrued interest on the Refunded Bonds upon their prior optional redemption on \_\_\_\_\_, 2025 (at a redemption price equal to 100% of the principal amount redeemed), all in accordance with the terms of the Escrow Agreement.

## **BOND REGISTRAR AND ESCROW TRUSTEE**

The Huntington National Bank will act as bond registrar, paying agent, transfer agent and authenticating agent for the Bonds (the Bond Registrar) and as Escrow Trustee for the Refunded Bonds (the Escrow Trustee). The Bond Registrar will keep all books and records necessary for registration, exchange and transfer of the Bonds, in accordance with the terms of agreements between it and the School District.

The Bond Registrar maintains its principal corporate trust office in Columbus, Ohio. It has branch offices throughout the State and regularly acts as bond registrar and escrow trustee for bond issues of Ohio local governments. It has designated its principal corporate trust office in connection with the Bonds and the Refunded Bonds.

The Bond Registrar acts in a similar capacity in connection with other bonds of the School District and as a depository of School District funds.

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## THE SCHOOL DISTRICT

### General Information

The School District, one of over 600 city, local and exempted village school districts in the State and 31 located partially or completely in the County, provides education to grades PreK through 12. It is located in Cuyahoga County in northeastern Ohio, approximately 20 miles southwest of the City of Cleveland. The School District's territory includes a portion of the City (approximately 78%) and a portion (approximately 22%) of the City of Broadview Heights.

In the 2020 Census classifications, the School District was in the Cleveland-Elyria-Mentor Metropolitan Statistical Area (MSA), comprised of the five counties of Cuyahoga, Geauga, Lake, Lorain and Medina. It was also in the Cleveland-Akron Consolidated Statistical Area (CSA). Only limited statistics are now available for the new MSA and CSA.

The School District's 2023 population was estimated by the U.S. Census Bureau to be 36,215. See **Economic and Demographic Information – Population**. The School District's area is approximately 25 square miles. Land use, as measured by the assessed value of real property, is presented in the following table.

Percent of Assessed Valuation of Real Property	
Residential/Agricultural	86.00%
Commercial/Industrial/Mineral	11.65
Public Utility	2.35
Undeveloped	(a)

(a) Included in above categories.

Source: County Fiscal Officer.

The School District's general area is served by diversified transportation facilities. The Ohio Turnpike (I-80) bisects the School District with two entrances in close proximity. I-480 is just north of the School District and I-71 is just east. The three highways provide easy access to other interstate highways in the Cleveland Metropolitan area: I-77, I-90 and I-271. The School District is served by Conrail and Amtrak. Passenger air service is provided at Cleveland Hopkins International Airport, located within 15 minutes of the School District, and at Burke Lakefront Airport, located within 30 minutes of the School District. Public mass transit for the area is provided by the Greater Cleveland Regional Transit Authority.

The School District is provided with banking and financial services by numerous commercial banks and savings and loan associations operating offices within the School District, with principal offices elsewhere.

The area's daily newspaper/e-newspaper, the *Plain Dealer*, and the *Sun News* weekly newspaper serve the area. The School District is within the broadcast area of numerous television stations and AM and FM radio stations. Multi-channel cable television service, including educational, governmental and public access channels, is available within the School District.

Within commuting distance are several public and private two-year and four-year colleges and universities, including Baldwin Wallace University, Case Western Reserve University, Cleveland State University, Cuyahoga Community College, John Carroll University, Kent State University,

Lorain County Community College, Notre Dame College, Oberlin College, University of Akron, Ursuline College, the Cleveland Institute of Music, and the Cleveland Institute of Art.

School District residents are served by hospitals located in nearby cities: University Hospitals Parma Medical Center located in the City of Parma and five miles north of the School District; Southwest General Hospital (a non-profit hospital partnering with University Hospitals Health Systems), located in the City of Middleburg Heights, eight miles north of the School District; and MetroHealth's Brecksville Health and Surgery Center, located in the City of Brecksville east of the School District. Also located either near or in the City are clinic and outpatient facilities for every major health care provider in the Cleveland area, including the Cleveland Clinic. In addition, the main facilities of the Cleveland Clinic and University Hospitals Health Systems serve the MSA and are within a 30-minute drive of the School District.

Approximately 9% of the City's total area consists of parkland, including the Cleveland Metroparks all-purpose trail, Aukerman Park and York Road Archery Range. The City's Memorial Park features a playground, basketball courts, baseball field, tennis courts, volleyball courts and a skate park, and the City's York Road Fields and Heasley Field features baseball and soccer fields. The North Royalton Family YMCA, a 50,800 square foot building, serves as a community recreation center and includes an aquatic center with a competitive swimming pool, whirlpool, sauna, locker rooms, changing rooms, indoor track, fitness center and weight room. The University Hospitals Parma Medical Center has added a physical therapy center at the YMCA with a separate entrance.

Many other recreational and entertainment opportunities are available in the MSA, including those discussed in the following paragraphs.

The City of Cleveland is noted for its many cultural institutions, including the internationally acclaimed Cleveland Orchestra and Cleveland Museum of Art. Theaters and entertainment centers include Playhouse Square (the country's largest performing arts center outside of New York that includes a complex of nine theaters and performance spaces with seating for over 9,000), Karamu House and Severance Hall. Other cultural institutions include the Cleveland Opera Theater and the Great Lakes Theater. Baldwin Wallace College, located in nearby Berea, and Oberlin College offer a full range of cultural opportunities for residents of the School District. The music conservatories of those institutions are among the finest for the preparation of musicians.

The Rock and Roll Hall of Fame and Museum, a 150,000-square-foot facility, and the Great Lakes Center for Science and Technology, both major visitor attractions, are located on the City of Cleveland's North Coast Harbor. Other nearby museums include the Crawford Auto-Aviation Museum, Cleveland Botanical Garden, Cleveland Museum of Natural History, and Western Reserve Historical Society, all located within a 25-minute drive from the School District.

Professional sports are available at various facilities located in the City of Cleveland. The Gateway Sports Complex, located in the central business district of the City of Cleveland, includes Progressive Field, home of the Cleveland Guardians professional baseball franchise of the American League of Major League Baseball, and the Rocket Mortgage Arena, home of the Cleveland Cavaliers professional basketball franchise of the National Basketball Association. Cleveland Browns Stadium, located on the lakefront in downtown Cleveland, is the home of the Cleveland Browns professional football franchise of the National Football League.

Cuyahoga Valley National Park (CVNP) protects approximately 33,000 acres along the banks of 22 miles of the Cuyahoga River between the Cities of Cleveland and Akron, within the Counties of Summit and Cuyahoga. CVNP combines cultural, historical, and natural resources and visitor activities (including on 140 miles of hiking, bicycling, and horseback riding trails) in one setting and is located within an approximately 25-minute drive from the School District.

## BOARD AND ADMINISTRATION

The Board of Education is a body politic and corporate charged with the responsibility of managing and controlling affairs of the School District and is, with the School District, governed by the general laws of the State. The Board is comprised of five members elected for overlapping four-calendar-year terms. The present Board members are:

Name	Began Service As Board Member in	Present Term Expires December 31	Vocation in Private Life
Jacquelyn A. Arendt(a)	2014	2027	Adjunct Professor
Carlin Culbertson	2024	2025(c)	CPA and Director of Finance
Chris May	2024	2027	Business Owner
Jeremiah Sawyer	2022	2025	Vice President of Operations
Lisa Shuck(b)	2022	2025	Registered Nurse

(a) President.

(b) Vice President.

(c) Mr. Culbertson's term will expire on December 31, 2025. In November 2025, a special election will be held to fill the balance of the unexpired current term, which ends December 31, 2027.

The Superintendent, appointed by the Board for a maximum term of five years, is the executive officer of the School District and has responsibility for directing and assigning teachers and other employees, assigning the students to the proper schools and grades, and performing such other duties as determined by the Board. The current Superintendent is Michael K. Laub, serving since July 1, 2021, and whose present term runs to July 31, 2029. Previously, Mr. Laub was Superintendent of Avon Local School District for nine years, Director of Human Resources for Westlake City School District for four years, an elementary school principal for Westlake City School District for six years and an assistant principal and principal for Strongsville City School District for three years. Mr. Laub's professional memberships include the Buckeye Association of School Administrators, the Ohio School Boards Association and the Greater Cleveland School Superintendents' Association.

The Treasurer, appointed by the Board, is the fiscal officer of the Board and the School District. Biagio Sidoti, the present Treasurer (for a term ending on July 31, 2028), has held that position since January 1, 2014. Prior to assuming that position, Mr. Sidoti was Treasurer of North Ridgeville City School District for 17 years, Treasurer at Midview Local School District for four years and Senior Auditor for three years at an independent public accounting firm. The Treasurer's professional memberships include the Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Government Finance Officers Association, and the Ohio Association of School Business Officials. For a discussion of the duties of the Treasurer as fiscal officer, see **Financial Matters**.

## THE SCHOOL SYSTEM

### General Information

As of October 2024, 4,043 students were enrolled in the School District's three schools (one elementary schools, one middle school and one high school), excluding Pre-K students and including those enrolled in the Cuyahoga Valley Career Center (the Career Center). For the current academic year, the average class size is 24 students, and the average pupil-to-teacher ratio is 16-to-1. The School District employs (full- and part-time) 301 professional staff members and 224 nonteaching and support staff employees.

The School District currently operates one elementary school, one middle school, one high school, an administrative building, a maintenance facility and a transportation facility.

The School District's curriculum offers a wide range of electives and comprehensive courses of study in college preparatory, vocational, and physical education programs. A full range of extracurricular programs and activities is available, beginning in the elementary grades. All District schools have libraries, lunch programs, and multipurpose rooms or gyms for student activities.

Approximately 79% of the teaching staff have master's degrees, and none have doctorates. The School District's faculty has an average of 17 years' teaching experience, compared to the statewide average of 16 years (as of Fiscal Year 2024).

Classroom teachers at all levels are supported by specialists in reading, guidance, art, music and physical education. All elementary schools have full-time teacher aides. Nurses, psychologists, aides assisting students with disabilities, and speech pathologists are employed to work with students at all levels. The District's Pupil Personnel Services program includes school health and psychological services, pupil appraisal, counseling and guidance services, special education services, and speech-language and hearing services. Additionally, a home/school liaison is employed to provide support services to students and their families. School counselors are available at each school building.

The School District is one of the school districts included in the Career Center, which also includes Brecksville-Broadview Heights, Garfield Heights, Nardon Hills and Twinsburg City School Districts and Cuyahoga Heights, Independence, and Revere Local School Districts. The Career Center program serves approximately 134 School District students enrolled in either a two-year intensive training or one-year work/study program, and approximately five adults from the District in evening classes.

Vocational education prerequisite courses at the High School include Art, Family and Consumer Science and Industrial Technology. Other vocational programs are available in cooperation with other schools in the area at the Career Center.

The District offers a program of instruction for students identified as gifted and talented in grades 3 through 12. Students are evaluated for entry into this program based on criteria involving IQ and achievement test scores, sociograms and parental assessments. Services for those identified as gifted include, but are not limited to, differentiated instruction, collaborative classrooms, resource room instruction, accelerated math opportunities, and post-secondary enrollment options.

The School District's educational program includes these attributes, among others:

- Courses of study that address and align with the Ohio Learning Standards.
- A preschool program for students, ages three through five, with learning disabilities who have typical peers to model developmentally appropriate behaviors.
- Classroom practices that utilize research-based strategies such as at the primary level addressing the reading areas of phonics, phonemic awareness, vocabulary, fluency, and comprehension, as well as a hands-on-approach to mathematics instruction.
- The School District offers advanced placement courses at the high school in Biology, Calculus AB, Calculus BC, Chemistry Computer Science Principles, Computer Science A, English Language and Composition, English Literature and Composition,

French Language and Culture, Macroeconomics, Microeconomics, Physics I, Physics II, Psychology, Spanish, Statistics, U.S. Government and Politics, and U.S. History.

- College Credit Plus courses are offered in the high school and taught by our teachers which include English Composition I and II.
- Science Technology Engineering and Math (STEM) learning offerings are available to students at the middle school level in grades 6-8 to enhance the existing program offered at the high school level, which includes Introduction to Engineering and Design.
- A Peer Conflict Mediation program in grades 1-4 in which school counselors provide conflict manager training to help students peacefully resolve disputes.
- Districtwide, all buildings follow a consistent Positive Behavior Intervention Support system that teaches students how to live the “Bear Way” by being mindful, embracing kindness, acting with integrity, and responding with resilience.
- Parent and student access to computer-based intervention programs for all grades to support differentiation, individualized student instruction, and intervention.
- Internet-based access of student academic progress for parents and students in grades K-12.
- Classrooms are equipped with Chromebooks in grades K-4 for students to be one to one with technology during the school day. Students entering fifth grade will each receive a Chromebook to utilize both at school and at home through the remainder of their school career.
- Academic services for students with disabilities include a variety of service options among which are collaborative classrooms, resource rooms and one-on-one or small group instruction.
- Title I reading teachers and small group instructors are available to support students with reading or English language acquisition needs.
- Instruction by certificated or licensed personnel for art, music, and physical education available at all grade levels.
- Athletic and co-curricular programs that provide a full range of interscholastic and intramural opportunities at both middle and high school.

Last school year, 86% of high school graduates indicated they intended to continue their education at the university or college level with 70% attending a four-year college and 16% attending a two-year college.

The graduating class of 2024 exceeded the State average scores on the American College test (ACT) with a composite score of 26 (State average 20).

The North Royalton Educational Foundation was established in 1986 by the Board to provide funds for extended educational activities and projects not provided for by general School District funds. The Foundation is funded, in part, by an annual fundraising drive which has raised \$35,000 to \$40,000 in recent years. These monies have been used, in the form of grants to teachers

and otherwise, to provide students with supplemental reading materials, computer equipment, guest speakers, academic achievement awards, and other items to enrich educational opportunities.

The Board has created a Financial Advisory and Audit Committee composed of approximately 10-12 community members. The committee meets four to six times a year with the Treasurer, Superintendent, and two Board members to review the School District's financial status, the five-year financial projections, and current finance/business issues. This Committee and its predecessor committee have recommended, along with the School District administration, every ballot question placed by the Board before the voters of the School District since 2003.

Community involvement is also evidenced by citizen membership on the Curriculum, Instruction Assessment Committee. Board and City officials meet regularly to discuss matters of mutual interest. Board members are also appointed by the City to serve on the City's Recreation Board.

The Board has established a formal community information program which distributes a newsletter to residents, operates a District cable television channel and maintains a School District website.

Historically, the State has evaluated and measured the performance of its school districts and their individual schools and annually reported the results to the public. Due to the COVID-19 pandemic (see **COVID-19 Pandemic**), the State government enacted legislation that, among other things, mandated that, for the 2019-20 and 2020-2021 school years, the Ohio Department of Education & Workforce not (i) publish report card ratings, (ii) assign overall letter grades to school districts and buildings, (iii) assign grades to other measures or (iv) rank school districts. Additionally, the absence of report card ratings for those school years did not enter into determinations of sanctions or penalties or create a new starting point for determinations based on ratings over multiple years.

In 2021, the State government enacted legislation changing the previously used method of evaluating and measuring school district performance and its related reporting to school districts and the public beginning with the 2021-22 school year. Further information relating the State's methodology of evaluating and measuring the performance of its school districts and their individual schools, as well as the results from year to year (including the results of the performance of the School District and its individual schools), may be obtained from the Ohio Department of Education & Workforce.

## **Employees**

The School District has 440 full-time and 87 part-time employees. The number of employees has increased by 18 since 2022. A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining.

In Fiscal Year 2024, the Board paid \$33,733,626 from its General Operating Funds for salaries and wages and \$13,774,698 for fringe benefits such as employer retirement systems contributions, workers' and unemployment compensation and medical insurance premiums. The Board projects paying \$34,914,302 for salaries and wages and \$14,740,331 for fringe benefits from those Funds in Fiscal Year 2025. See **Appendix A**.

Of the current employees, 301 are certificated professionals (certified by the State Department of Education) serving as classroom teachers, education specialists and administrators, of whom all have at least a bachelor's degree and 222 hold advanced degrees. The current starting salary for a teacher with a bachelor's degree is \$47,590; the maximum teacher salary (for a teacher with a doctorate and 15 years' experience) is \$104,793. The average current salary of School District teachers is \$83,819, compared to a State average (Fiscal Year 2024) of \$68,236.

All of the School District's 278 teachers and educational specialists (excluding 20 administrators) are members of the North Royalton Education Association (the Association) that is a labor organization affiliated with the Ohio Education Association. The current contract expires July 1, 2025. The School District is currently negotiating the continuation of the existing contract and expects to finalize terms of employment by July 31, 2025.

All of the School District's 192 classified support staff (secretarial-clerical, custodial, maintenance, transportation and cafeteria staff) (except for 14 opt-out employees) are represented for bargaining purposes by the Ohio Association of Public School Employees (OAPSE). (An additional 18 central office employees are not represented by a bargaining unit.) The current contract expires July 31, 2025. The School District is currently negotiating the continuation of the existing contract and expects to finalize terms of employment by July 31, 2025.

The School District is a member of the Great Lakes Regional Council of Governments (GLRCG). The GLRCG is a legally separate entity organized under Section 9.833 of the Revised Code. The boards of education of several school districts in northeast Ohio established the Consortium on June 30, 2013, for the purpose of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverage for their employees and the eligible dependents and designated beneficiaries of such employee.

The Consortium projects that health insurance costs for Fiscal Year 2025 will have a 5% increase over Fiscal Year 2025 through Fiscal Year 2027. Vision insurance is self-funded and reflects claims staying basically flat. Insurance costs also reflect the provisions of the present negotiated agreements. Effective Fiscal Year 2022, all staff members contribute 15% of the premium cost of health insurance. The contribution is capped at \$125 per month for single coverage and \$200 per month for family coverage for the classified staff.

Effective Fiscal Year 2024, all staff members with family health insurance coverage whose spouses work and their employers offer health insurance are required to have their spouse enroll with their employer.

In the judgment of the Board, labor relations with all of its employees are excellent.

## **Retirement Expenses**

Present and retired employees of the School District are covered under two statewide public employee retirement (including disability retirement) systems. The State Teachers Retirement System (STRS) covers all teachers, principals, supervisors and administrators who are required to hold a certificate issued by the State Department of Education and Workforce. Other eligible full-time employees are covered by the School Employees Retirement System (SERS).

STRS and SERS are two of five statewide public employee retirement systems created by and operating pursuant to Ohio law, all of which currently have unfunded actuarial accrued liabilities. The General Assembly has the power to amend the format of those systems and to revise rates and methods of contributions to be made by public employers and their employees and eligibility criteria, benefits or benefit levels for employee members. On September 12, 2012, the General Assembly passed five separate pension reform bills intended to assist each of the five retirement systems in addressing its unfunded actuarial accrued liabilities. Those bills applicable to STRS and SERS became effective on January 7, 2013.

The law applicable to STRS has provided for (a) no change in the School District's contribution rate with respect to its employees' earnable salaries and (b) increases in the STRS employees' contribution rate from 10% to 14% in annual increments of 1% that became effective in July in each of the years from 2013 through 2016. Among other changes and with certain transition

provisions for current employees, the minimum age and service requirements for eligibility for retirement and disability benefits have been increased, the calculation of an employee's final average salary on which pension benefits are based has been revised to include the five highest years (rather than the three highest years), STRS pension benefits are being calculated on a lower, fixed formula and provisions with respect to future annual cost-of-living adjustments have been changed to reduce those adjustments to 2% (from 3%). The STRS board has also been provided with authority to make future adjustments to the member contribution rate, retirement age and service requirements, and cost-of-living adjustments as the need or opportunity arises, and depending on the funding progress. Under current law, STRS has a maximum 30-year period to amortize its unfunded accrued pension liability. According to STRS's most recent Actuarial Valuation and Review (dated as of July 1, 2023), STRS's actuarial consultant projected that the period required to fully amortize STRS's actuarial unfunded accrued liability is 10.1 years.

The law applicable to SERS has provided for no change to the School District's or SERS employees' contribution rates, future cost-of-living adjustments or the calculation of an employee's final average salary on which pension benefits (the average of the three highest years). However, among other changes and with certain transition provisions for current employees, the minimum age and service requirements for eligibility for retirement and disability benefits was increased and provisions for disability benefits and service credit purchases were revised.

The School District "picks up" the employee portion of retirement contributions for the Superintendent, Treasurer, central office administrators, members of the principals' association, and members of the central office professional staff association.

In Fiscal Year 2024, employees covered by STRS are contributing at a statutory rate of 14% of earnable compensation, and employees covered by SERS have contributed and continue to contribute at a statutory rate of 10% of earnable compensation. As the employer, the School District's statutory contribution rate for all of those employees has been and continues to be 14% of the same base. These employee and employer contribution rates are the maximums permitted under current State law.

As of the end of Fiscal Year 2024, the School District had the net pension and other post-employment benefit (OPEB) liabilities reported and explained in the Notes to the Fiscal Year 2024 Financial Statements.

For further information on STRS and SERS and their pension plans, see the Notes to the Fiscal Year 2024 Financial Statements. Financial and other information for STRS and SERS can also be found on the respective website for each retirement system including its Annual Comprehensive Financial Report.

Federal law requires School District employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, District employees who are covered by a State retirement system are not currently covered under the federal Social Security Act. STRS and SERS are not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

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## School District Facilities; Insurance

The School District's classroom and other facilities are:

Classroom Building Facilities	Year of Construction; Addition or Major Improvement	Number of Class-rooms	Capacity	Enrollment(a)	Estimated Value(b)
Elementary School (Pre-K-4)	2021	64	1,443	1,526	\$43,459,815
Middle School (5-8)	1996/2025	79	1,672	1,214	44,877,341
High School (9-12)	1950/1954/1958/1960 1964/1976/1988/2021	91	1,581	1,397	51,475,598

Non-Classroom Building Facilities	Year of Construction; Addition or Major Improvement	Estimated Value(b)
Administration Annex (includes Board and Administration Offices, field house and storage facility and bus garage)	1977/2024	\$4,235,787
Athletic Facilities	1960s/2011/2024	6,759,628

(a) As of October 2024; includes 94 Pre-K students.

(b) School District property is exempt from ad valorem taxation. The estimated values of District property are based on the insurance values for replacement, which include the building and its contents.

The School District owns approximately 55 acres of land that have not been developed for District purposes. The Board currently intends to maintain ownership of the remaining portion of that land to meet potential future needs of the School District.

The current insurance values for replacement (building, fixtures and contents) of all District property is \$216,881,431. District property is exempt from ad valorem taxation.

Property (buildings and contents), boiler and machinery insurance, and casualty and fleet insurance, are provided through Utica National. Blanket limit for the property insurance is \$216,881,431 with a \$25,000 deductible including boiler and machinery. For the casualty and fleet insurance there is a combined single limit of \$1,000,000 with various comprehensive and collision deductibles. The renewal date is July 1, 2025.

The School District also maintains a variety of liability insurance coverages with varying deductibles, and a \$10,000,000 (per occurrence and aggregate) umbrella policy. There is a \$1,000,000 limit for each occurrence and a \$3,000,000 general aggregate limit for general liability insurance. Employee benefits liability, sexual misconduct, law enforcement liability, and school leaders errors and omissions coverages have \$2,000,000 limits. The renewal date is July 1, 2025.

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## Enrollment

The following table shows enrollment in the District's schools.

School Year	<u>Enrollment(a)</u>	
	Total	1st Grade
1980-81	2,895	147
1990-91	3,259	308
2000-01	4,383	310
2010-11	4,657	298
2020-21	3,923	255
2021-22	3,988	287
2022-23	4,074	292
2023-24	4,104	268
2024-25	4,137	273
2025-26(b)	4,155	270

- (a) Actual figures are ADM (average daily membership) figures from an "at date enrollment" during annual October enrollment census. Figures include Pre-K students and School District residents who attend classes at the Cuyahoga Valley Career Center for at least a portion of the day.
- (b) Projected, based on School District forecast.

Certain additional School District student statistics are as follows:

School Year	<u>Per Pupil Expenditure(a)(b)</u>		<u>Assessed Valuation Per Pupil(c)</u>	
	District	State Average	District	State Average
2019-20	\$11,122	\$ 9,883	\$292,924	\$169,137
2020-21	11,229	10,334	302,799	184,467
2021-22	12,005	11,306	341,300	192,484
2022-23	12,280	11,896	342,973	200,675
2023-24	12,246	12,396	334,281	233,914

- (a) General Fund and other operating funds.
- (b) As reported, iLRC (Download Center) – Ohio Department of Education & Workforce.
- (c) As reported, Tax Data Series – Ohio Department of Taxation.

There are two nonpublic, parochial (K-8) schools located in the School District. Their combined Fall 2024 enrollment was 992, of whom an estimated 432 were School District residents.

The School District does not have an open enrollment policy that would allow students from other school districts to enroll in School District schools. Through open enrollment policies of other school districts, the School District loses approximately seven students (on an FTE basis) annually. Open enrollment losses are not material to the School District's operations or finances.

### Charter Schools; Tuition Vouchers

In recent years, community or "charter" schools have drawn approximately 96 (on an FTE basis) students per year from within the School District.

The State has implemented several programs, described below, under which certain students may receive tuition vouchers to attend nonpublic schools.

Under the EdChoice Scholarship Program, certain students who would otherwise attend underperforming schools or whose families meet certain low-income guidelines may receive vouchers for tuition at nonpublic schools. Additionally, under the Jon Peterson Special Needs Scholarship Program, students with an Individualized Education Program (IEP) from their school district of residence may receive vouchers to pay for tuition at nonpublic schools and for additional services from private service providers. And, under the Autism Scholarship Program, students identified as children with autism by, and who have an IEP from, their school districts of residence may receive vouchers to attend a special education program other than the one operated by the school districts of residence.

Historically, funding for charter school students and for students in the EdChoice Scholarship, Jon Peterson, and Autism Scholarship Programs was received by the school district of the student's residence and then diverted to the educating institution. As a result of the 2021 State Budget Act (see **State School Funding System**), these State funds are now provided directly to the educating institution, resulting in a lack of related information being readily available to the School District.

## Transportation

The School District provides transportation for students resident in the School District to both public schools and nonpublic schools as shown below for the last complete school year (2024-25) school year. A portion of the cost of transporting nonpublic school students is reimbursed by the State under a per student/per mile formula.

Type of School	Number Transported
Public	2,713
Nonpublic	352
Disabled Education	100
Community School	21

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Population

Recent Census population has been:

Year	District(a)	City(a)	County	PMSA/ MSA
1970	14,650	12,807	1,720,835	2,418,809(b)
1980	18,560	17,671	1,498,400	2,277,949(b)
1990	24,830	23,197	1,412,140	2,202,069(b)
2000	31,628	28,648	1,393,978	2,250,871(b)
2010	36,293	30,444	1,280,122	2,077,240(c)
2020	35,773	30,179	1,264,817	2,088,251(c)
2023	36,215	31,013	1,249,418	2,158,932(c)

(a) Sources: OMAC and U.S. Census Bureau.

(b) Numbers are for the prior Cleveland-Lorain-Elyria Primary Metropolitan Statistical Area (PMSA), which included the Counties of Ashtabula, Cuyahoga, Geauga, Lake, Lorain and Medina. In 2003, the PMSA was reclassified as an MSA excluding Ashtabula County. Comparable historical Census numbers for the new MSA are not available.

(c) Population figures represent the current MSA.

2023 Census figures show the following breakdown by age groups of the population of the School District.

<b>Under 5</b>	<b>5-19</b>	<b>20-34</b>	<b>35-44</b>	<b>45-54</b>	<b>55-64</b>	<b>65+</b>	<b>Total</b>
1,964	5,341	6,883	3,630	4,984	5,244	8,169	36,215

Educational attainment for the District's, the City's, the County's and the MSA's population (25 years or older) is set forth in the following table.

	<b>District</b>		<b>City</b>		<b>County</b>		<b>MSA</b>	
Less than 9th Grade	426	1.6%	398	1.7%	24,259	2.7%	37,605	2.6%
9th to 12th Grade (no diploma)	530	2.0	527	2.3	56,631	6.4	85,512	5.8
High School graduate (includes GED)	7,441	27.5	6,841	29.8	241,494	27.1	418,314	28.4
Some college, no degree	4,833	17.8	3,979	17.3	181,763	20.4	306,454	20.8
Associate degree	2,473	9.1	2,211	9.6	72,472	8.1	128,056	8.7
Bachelor degree	7,023	25.9	5,606	24.4	180,290	20.3	297,569	20.2
Graduate or professional degree	4,372	16.1	3,420	14.9	132,602	14.9	197,309	13.4

Source: U.S. Census Bureau Selected Source Characteristics in the United States 2019-2023.

## Local Economy

The School District's tax base consists of approximately 99% of the City's property (the remaining 1% is in Brecksville-Broadview Heights City School District) and approximately 38% of the City of Broadview Heights' property, which is primarily a residential bedroom community.

The City is strategically located in southern Cuyahoga County, within minutes of three interstate highways (I-71, I-77, and I-480). It is bordered to the west by the City of Strongsville, to the north by the City of Parma, to the east by the City of Broadview Heights and to the south by the Township of Hinckley in Medina County. The City is 20 minutes from downtown Cleveland or Cleveland Hopkins International Airport and 30 minutes from the City of Akron and the Akron-Canton Airport.

## Commercial & Industrial

Approximately 13% of the developed land in the City is designated for commercial and industrial use (Source: OMAC). The City began operating its Department of Community and Economic Development in 2003. In addition to fostering a climate for community and economic development, this department assists the City with planning for future economic growth. The City's proximity to the Cities of Cleveland and Akron provides access to a wide array of industrial and commercial products.

In 2015, the City named the entire City a Community Reinvestment Area (CRA). The City has active CRA agreements with the following four businesses: 10499 Royalton Road LLC; Matrix LLC; TMRD, Ltd.; and Winkler Enterprise, LLC. The City's industrial presence is concentrated in two industrial parks located in the western side of the City. York Alpha Industrial Park (the Park) is the larger of the two industrial parks. The Park has over 180 acres with over 100 companies and additional room for expansion. Kent Corp. has been located in the City for over 40 years and broke ground for a major expansion in 2024; the \$1.2 million expansion will add 15,000

square feet to the existing facility. Progress Industrial Park is the smaller of the two parks in the City and contains a number of companies.

Additional economic developments in 2023 and 2024 included the following businesses: Morel Landscaping constructed a 9,000-square-foot office/warehouse building; Mr. Divot's Sports Park, a \$1.5 million facility with a driving range, miniature golf course, sand volleyball courts, batting cages and an ice cream shop, is expected to be completed in 2025; Lozinak & Sons, a general contractor, cement and waterproofing services company which has been located in the City for over 20 years, constructed a 5,000-square-foot accessory building in 2024; and Fazio Mechanical, a full-service mechanical contracting company founded in 1988, purchased a property and renovated a 20,700-square-foot building in 2023.

In addition, within the past two years, several chain restaurants were approved to be built in the City, including Chipotle, Domino's Pizza, Dunkin' Donuts, Jimmy John's and Taco Bell.

### Residential

The City is 21.4 square miles in total area, the third largest municipality by land area in the County. Over 66%, or roughly 8,100 acres of the existing land area, is dedicated to residential land use. The vast majority of residential land is devoted to single family residential development. Although single family and two-family homes are distributed evenly throughout the City, most multi-family residential units are located closer to the central portion.

In 2025, two different developers have plans for separate developments of single-family clustered homes on sites of former elementary school grounds, one on the site of former Albion Elementary School with plans to build 29 homes is yet to be approved, and one on the site of former Valley Vista Elementary School with plans to build 17 homes has officially been approved by the City Planning Commission.

### Employment and Income

The following table shows comparative employment and unemployment statistics for the indicated periods.

Year(a)	Employed in		Unemployment Rate			
	County	MSA	County	MSA	State	U.S.
2019	601,200	1,024,600	4.3%	4.1%	4.2%	3.7%
2020	537,900	920,500	10.6	9.7	8.2	8.1
2021	558,900	956,500	6.3	5.7	5.1	5.3
2022	570,300	975,800	4.9	4.7	4.0	3.6
2023	584,000	999,200	3.9	3.7	3.5	3.6
2024	584,700	1,058,000	3.9	3.8	4.3	4.0
2025						
Jan.	587,400	1,036,400	4.5	4.6	5.3	4.0
Feb.	590,200	1,040,500	5.0	5.0	5.4	4.5
Mar.	N/A	N/A	N/A	N/A	5.1	4.2

(a) Not seasonally adjusted.

Source: Ohio Department of Job and Family Services – Bureau of Labor Market Information.

The following are the 10 private and public employers representing the principal employers within the City based on percentage of City income tax withholdings (as of June 30, 2024).

<b>Employer</b>	<b>Nature of Activity or Business</b>	<b>% of City Income Tax Withholding</b>
The School District	Public Education	3.19%
The City	Municipal Government	1.39
PNC Bank	Banking	0.88
Cleveland Clinic Foundation	Healthcare	0.83
KeyBank, National Association	Banking	0.81
Progressive Casualty Insurance	Insurance	0.73
I & MJ Gross Company	Owner Developer	0.61
Transport Services	Transportation	0.53
Laszeray Technology	Manufacturing	0.47
Diplomat Healthcare	Rehabilitation Center	0.43

Source: The School District's Fiscal Year 2024 Financial Statements.

The following employers (private and public) had the largest (full-time equivalent) work forces within the County as of December 31, 2023.

<b>Employer</b>	<b>Nature of Activity or Business</b>	<b>Approximate Number of Employees</b>
Cleveland Clinic Health System	Healthcare	45,673
Group Management Services Inc.	Staffing and employment services firm	33,972
Minute Men Human Resource System	Staffing and employment services firm	26,578
University Hospitals Health System	Healthcare	25,030
Amazon	Retail	20,000
U.S. Federal Government	Federal government	15,740
Progressive Corporation	Insurance and financial company	13,150
Walmart	Grocery and retail	12,650
Giant Eagle Inc.	Grocery and retail	9,599
State of Ohio	State government	7,605

Source: The County's Annual Comprehensive Financial Report for the year Ended December 31, 2023.

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The 2023 median family and household incomes, as reported by the Census Bureau in its “2019-2023 American Community Survey 5-Year Estimates,” are set forth in the following table.

	<b>2023 Median Income</b>	
	<b>Family</b>	<b>Household</b>
District	\$114,403	\$88,967
City	109,194	81,810
County	83,288	60,074
MSA	90,488	66,481
State	86,508	66,990
United States	92,646	75,149

According to the Ohio Department of Taxation, the average federal adjusted gross income for residents within the School District filing Ohio personal income tax returns for calendar year 2022 was \$93,073, compared to the averages of \$112,498 for all Ohio school districts (for all tax returns filed, the 2022 State average for tax returns that indicated school districts was \$78,768) and \$107,780 for all school districts in the County.

The income per household in the District, County and MSA is estimated to be distributed as set forth in the following table.

<b>Income and Benefits(a)</b>	<b>District</b>		<b>City</b>		<b>County</b>		<b>MSA</b>	
Less than \$10,000	260	1.6%	243	1.8%	39,439	7.1%	52,031	5.9%
\$10,000 to \$14,999	358	2.2	262	1.9	31,017	5.6	41,819	4.7
\$15,000 to \$24,999	549	3.4	530	3.9	48,980	8.9	69,640	7.9
\$25,000 to \$34,999	964	6.0	890	6.5	49,291	8.9	72,726	8.2
\$35,000 to \$49,999	2,176	13.5	2,084	15.2	66,494	12.0	103,147	11.7
\$50,000 to \$74,999	2,582	16.0	2,287	16.7	93,744	17.0	149,667	16.9
\$75,000 to \$99,999	2,227	13.8	1,824	13.3	65,838	11.9	112,278	12.7
\$100,000 to \$149,999	2,963	18.4	2,513	18.4	77,425	14.0	140,290	15.9
\$150,000 to \$199,999	1,855	11.5	1,585	11.6	36,389	6.6	66,342	7.5
\$200,000 or more	2,208	13.7	1,459	10.7	43,804	7.9	75,733	8.6

(a) In 2023 inflation-adjusted dollars.

Source: U.S. Census Bureau Selected Source Characteristics in the United States 2019-2023.

The U.S. Census Bureau also estimates that 4.8% of people in the District, 5.2% of people in the City, 16.5% of people in the County, and 13.6% of the people in the MSA have incomes that fall below the poverty level.

## **Housing and Building Permits**

The following is U.S. Census Bureau information concerning housing in the City, with comparative County and State statistics.

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	<b>2023 Median Value of Owner-Occupied Homes(a)</b>	<b>% Constructed Prior to 1940(a)</b>	<b>Number of Housing Units</b>		<b>% Change</b>
			<b>2010(b)</b>	<b>2023(a)</b>	
City	\$276,300	3.0%	13,362	14,507	+7.9%
County	168,700	27.9	621,763	615,881	-1.0
State	183,300	19.3	5,127,508	5,251,209	+2.4

(a) Source: U.S. Census Bureau Selected Source Characteristics in the United States 2019-2023.

(b) Source: U.S. Census Bureau American Fact-Finder 2010 Census Redistricting Data (Public Law 94-171) Summary File.

County Fiscal Officers figures show the following average sale price of residential property in the County and the City:

<b>Year</b>	<b>County</b>	<b>City</b>
2019	\$150,400	\$188,579
2020	166,600	219,100
2021	199,500	229,700
2022	207,900	274,400
2023	209,400	279,800

The number and value of all building permits (including commercial, industrial, residential and public, and both remodeling and new construction) issued by the City are shown in the following table.

<b>Year</b>	<b>Number</b>	<b>Value</b>
2019	2,438	\$233,919,118
2020	2,514	72,470,660
2021	2,696	75,995,879
2022	2,282	32,838,756
2023	2,009	45,419,997

Source: City Building Department.

### **Utilities; Public Safety and Services**

Water service within the School District is provided by the City of Cleveland water system, and is purchased directly by the consumers and distributed by the City of Cleveland to consumers. Sewage collection and disposal is provided by the City, except for a small portion of the City which is served by the Northeast Ohio Regional Sewer District. Electricity is obtained from the Cleveland Electric Illuminating Company, a subsidiary of FirstEnergy, and natural gas is supplied by the East Ohio Gas Company and Columbia Gas of Ohio Inc. Fire protection is provided by the City and the City of Broadview Heights. Trash collection is provided by the City.

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## **FINANCIAL MATTERS**

### **Introduction**

The School District's Fiscal Year corresponds with the July 1 to June 30 school year. Property taxes, including those levied to pay debt charges on the Bonds, are levied and collected on a calendar year basis.

The main sources of School District revenue have been and are property taxes and the State School Funding System distributions. See **Ad Valorem Property Taxes** and **State School Funding System**.

The Treasurer and the Board are responsible for the major financial functions of the School District. The Treasurer is the fiscal officer and chief accounting officer and keeps the books and accurate statements of all money received and expended, and receives, invests, maintains custody of and disburses all School District money.

Other important financial functions include general financial recommendations and planning by the Treasurer, the Superintendent of Schools and the administrative staff; budget preparation by the Treasurer; and express approval of all budgeting and appropriations by the Board.

For property taxation purposes, assessment of real property is by the County Fiscal Officer subject to supervision by the State Tax Commissioner, and assessment of public utility and tangible personal property is by the State Tax Commissioner. Property taxes and assessments are billed and collected by County officials.

### **Budgeting, Property Tax Levy and Appropriations Procedures**

Detailed provisions for budgeting, property tax levies and appropriations are made in the Revised Code, including a requirement that the School District levy a property tax in a sufficient amount, with any other money available for the purpose, to pay the debt charges on securities payable from property taxes.

The law requires generally that a subdivision prepare, and then adopt after a public hearing, a tax budget approximately six months before the start of the next fiscal year. The tax budget then is presented for review by the county budget commission, which is typically comprised of the county auditor, treasurer and prosecuting attorney. Under the relatively new County charter, the County Budget Commission consists of the County Fiscal Officer (appointed by the County Executive), the County Executive (elected), and the County Prosecuting Attorney (elected). (Also under the new County charter, the County Treasurer is appointed by the County Executive, as opposed to being elected by the voters.) A county budget commission may waive the requirement for a tax budget and permit an alternative form of tax budget with more limited information. In October 2002, the Cuyahoga County Budget Commission voted to waive the requirement and prescribed an alternative form of a tax budget information document to be used by the School District and other subdivisions in the County.

Under the Cuyahoga County Budget Commission requirements, District budgeting for each Fiscal Year formally begins in January with the preparation and submission to the County Budget Commission of tax budget information for that Fiscal Year and the following calendar year. For debt charges, the information is to include the net amounts of debt charges for which property tax levies must be made (after application of estimated receipts from other sources) and the portions of those levies to be inside and outside the ten-mill limitation. That tax budget information is then to be reviewed by the County Budget Commission.

As part of that review, the County Budget Commission is to determine and approve levies for debt charges outside and inside the ten-mill limitation. The Revised Code provides that “if any debt charge is omitted from the budget, the commission shall include it therein.”

The County Budget Commission is to then certify to the Board its action together with the estimate by the County Fiscal Officer of the tax rates outside and inside the ten-mill limitation. Thereafter, and before the end of the then Fiscal Year, the Board is to approve the tax levies and certify them to the proper County officials. The approved and certified tax rates are then to be reflected in the tax bills sent to property owners in the following calendar year. Real property taxes are payable in two equal installments, the first usually by February and the second in July.

The Board adopts a permanent appropriation measure each June for the ensuing Fiscal Year. Although called “permanent,” the annual appropriation measure may be, and often is, amended during the Fiscal Year. Annual appropriations may not exceed the County Budget Commission’s official estimates of resources, and the County Fiscal Officer must certify that the District’s appropriation measures do not appropriate moneys in excess of the amounts set forth in those estimates.

State law requires that a school district set aside amounts for permanent improvements (acquisition, replacement, enhancement, maintenance or repair). Generally speaking, the set-aside requirement is 3% of the applicable formula amount for the preceding Fiscal Year multiplied by the school district’s student population for that year. See the Fiscal Year 2024 Financial Statements for more information.

## **Financial Reports and Audits**

The School District maintains its accounts, appropriations and other fiscal records in accordance with the procedures established and prescribed by the Ohio Auditor of State (the State Auditor). The State Auditor is charged by law with the responsibility of inspecting and supervising the accounts and records of each taxing subdivision and most public agencies and institutions.

School District receipts and expenditures are compiled on a cash basis, pursuant to accounting procedures prescribed by the State Auditor that are generally applicable to all Ohio school districts. The records of these cash receipts and expenditures are converted annually for reporting purposes to a modified accrual basis of accounting for governmental funds and an accrual basis for proprietary funds. These accounting procedures conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Those principles, among other things, provide for a modified accrual basis of accounting for the general fund, all special revenue funds and the debt service (bond retirement) fund and for a full accrual basis of accounting for all other funds, and for the preparation for each fund of balance sheets, statements of revenues and expenditures and statements showing changes in fund balances.

Annual financial reports are prepared by the School District and are filed as required by law with the State Auditor after the close of each Fiscal Year.

Audits are made by the State Auditor, or by private auditing firms (CPAs) at the direction of that officer, pursuant to Ohio law and under certain federal program requirements. No other independent examination or audit of the School District’s financial records is made.

The most recent audit (including compliance audit) of the School District’s accounts was completed through Fiscal Year 2024. The Basic Financial Statements of the School District for Fiscal Year 2024 are set forth as **Appendix C**; they have been audited by the State Auditor as stated in their reporting appearing in those statements. No material findings, citations or items for adjustment, or material weaknesses in internal controls, were noted as part of the audit.

See **Appendix A** for an unaudited comparative cash-basis summary of general operating fund activity for the last five Fiscal Years and forecasted for Fiscal Year 2025. That summary has been prepared by the School District in comparative form from five-year financial forecasts approved by the Board and submitted to the State. See **Five-Year Forecast**. Governmental funds receipts and expenditures (cash basis) for the two prior Fiscal Years are set forth in **Appendix B**. See **Appendix C** for the School District's audited Fiscal Year 2024 Financial Statements, including the audit letter/independent accountant's report.

The audited financial statements are public records, no consent to their inclusion is required, and no bring-down procedures have been undertaken by the State Auditor since their date.

## **Investments and Deposits**

Investments and deposits of School District funds are governed by the Uniform Depository Law (Chapter 135 of the Revised Code) applicable to all school districts. The Treasurer is responsible for those investments and deposits. Under recent and current practices, and the District's approved investment policy, in addition to deposits evidenced by interest-bearing certificates of deposit, investments are made in the State Treasurer's subdivision investment pool (STAR Ohio), federal or federal agency securities, repurchase agreements (with the underlying federal or federal agency securities held on the District's behalf by The Huntington National Bank and US Bank) and mutual funds consisting of federal or federal agency securities. See also the Notes to the Fiscal Year 2024 Financial Statements in **Appendix C**.

The School District does not invest in any securities that would be characterized as derivatives or in reverse repurchase agreements and purchases all investments with the intent to hold to maturity.

## **Five-Year Financial Forecast**

Pursuant to State law, the School District prepares a five-year financial forecast (the "Forecast") that is adopted by the Board and filed with the Ohio Department of Education & Workforce. The Forecast reflects three years of historical general operating fund revenues, expenditures and balances, as well as a forecast of such revenues, expenditures and balances for the present Fiscal Year and four additional Fiscal Years. Notes to the Forecast accompany the projections. Under prior law, the Forecast had to be approved by the Board by October 31 of each Fiscal Year, and then updated between April 1 and May 31. Under current law, the Forecast must be approved by the Board by a date to be determined by the State, which State-mandated deadline cannot be earlier than November 30 of each Fiscal Year, and then updated between April 1 and May 31. The School District's most recent Forecast was approved by the Board in November 2024, and shows positive Fiscal-Year-end cash balances through Fiscal Year 2029.

## **GENERAL OPERATING FUNDS**

The General Fund is the School District's main operating fund, from which most expenditures are paid and into which most revenues are deposited. The General Fund receives moneys from many sources, but primarily from the ad valorem property taxes and the education aid distributions from the State under the State School Funding System. For details concerning general operating fund revenues, expenditures and beginning and year-end balances in Fiscal Year 2023 and other recent Fiscal Years, see **Ad Valorem Property Taxes, State School Funding System** and **Appendices A, B, and C**.

Other than its authority to levy ad valorem property taxes, the only tax the Board may under existing State law impose, and only if approved by the School District's electors, is an income

tax on (i) the school district income of individuals and estates or (ii) wages, salaries, tips and other employee compensation.

## AD VALOREM PROPERTY TAXES

### Assessed Valuation

The following table shows the recent assessed valuations of property subject to ad valorem taxes levied by the School District.

<b>Collection Year</b>	<b>Real(a)</b>	<b>Public Utility(b)</b>	<b>Total Assessed Valuation</b>
2021	\$1,177,001,730	\$31,089,320	\$1,208,091,050
2022(c)	1,328,622,030	33,022,950	1,361,644,980
2023	1,333,584,420	35,045,920	1,368,630,340
2024	1,350,430,390	36,253,040	1,386,683,430
2025(d)	1,682,467,690	40,506,160	1,722,973,850

(a) Other than real property of railroads. The real property of public utilities, other than railroads, is assessed by the County Fiscal Officer. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.

(b) Tangible personal property of all public utilities and real property of railroads; see footnote (a).

(c) Reflects triennial adjustment.

(d) Reflects sexennial readjustment.

Source: County Fiscal Officer.

Taxes collected on “Real” property in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. “Public Utility” (real and tangible personal) taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.

Based on County Fiscal Officer records of assessed valuations for the 2025 collection year, the largest School District ad valorem property taxpayers are:

<b>Name of Taxpayer</b>	<b>Nature of Business</b>	<b>Total Assessed Valuation</b>	<b>% of Total Assessed Valuation</b>
Cleveland Electric Illuminating Company	Electric Utility	\$21,298,110	1.24%
MYM Apartments	Apartment Complex	18,013,280	1.05
Omni SLF North Royalton LLC	Senior Living	12,922,630	0.75
Royalton Place	Apartment Complex	12,670,280	0.74
Spruce Lake Ltd An	Apartment Complex	10,924,660	0.63
Hampton Club Ltd	Apartment Complex	10,011,960	0.58
American Transmission System	Electric Utility	9,464,330	0.55
I&J Associates Ltd	Apartment Complex	6,146,320	0.36
Revere at Woodcroft Glen LLC	Apartment Complex	5,989,930	0.35
Pine Forest Apartments	Apartment Complex	5,725,690	0.33

Pursuant to statutory requirements for sexennial reappraisals, in 2024 the County Fiscal Officer adjusted the true value of taxable real property to reflect current fair market values. These adjustments are reflected in the 2024 duplicate (collection year 2025) and in the ad valorem taxes distributed to the School District in 2025 and thereafter. The County Auditor and the County Fiscal

Officer are required to adjust (but without individual appraisal of properties except in the sexennial reappraisal), and have adjusted, taxable real property value triennially to reflect true values. The County Auditor and the County Fiscal Officer conducted such a triennial adjustment in 2021 (collection year 2022).

The “assessed valuation” of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its assessed value.

As a result of a phase-out of taxation of tangible personal property used in general business (excluding certain public utility property) and tangible personal property used by telephone, telegraph or interexchange telecommunications companies, and a reduction of the percentages of true value of electric utility production equipment and natural gas utility property assessed for taxation, eligible school districts have received reimbursement payments from the State to account for the loss of property tax revenue. Under legislation passed by the State General Assembly in 2015, such reimbursements have been combined and are to be distributed by the State in November and May of each Fiscal Year. The School District no longer receives such reimbursements.

As indicated herein, the General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property, and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These tax credits apply only to certain voted levies on real property, and they do not apply to unvoted levies or to voted levies to provide a specified dollar amount or to pay debt charges on general obligation debt. These credits are discussed further following **Tax Table A**.

## **Overlapping Governmental Entities**

The major political subdivisions or other governmental entities that overlap all or a portion of the territory of the School District are listed below. The “(\_\_\_\_%)” figure is that approximate percentage of a recent assessed valuation of the overlapping entity that is located within the District.

- The County (functions allocated to counties by Ohio law, such as elections, health and human services, and judicial). (3.92%)
- The City (98.82%) and the City of Broadview Heights (37.99%) (municipal corporation responsibilities).
- Greater Cleveland Regional Transit Authority (RTA) (public mass transit system). (3.92%)
- The Career Center (joint vocational school district). (16.59%)
- Cuyahoga County Public Library District (public library system). (6.33%)
- Cleveland-Cuyahoga County Port Authority (public port facilities in the Cleveland port). (3.92%)

- Cuyahoga Community College District (two-year public higher education institution). (3.92%)
- Cleveland Metropolitan Park District (park and recreation areas). (3.87%)

Source: OMAC.

Each of these entities operates independently, with its own separate budget, taxing power and sources of revenue. Only the County, the municipalities and the Career Center may, as may the School District, levy ad valorem property taxes within the ten-mill limitation (subject to available statutory allocation of the 10 mills) described under **Indirect Debt and Unvoted Property Tax Limitations**.

### Tax Rates

All references to tax rates under this caption are in terms of stated rates in mills per \$1.00 of assessed valuation.

The following are the rates at which the School District and overlapping taxing subdivisions have in recent years levied ad valorem property taxes in the portion of the School District located in the City (an area having approximately 77.61% of the assessed valuation of real property in the School District).

**TAX TABLE A**  
**Overlapping Tax Rates**

Collection Year	School District	City	Cuyahoga Valley Career Center	County and Others(a)	Total
2021	66.70	8.20	2.00	26.13	103.03
2022	66.70	8.20	2.00	26.13	103.03
2023	64.70	8.20	2.00	26.13	101.03
2024	64.70	8.20	2.00	26.53	101.43
2025	64.70	8.20	2.00	26.53	101.43

(a) Includes the Cuyahoga Community College, the Cuyahoga County Public Library, the Cleveland Metropolitan Park District and the Cleveland-Cuyahoga County Port Authority.

Source: County Fiscal Officer.

Approximately 22.39% of the assessed valuation of real property in the School District is located outside of the City in the adjacent City of Broadview Heights.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

- the proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year; and
- amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

The tax credit provisions do not apply to amounts realized from (i) taxes levied at whatever rate is required to produce a specified amount or an amount to pay debt charges on voted general obligations, (ii) taxes levied inside the ten-mill limitation, (iii) taxes provided for by a municipal charter, or (iv) school district levies for operating purposes once the “twenty-mill floor” has been reached (as it has been in the School District with respect to all real property). To calculate the limited amount to be realized, a reduction factor is applied to the stated rates of the levies subject to these tax credits. A resulting “effective tax rate” reflects the aggregate of those reductions, and is the rate based on which real property taxes are in fact collected. As an example, the total overlapping tax rate for the 2025 tax collection year of 101.43 mills within the School District (within the City) was reduced by reduction factors of 0.364399 mills for residential and agricultural property and 0.302883 for all other real property which resulted in effective tax rates of 64.469047 mills for residential and agricultural property and 70.708642 mills for all other real property. See **Tax Table A**.

Residential and agricultural real property tax amounts paid by taxpayers generally have been further reduced by an additional 10% (12.5% in the case of owner-occupied residential property); however, legislation passed by the State’s General Assembly in 2013 eliminated such reductions for additional and replacement levies approved at elections after September 29, 2013, and for other taxes (or increases in taxes) not levied for tax year 2013. See **Collections** for a discussion of reimbursements by the State to taxing subdivisions for these reductions and related changes made by that State legislation.

The following are the rates at which the School District levied property taxes for the general categories of purposes for the years shown, both inside and outside the ten-mill limitation.

**TAX TABLE B**  
**School District Tax Rates**

**Unvoted (Inside the Ten-Mill Limitation)**

<b>Collection Year</b>	<b>Operating</b>	<b>Permanent Improvements</b>	<b>Total</b>
2021	5.00	1.00	6.00
2022	5.00	1.00	6.00
2023	5.00	1.00	6.00
2024	5.00	1.00	6.00
2025	5.00	1.00	6.00

**Voted**

<b>Collection Year</b>	<b>Operating</b>	<b>Debt Retirement</b>	<b>Permanent Improvements</b>	<b>Total</b>
2021	55.80	4.40	0.50	60.70
2022	55.80	4.40	0.50	60.70
2023	53.90	4.30	0.50	58.70
2024	53.90	4.30	0.50	58.70
2025	53.90	4.30	0.50	58.70

The voted levies for “Debt Retirement” continue for the life of the bonds authorized by the voters, in annual amounts sufficient to pay debt charges on those bonds as they come due.

The total School District operating millage of 58.90 mills for collection year 2025 includes 5.00 mills constituting a portion of the School District’s mandated share within the ten-mill limitation, voted levies aggregating 40.10 mills approved by the School District electorate for a continuing period of time and that do not require a renewal vote, and 13.80 mills from the following fixed-dollar levy:

<b>Annual Amount from Levy</b>	<b>Year of Last Collection (unless renewed)</b>
\$17,790,000	2029

See the discussion of the ten-mill limitation, and the priority of claim on that millage for debt charges on unvoted general obligation debt, under **Indirect Debt and Unvoted Property Tax Limitations**.

The following table presents certain information concerning the School District’s millage-based voted property tax levies for current operating expenses levied for collection year 2025, each of which is levied for a continuing period of time:

<b>Voter Authorized</b>	<b>Millage Rate</b>	
	<b>Levied for Collection Year 2025</b>	
	<b>Res./Agr.</b>	<b>All Other</b>
36.10	13.312055	13.066936
2.50	0.992762	1.074805
1.50	0.695193	0.858267

For collection year 2025, the School District had an effective tax rate on residential and agricultural property of 20.000001 mills (including 15.000001 for voted levies and 5.00 mills of the District’s mandated share of the unvoted 10 mills) and an effective rate on all other property of 20.000005 (including 15.000005 for voted levies and 5.00 mills of the District’s mandated share of the unvoted 10 mills) for current operating expenses. State law establishes a “20-mill floor” for a school district’s levy for current operating expenses (excluding for this purpose emergency tax levies and other “fixed dollar” levies for operating purposes). The School District having reached that floor, the effect of the reduction mechanism discussed above was negated, and the School District was receiving the proceeds of 20 mills of property tax levied against all property subject to ad valorem property taxes without reduction. The effect of reaching that floor was that the School District was receiving increases in property tax receipts for operating purposes more nearly commensurate with increases in its assessed valuation. There can be no assurance whether the School District will remain at that floor.

The School District also levies a voter-authorized 0.50-mill ad valorem property tax for general permanent improvements at effective rates of 0.319552 mills for residential and agricultural real property and 0.376068 for all of the other real property for collection in collection year 2025.

Each levy approved for a continuing period is subject to reduction through a statutory procedure requiring both (i) a petition signed by 10% of the electors of the School District voting in the last general election (to be filed at least 60 days before the general election in any year) stating the amount of the proposed reduction and (ii) the approval of the reduction by a majority vote at the general election, with the reduction to commence at the expiration of the then-current year. No such petition has ever been filed with respect to a School District levy.



The results of tax issues placed before the electors of the School District since 2000 are set forth in the following table.

**TAX TABLE C**  
**Tax Issues Voted Upon 2000 through 2024 (Present)**

<b>Election Date</b>	<b>Purpose</b>	<b>Term</b>	<b>Mills/% Appearing on Ballot</b>	<b>Result</b>	<b>Percentage For</b>
11/06/18	Emergency Renewal	10 years	16.50	<b>Approved</b>	55.44%
05/02/17(a)	\$88,900,000 Bond Issue	30 years	4.40	<b>Approved</b>	59.25
05/02/17(a)	Permanent Improvement – New	Continuing	0.50	<b>Approved</b>	59.25
11/08/16(b)	\$88,900,000 Bond Issue	30 years	4.40	Defeated	47.02
11/08/16(b)	Permanent Improvement – New	Continuing	0.50	Defeated	47.02
11/04/14(c)	\$28,400,000 Bond Issue	28 years	1.66	Defeated	44.88
11/04/14(c)	Permanent Improvement – New	Continuing	1.00	Defeated	44.88
05/06/14	\$49,830,000 Bond Issue	35 years	2.56	Defeated	47.44
11/05/13	\$49,830,000 Bond Issue	35 years	2.44	Defeated	45.27
11/06/12	\$54,300,000 Bond Issue	35 years	2.65	Defeated	47.73
11/08/11	Emergency – Renewal	10 years	4.40	<b>Approved</b>	59.18
05/04/10	Emergency – Renewal	10 years	6.50	<b>Approved</b>	58.21
05/05/09	Emergency – New	10 years	6.20	<b>Approved</b>	51.89
11/04/08	Emergency – New	10 years	5.90	Defeated	46.30
03/04/08	Emergency – New	5 years	4.90	Defeated	40.04
11/07/06	Emergency – Renewal	5 years	4.60	<b>Approved</b>	57.14
05/03/05	Emergency – Renewal	5 years	7.20	<b>Approved</b>	67.28
11/05/02	Emergency – New	5 years	5.50	<b>Approved</b>	51.77
11/06/01	\$15,000,000 Bond Issue	27 years	1.20	Defeated	38.48
05/08/01	\$21,500,000 Bond Issue	27 years	1.90	Defeated	38.49
05/08/01	Emergency – Renewal	5 years	4.90	<b>Approved</b>	52.61
11/07/00	\$21,500,000 Bond Issue	27 years	1.90	Defeated	40.63

(a) Combined on the ballot as a single question.

(b) Combined on the ballot as a single question.

(c) Combined on the ballot as a single question.

## Collections

The following are the amounts billed and collected for School District ad valorem property taxes on real and public utility property for the tax collection years shown.

<b>Collection Year</b>	<b>Current Billed</b>	<b>Current Collected</b>	<b>Current % Collected</b>	<b>Delinquent</b>	
				<b>Current</b>	<b>Accumulated</b>
2020	\$51,107,505	\$49,963,256	97.76%	\$1,038,798	\$1,432,391
2021	51,275,915	50,194,628	97.89	1,058,884	1,514,169
2022	57,920,451	56,054,361	96.78	1,054,796	1,926,050
2023	55,680,072	54,464,862	97.81	1,094,659	1,736,785
2024	56,650,732	55,704,984	98.33	987,585	1,669,772

Source County Fiscal Officer.

Included in the “Current Billed”, “Current Collected” and “Current % Collected” figures above are payments made from State revenue sources under three Statewide real property tax relief programs – the Non-Business Credit, the Owner-Occupancy Credit and the Homestead Exemption.

The Non-Business Credit (formerly the “10% Rollback”) and the Owner-Occupancy Credit (formerly the “2.5% Rollback”) apply to all non-business properties, and reduces each property owner’s ad valorem property tax liability as to certain “qualifying levies” by 10% and, if the property is owner-occupied and the owner does not claim any other property as a primary residence, an additional 2.5%, respectively. The Non-Business Credit and Owner-Occupancy Credit and related reimbursements have been eliminated with respect to new or replacement tax levies approved at elections after September 29, 2013. “Qualifying levies” include (i) levies approved at an election held before September 29, 2013, (ii) levies within the ten-mill limitation, (iii) levies provided for by the charter of a municipal corporation that were levied on the tax list for tax year 2013 and (iv) subsequent renewals and substitutes of such levies. See **Tax Rates**.

A Homestead Exemption is available for those who own and occupy a property as a primary residence as of January 1 in the year of application and (i) are 65 years of age or older, (ii) are totally or permanently disabled, (iii) are a military veteran with a 100% disability rating, (iv) already receive the Homestead Exemption, and have recently changed residence, or (v) a surviving spouse of a person who was totally or permanently disabled or 65 years of age or older, and had applied and qualified for a reduction of property taxes in the year of death, so long as the surviving spouse was not younger than 59 or older than 65 years of age on the date of their deceased spouses’ death. Those qualifying for the Homestead Exemption for the first time in 2025 must have an Ohio Adjusted Gross Income of \$40,000 or less (the amount is annually adjusted for inflation). The Homestead Exemption exempts a portion (\$28,000 for tax year 2024, increased to \$56,000 for disabled veterans with a 100% disability rating or their surviving spouses, and for surviving spouses of public service officers killed in the line of duty, with each of those amounts adjusted annually for inflation) of the homestead’s market value from taxation, thereby reducing the property owner’s ad valorem property tax liability.

Payments to taxing subdivisions have been made in amounts approximately equal to the Non-Business Credit and Owner-Occupancy Credits and Homestead Exemptions granted. This State assistance reflected in the School District’s tax collections for 2024 was \$4,938,034 for the Non-Business Credit and Owner-Occupancy Credit and \$844,093 for the Homestead Exemption

Real property taxes are payable in two installments, the first usually by February and the second in July.

## **Delinquencies**

The following is a general description of delinquency procedures under Ohio law, the implementation of which may vary in practice among the counties.

Under the Revised Code, taxes levied on property become a lien of the State on the first day of January, annually, and that lien continues until the taxes, including any penalties, interest or other charges, are paid. Real estate taxes and special assessments are generally payable in two equal installments – with the first half installment due no later than January in the year following their levy and the second half installment due no later than July in the year following their levy. Current year billed taxes not paid when due are generally subject to a 10% penalty, subject to remission of one-half of the penalty if those taxes are paid within 10 days following the due date.

The county auditor is required to prepare a list and duplicate of delinquent lands (“delinquent lands duplicate”) immediately after each settlement with the county treasurer of taxes

collected and to certify the delinquent lands duplicate to the county treasurer. Taxes, including penalties, interest and other charges, that remain unpaid after the last day that the second half installment of current taxes may be paid without penalty in any year become “delinquent taxes” and the properties to which they relate comprise the delinquent lands duplicate. If delinquent taxes (and special assessments) are not paid within 60 days after a copy of the county auditor’s delinquent land duplicate is delivered to the county treasurer, then the county treasurer is to enforce the lien of the State that attached on January 1 of the year the taxes were levied. Under State law, the county treasurer is to enforce the lien “in the same way mortgage liens are enforced,” that is, by an action in the court of common pleas for foreclosure and sale of the property in satisfaction of the delinquency. If the county treasurer fails to bring an action to enforce the lien, then the State Tax Commissioner is to do so. In addition, one year after certification of a delinquent land duplicate, the county prosecuting attorney is authorized to institute foreclosure proceedings in the name of the county treasurer to foreclose the lien.

The property owner may execute a written delinquent tax agreement with the county fiscal officer to arrange a payment plan that provides for payments of tax, interest, and penalties over a period not to exceed five years. If payments are made when due under the plan, no further interest will be assessed against delinquent balances covered by the plan; however, a default in any payment under the plan or in the payment of current taxes will invalidate the taxpayer’s participation in the plan. If a payment plan is not adhered to or if none is arranged, foreclosure proceedings may be initiated by the county. Mass foreclosure proceedings and sales are permitted after three years’ delinquency. Proceeds from delinquent property foreclosure sales become part of and are distributed as current collections to the taxing subdivisions.

In recent years, the State legislature has enacted several programs with respect to forestalling the foreclosure process or the forfeiture of property due to tax delinquency that may have the effect of delaying or eliminating the collection of certain property taxes. Notwithstanding the delay or loss of the tax revenues from those properties, an issuer of general obligation notes or bonds, such as the School District, remains obligated to pay the debt charges on those notes or bonds from the available revenues. See **Security and Sources of Payment**.

Of the 14,675 nonexempt parcels in the School District for collection year 2024, the number of delinquent parcels was 173 against four of which property tax foreclosure proceedings were commenced.

There was no one taxpayer that accounted for more than 5% of any of the billed taxes or delinquencies shown in the table above for collection year 2024.

## **STATE SCHOOL FUNDING SYSTEM**

The State’s General Assembly has historically provided financial assistance to city, exempted village, local, municipal and joint vocational school districts as a part of its undertaking to secure a thorough and efficient system of common schools throughout the State as required by the Ohio Constitution. The levels of that financial assistance (State Education Aid) and methods used in allocating it among the school districts have been established and frequently modified in the State’s biennial budget and other legislation passed by the General Assembly from time to time.

The 2023 State Budget Act extends the operation of the State Education Aid system established by the 2021 State Budget Act, with certain changes. The 2021 State Budget Act incorporated and adopted aspects of the “Fair School Funding Plan” (FSFP), a three-year, bipartisan effort by school district board members and administrators, State legislators, trade associations and other interested parties to create a funding model that would more equitably distribute money among the State’s school districts, with an emphasis on additional funds being provided by the State rather

than being raised by school districts through local ad valorem property tax levies, school district income taxes or otherwise.

Under the 2023 State Budget Act, State Education Aid is estimated to increase average per-pupil aid from approximately \$7,350 to approximately \$8,400 for each year of the biennium. Generally speaking, under both the 2021 State Budget Act and 2023 State Budget Act, funding was and will be increased, with a majority of the additional revenue going to the poorest school districts in the State and with the largest per-pupil increases, on average, going to urban school districts and the largest average percentage increases going to smaller urban school districts. It is anticipated that no school district will receive less net State Education Aid under the 2023 State Budget Act than under the 2021 State Budget Act. Net State Education Aid has and will increase for almost all school districts during the biennium, modestly in most instances.

The 2021 State Budget Act made significant changes to the calculation and payment of State Education Aid, which continue under the 2023 State Budget Act. Generally speaking, students are funded where they are educated, instead of where they live. Students at community schools, STEM schools and those participating in a scholarship program (e.g. EdChoice, Autism Scholarship, Jon Peterson Special Needs Scholarship) and those participating in open enrollment are directly funded at their educating entity. This change eliminated the previous practice of deduction and transfer of funds from resident school districts to educating entities for those students. As a result, school districts with large numbers of students who leave through choice options receive less State Education Aid without the inclusion of those students.

For purposes of determining the State share of the base cost of core foundation funding, an overall base cost is calculated for each school district using formulas to create estimated base costs of (i) direct classroom instruction, (ii) instructional and student support, (iii) school district leadership and accountability, (iv) building leadership and operations and (v) athletic co-curricular activities. The school district's calculated base cost is then to be allocated between a State share and a school district share based on the school district's "per-pupil local capacity" which is a function of its ad valorem property tax valuation per-pupil and measures of income wealth in the school district. The State share for school districts with lower ad valorem property tax valuations per-pupil and/or lower income wealth per-pupil is larger. However, in no case is the State share of the school district's calculated base cost less than 10% (previously 5% under the 2021 State Budget Act). The 2023 State Budget Act also requires updates in data used to calculate the base cost from Fiscal Year 2018 data to Fiscal Year 2022 data.

Under the core foundation funding formula, in addition to the State share described above, school districts may also receive, as applicable, State Education Aid in the form of (i) targeted assistance based on relative tax valuation and income factors and student population, (ii) a weighted amount based on six categories of disabilities for special education and related services, (iii) supplemental disadvantaged pupil impact aid based on the relative proportion of a school district's students identified as economically disadvantaged, (iv) a weighted amount for each of three English learner categories, (v) gifted funds for identification, referral, professional development, coordinators and intervention specialists, (vi) a weighted amount for each of five career-technical categories and (vii) a weighted amount for career-technical education associated services. The amount of a school district's State Education Aid in the form of special education, English learner, gifted and career-technical education funding is generally to be determined in the same manner as its State share of the school district's base cost.

The 2023 State Budget Act provides for private school voucher eligibility for all students in grades K-12, with the value of the EdChoice Scholarship dependent on family income. Children whose families earn up to 450% of the federal poverty level (\$135,000 for a family of four) will be able to obtain a full EdChoice Scholarship to cover costs of attending participating private schools (estimated to be \$6,165 for students in grades K-8 and \$8,407 for students in grades 9-12), with pro-

rated, means-tested amounts available for families earning in excess of that amount, resulting in all K-12 students being eligible for a scholarship worth at least 10% of the maximum regardless of income. In all, the 2023 State Budget Act increased voucher funding 77% from prior voucher funding. The School District cannot predict the future impact, if any, of these changes to voucher eligibility on its student enrollment and resulting State Education Aid.

The 2023 State Budget Act also renames the Department of Education as the Department of Education & Workforce (DEW) and creates the position of Director of DEW, appointed by the Governor with the advice and consent of the State Senate. Within DEW, the Division of Primary and Secondary Education and Career-Technical Education are created, each of which is headed by a Deputy Director appointed by the Director with the advice and consent of the State Senate. Most of the powers of the current elected State Board of Education, and State Superintendent of Public Instruction, are transferred to DEW, excluding educator licensure, licensee disciplinary actions, school district territory transfers and certain other areas.

The School District believes applicable school funding provisions in the 2025 State Budget Act, in the form pending in the General Assembly as of the date of this Official Statement, or as reasonably expected to be enacted, will not negatively affect the School District's State Education Aid as presented in its current five-year financial forecast.

There can be no assurance concerning future funding levels or systems or formulae for allocation of State Education Aid or the continuing. Funding has also been subject to adjustment during a biennium. As indicated above, the General Assembly has the power to modify the system of State school funding and has often exercised that authority. The School District cannot predict whether, when or in what form any future system of State school funding will be enacted into law.

The following table presents certain information concerning State Education Aid payments to the School District under the various State funding systems and formulae in place for the Fiscal Years indicated.

<b>Fiscal Year</b>	<b>State Education Aid</b>	<b>State Education Aid as a % of General Operating Funds Total Revenues and Other Financing Sources(a)</b>	<b>State Education Aid as a % of General Operating Funds Total Expenditures and Other Financing Uses(a)</b>
2020(b)	\$5,726,687	10.8%	10.9%
2021(b)	6,119,670	11.8	11.9
2022(b)(c)	5,705,032	10.3	11.0
2023(c)	6,039,931	10.6	11.0
2024(c)	6,530,472	11.2	11.4
2025(c)(d)	6,530,471	10.7	10.7

(a) See **Appendix A** for details regarding revenues and expenditures.

(b) See **COVID-19 Pandemic**.

(c) Reflects changes in distribution of State Education Aid, namely that State funds are being directly distributed to community schools, schools housing open enrollment students, etc., for the students enrolled in those institutions.

See discussion of State Budget Act above and **Appendix A**.

(d) Forecasted.

See **Appendix A** for further information regarding other revenue sources for the General Fund and other operating funds.

**It is to be noted again that the Bonds are payable from a tax levy voted for the purpose of paying debt charges. Any reduced State appropriations have no impact on that levy, and that levy's proceeds may not lawfully be used for current expenses or other purposes.**

### **Casino Tax Revenues**

In Fiscal Year 2013, the School District began receiving revenues from a tax on casino revenues imposed by the State pursuant to a vote of the electors of the State authorizing the constitutional amendment permitting four casinos to be constructed and operated in the cities of Cincinnati, Cleveland, Columbus, and Toledo.

Of the revenues from that tax, 34% are allocated to school districts in the State under a formula related to the number of pupils. The School District's shares of the proceeds of that tax, established by the constitutional amendment, were as follows in recent Fiscal Years:

<b>Fiscal Year</b>	<b>Amount</b>
2020	\$217,085
2021(a)	166,333(a)
2022	245,001
2023	248,724
2024	264,249

(a) See **COVID-19 Pandemic**.

### **SCHOOL DISTRICT DEBT AND OTHER LONG-TERM OBLIGATIONS**

The following describes the security for general obligation debt such as the Bonds, applicable debt and ad valorem property tax limitations, and outstanding and projected bond and note indebtedness and certain other long-term financial obligations of the School District.

As used in the discussions that follow, the term "BANs" refers to notes issued in anticipation of the issuance of general obligation bonds.

As further described below, the Bonds are:

- voted general obligations of the School District (certain overlapping subdivisions also may issue general obligation debt)
- subject to the 9% direct debt limitation but are not subject to the indirect debt and related property tax limitation.

The School District is not, and to the knowledge of current District officials has not ever been, in default in the payment of debt charges on any of the bonds or notes on which the School District is obligor.

### **Security for General Obligation Debt; Bonds and BANs**

The following describes the security for the School District's general obligation debt, such as the voted Bonds.

**Voted Bonds**. The basic security for voted School District general obligation bonds is the authorization by the electors for the Board to levy, and its levy pursuant to constitutional and

statutory requirements of, ad valorem taxes, without limitation as to rate or amount, on all real and tangible personal property subject to ad valorem taxation by the Board. These taxes are outside of the ten-mill limitation and are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on the voted bonds (subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities).

The School District has \$76,780,000\* (including the Bonds and excluding the Refunded Bonds) of voted general obligation bonds outstanding (see **Debt Tables**). All references to the School District's outstanding debt in this Official Statement exclude accretions to the value of capital appreciation bonds, if any.

**Unvoted Bonds.** The basic security for the limited amount of School District unvoted general obligation bonds (see **School District Debt and Other Long-Term Obligations - Statutory Direct Debt Limitations**) is the Board's ability to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the Board, within the ten-mill limitation described below. These taxes are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on unvoted general obligation bonds. The law provides that the levy necessary for debt charges has priority over any levy for other purposes within that tax limitation; that priority may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities. See **Security and Sources of Payment** and the discussion under **School District Debt and Other Long-Term Obligations - Indirect Debt and Unvoted Property Tax Limitations** of the ten-mill limitation, and the priority of claim on it for debt charges on unvoted general obligation debt of the School District and all overlapping taxing subdivisions.

The School District has no unvoted general obligation bonds outstanding.

**BANs.** BANs may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the BANs, or available funds of the School District, or a combination of these sources. While BANs are outstanding, Ohio law requires the levy of ad valorem property taxes in an amount not less than what would have been levied if bonds had been issued without the prior issuance of the BANs. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs, including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months from the date of issuance of the original notes. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated. Portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five-year period.

The School District has no outstanding BANs.

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\* Preliminary, subject to change.

## Statutory Direct Debt Limitations

The Revised Code provides two debt limitations on general obligation debt that are directly based on tax (assessed) valuation, applicable to all school districts, including the School District.

- The net principal amount of both voted and unvoted debt of the School District, excluding “exempt debt” (discussed below), may not exceed 9% of the total tax (assessed) valuation of all property in the School District as listed and assessed for taxation, except in the case of a “special needs” school district. All of the School District’s outstanding general obligation debt is subject to this limitation.
- The net principal amount of unvoted debt of the School District, excluding exempt debt, may not exceed 1% of that valuation, as discussed below.

These two limitations, which are referred to as the “direct debt limitations,” may be amended from time to time by the General Assembly.

The School District’s ability to incur unvoted debt (whether or not exempt from the direct debt limitations) is also restricted by the indirect debt limitation discussed under **School District Debt and Other Long-Term Obligations - Indirect Debt and Unvoted Property Tax Limitations**.

As stated above, the Revised Code provides as a general limitation that the net principal amount of general obligation debt of a school district incurred without a vote of the electors, in general, may not exceed 1% of the school district’s total tax valuation. A further general limitation, from which certain energy conservation and exempt debt (discussed below) may be excluded, is 1/10th of 1% of its total tax valuation; the School District at present has no outstanding unvoted debt subject to this limitation. School districts may issue unvoted general obligation debt and other debt under certain circumstances for energy conservation programs, which general obligation debt may not exceed 9/10ths of 1% of the school district’s tax valuation; the School District at present has no unvoted debt subject to that limitation. Debt charges on any unvoted debt, unless paid from other sources, must be paid from the millage levied within the ten-mill limitation, resulting in a reduction in money available for operating expenses.

Certain debt that the School District may issue is exempt from the 9%, 1/10th of 1%, 9/10ths of 1% and 1% direct debt limitations (exempt debt). Exempt debt includes, without limitation, current tax revenue anticipation notes, tax anticipation notes, securities issued to pay final judgments or court-approved settlements, securities issued to acquire school buses and other equipment used in transporting pupils, securities evidencing State solvency assistance loans, certain securities issued to acquire computers and related hardware and certain unvoted securities issued a school district’s share of the basic project cost necessary to participate in a cooperative project with the Ohio Facilities Construction Commission (the Commission) under Chapter 3318 of the Revised Code that are secured by a pledge of proceeds of a school district income tax or a voted property tax levy. In addition, under divisions (D)(2) and (I) of Section 133.06 of the Revised Code, general obligation debt issued as “approved special needs district” debt and debt issued solely to raise (i) a school district’s share of the basic project cost and any additional funds necessary to participate in a cooperative project with the Commission under Chapter 3318 of the Revised Code, (ii) the cost of items designated by that Commission as required locally funded initiatives in connection with such a project, (iii) the cost of other related locally funded initiatives in an amount that does not exceed 50% of the district’s portion of the basic project cost, and (iv) the cost of acquiring sites for such a project, is exempt from the 9% direct debt limitation. The School District has no such exempt debt outstanding. See **Special Obligation Debt – Permanent Improvement Tax Anticipation Notes**.

BANs issued in anticipation of exempt bonds also are exempt debt.



In the calculation of debt subject to the direct debt limitations, the amount in a school district's bond retirement fund allocable to the principal amount of nonexempt debt is deducted from gross nonexempt debt. Without consideration of amounts in the Bond Retirement Fund, and based on outstanding debt and the Bonds and the current tax (assessed) valuation, the School District's voted and unvoted nonexempt debt capacities are:

<b>Limitation</b>	<b>Nonexempt Debt Outstanding</b>	<b>Additional Debt Capacity Within Limitation</b>
9% = \$155,067,646	\$76,780,000*	\$78,287,646*
.1% = \$ 1,722,973	\$ 0	\$ 1,722,973
.9% = \$ 15,506,764	\$ 0	\$15,506,764
1% = \$ 17,229,738	\$ 0	\$17,229,738

- (a) The School District's current tax (assessed) valuation for purposes of determining its direct debt limitations is \$1,722,973,850.

This is further detailed in **Debt Table A**.

### **Indirect Debt and Unvoted Property Tax Limitations**

Voted general obligation debt such as the Bonds may be issued by the School District if authorized by vote of the electors. Ad valorem taxes, without limitation as to amount or rate, to pay debt charges on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds.

General obligation debt also may be issued by the School District without a vote of the electors, but subject to the 1% and 1/10th and 9/10ths of 1% limitations discussed above, unless it is exempt debt. This unvoted debt may not be issued unless the ad valorem property tax for the payment of debt charges on those bonds (or the bonds in anticipation of which BANs are issued), and all outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions including the School District resulting in the highest tax required for such debt charges, in any year is 10 mills or less per \$1.00 of assessed valuation. This indirect debt limitation, the product of what is commonly referred to as the "ten-mill limitation," is imposed by a combination of provisions of the Ohio Constitution and the Revised Code.

The ten-mill limitation is the maximum aggregate millage for all purposes that may be levied on any single piece of property by all overlapping taxing subdivisions without a vote of the electors. The 10 mills are allocated pursuant to a statutory formula among certain overlapping taxing subdivisions in the County, including the School District. For collection years 2024 and 2025, the entire 10 mills was levied by the combination of the School District and taxing subdivisions overlapping the School District. For collection year 2023, the allocation of the 10 mills (sometimes referred to as the "inside millage") was (within the City) as follows: 6.00 School District, 2.50 City and 1.50 County; and was (within the City of Broadview Heights) as follows: 6.00 School District, 2.50 City of Broadview Heights and 1.50 County. Those allocations have remained constant for at least the last five years.

Because the School District is restricted in the amount of unvoted debt it can issue, the major impact of the indirect debt limitation generally results from the ability of overlapping political subdivisions to issue unvoted general obligation debt in amounts that require unvoted taxes for the payment of debt charges on that debt to be levied at a rate in excess of the rates within the ten-mill

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\* Preliminary, subject to change.

limitation allocated by statutory formula to the subdivisions. The result of a subdivision having to draw on millage to pay debt charges in an amount exceeding its allocated rate within the ten-mill limitation would be to reduce the millage within the ten-mill limitation available to the overlapping subdivisions, including the inside millage then levied by the Board for operating purposes.

Present Ohio law requires the inside millage allocated to a taxing subdivision to be used first for the payment of debt charges on its unvoted general obligation debt, unless provision has been made for that payment from other sources, with the balance usable for other purposes. To the extent this inside millage is required for debt charges of a taxing subdivision (which may exceed the formula allocation to that subdivision), the amount that would otherwise be available to that subdivision for general fund purposes is reduced. Because the inside millage that may actually be required to pay debt charges on a subdivision's unvoted general obligation debt may exceed the formula allocation of that millage to the subdivision, the excess reduces the amount of inside millage available to overlapping subdivisions. A law applicable to all Ohio cities and villages, however, requires that any lawfully available receipts from a municipal income tax or from voted property tax levies be allocated to pay debt charges on the municipality's unvoted debt before the formula allocations of the inside millage to overlapping subdivisions can be invaded for that purpose.

In the case of BANs issued in anticipation of unvoted general obligation bonds, the estimate of highest annual debt charges for the anticipated bonds is used to calculate the millage required.

The total millage theoretically required by the City and the County (the combination of overlapping taxing subdivisions that had outstanding unvoted debt with the highest such total millage requirement for debt charges on their outstanding unvoted general obligation debt) was estimated to be 2.3087 mills for calendar year 2026, the year of the highest potential debt charges requirements. There thus remained 7.6913 mills within the ten-mill limitation that had yet to be allocated to debt charges and that were available to the School District and overlapping subdivisions in connection with the issuance of additional unvoted general obligation debt.

### **Debt Outstanding**

The Debt Tables attached provide information concerning the School District's outstanding debt represented by bonds and notes, School District and overlapping subdivisions general obligation debt allocations and projected debt charges on the School District's general obligation debt, including the Bonds. See **Debt Tables**.

The following table shows the principal amount of School District general obligation debt outstanding as of June 30 in the years shown.

<b>Fiscal Year</b>	<b>Total, All Voted</b>
2020	\$86,695,000
2021	84,990,000
2022	83,215,000
2023	81,415,000
2024	79,585,000

### **Bond Retirement Fund**

The Bond Retirement Fund is the fund from which the School District pays debt charges on its general obligation debt and into which money required to be applied to those payments is

deposited. See **Appendix B** for beginning and year-end balances, receipts and disbursements for the prior two Fiscal Years for this fund. The following table is an unaudited summary of Bond Retirement Fund cash basis receipts and disbursements and balances for prior Fiscal Years, and projected for the current Fiscal Year.

<b>Fiscal Year</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>June 30 Balance</b>
2020	\$5,135,936	\$5,585,222	\$8,279,976
2021	5,233,193	5,566,946	7,946,223
2022	5,705,002	5,596,237	8,054,988
2023	5,935,903	5,609,688	8,381,203
2024	5,937,031	5,573,789	8,744,445
2025(a)	5,795,511	5,587,850	8,952,106

(a) Estimated.

### **Special Obligation Debt**

As discussed below, a school district may issue special obligation debt that is payable solely from certain anticipated tax revenues or other revenues and not secured by a pledge of the school district's full faith and credit or general taxing power. Special obligation debt is not subject to either the statutory direct debt limitations or to the indirect debt and property tax limitations.

#### **Permanent Improvement Tax Anticipation Notes**

A school district may issue notes in anticipation of revenues from a voted permanent improvement tax levy to pay costs of permanent improvements. These notes (TANs) are payable solely from the property tax revenues anticipated.

The School District has no such special obligation debt outstanding.

#### **Cash Flow Financings**

The School District may incur special obligation debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority.

The School District does not and did not at any time during the past five Fiscal Years have any such debt outstanding.

### **Lease-Purchase Obligations**

The Revised Code provides that school districts may enter into "lease purchase agreements" to finance certain permanent improvements, such as land acquisition, office equipment, motor vehicles and facilities and improvements to facilities for school district purposes. The payments under the lease purchase agreements usually include principal and interest components, and the rights to receive those payments are sometimes securitized, marketed and sold in the form of certificates of participation. A school district's payment obligations under a lease purchase agreement (lease purchase obligations) are subject to the annual appropriation of available funds for that purpose by the school district's board. The lease purchase obligations and related certificates of participation do not constitute debt and are thus not subject to either the direct or indirect debt limitations.

On December 10, 2019, the Board entered into a privately placed lease-purchase agreement to refund its then outstanding Certificates of Participation, Series 2011, that were issued to finance a portion of its high school stadium construction project. The School District's Refunding Certificates of Participation, Series 2019, which represent proportionate interests in the base rent due under the lease-purchase agreement, were issued in the principal amount of \$2,615,000. The term of the lease-purchase agreement is renewable for successive one-year terms, subject to appropriation, with each term ending on June 30 except the final term, which ends on December 1, 2040. The maximum annual lease payment due under the lease-purchase agreement is \$168,908.

The School District had the above-described lease purchase obligations representing an aggregate outstanding principal amount of \$2,120,000. Payments with respect to those lease purchase obligations were made through Fiscal Year 2024. For additional information concerning those lease purchase obligations and related certificates of participation, see the Notes to the Fiscal Year 2024 Financial Statements.

To the knowledge of current School District officials the Board has not ever failed to appropriate funds for any School District lease-purchase obligations.

### **Other Long-Term Financial Obligations**

The School District has the following other long-term obligations outstanding:

- Retirement obligations and net pension and other post-employment benefit (OPEB) liabilities described under **Retirement Expenses**.
- Compensated absences (for vacation and sick leave) early retirement incentive, and special termination benefit obligations identified in Notes to the Fiscal Year 2024 Financial Statements attached as **Appendix C**.

The School District has no long-term financial obligations other than those described herein.

### **Future Financings**

At this time, the School District has no plans to undertake or participate in any other major capital improvement projects for which it plans to borrow additional money or enter into long-term financial undertakings, or to issue any current revenue or tax anticipation notes, during the next 12 months.

## **COVID-19 PANDEMIC**

The spread of the strain of coronavirus commonly known as COVID-19 (COVID-19 or the Pandemic) began altering the behavior of businesses and people early in 2020 in a manner that had, and to an extent may continue to have, negative effects on global, state and local economies and, in turn, on state and local governments and their revenues and expenses.

As the initial effects of the Pandemic became known, the State reduced the aggregate State Education Aid provided to Ohio school districts in both Fiscal Years 2020 and 2021. The Pandemic also materially affected school district operations throughout the State in those Fiscal Years.

The School District was allocated federal assistance from the Elementary and Secondary School Emergency Relief (ESSER) Fund (ESSER I assistance) created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act addressing the impact that COVID-19 had on

elementary and secondary schools across the nation. Public schools receiving such assistance were required to consult with and ensure the provision of, equitable services to students and teachers in nonpublic schools within their boundaries. The School District received \$159,031 of such ESSER I assistance.

Under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, signed into law on December 27, 2021, the federal government provided additional assistance through the ESSER Fund (ESSER II assistance). The School District received \$1,224,350 of such ESSER II assistance.

In March 2021, the American Rescue Plan Act of 2021 (ARPA) was enacted into federal law, allocating over \$121 billion in additional funds to K-12 education nationally (ESSER III funds). ESSER III funds were permitted to be used for essentially the same purposes as ESSER I and ESSER II, but ARPA required that at least 20% of the funds be reserved to address learning losses. The School District was awarded ESSER III assistance in the amount of \$2,751,669, to be spent through September 30, 2024. The School District utilized the funds to offset the cost of addressing learning losses and other General Fund expenditures.

The State distributed a portion of CARES Act funding under the Coronavirus Relief Fund (CRF) to K-12 schools for use in Fiscal Year 2021. The School District received \$206,167 in total additional funds in Fiscal Year 2021. Such CRF funds were to be used for expenditures incurred due to the COVID-19 pandemic, for expenses beginning March 1, 2020 through December 30, 2021.

The amounts of the reductions in State Education Aid and in any of its local tax sources, additional grant assistance received as well as both Pandemic-related expenses and operational cost savings resulting from the temporary school closures experienced by the School District during the pendency of the Pandemic, if any, are reflected in the information provided in this Annual Information Filing. See, e.g., **State School Funding System** and **Appendices A and B**.

The Pandemic's full effect on the School District's finances and operations, including on subsequent levels of State Education Aid and other State and federal assistance, and on the collection of local taxes, cannot be fully known.

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## **CONCLUDING STATEMENT**

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of those statements have been or will be realized. Information in this Official Statement has been derived by the School District from official and other sources and is believed by the School District to be accurate and reliable. Information other than that obtained from official records of the School District has not been independently confirmed or verified by the School District and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as or as part of a contract with the original purchasers or subsequent holders or Beneficial Owners of the Bonds.

This Official Statement has been prepared and delivered by the School District and signed for and on behalf of the Board and the School District by the officials identified below.

### **NORTH ROYALTON CITY SCHOOL DISTRICT, OHIO**

By: \_\_\_\_\_  
President, Board of Education

\_\_\_\_\_  
Superintendent

\_\_\_\_\_  
Treasurer, Board of Education

## DEBT TABLE A

### Principal Amounts of Outstanding General Obligation (GO) Debt; Leeway for Additional Debt within Direct Debt Limitations<sup>(a)</sup>

A.	Total debt (including the Bonds and excluding the Refunded Bonds):				\$ 76,780,000*
B.	Exempt debt:				\$ 0
C.	Total nonexempt GO debt [A minus B]:				\$ 76,780,000*
D.	Unvoted GO debt limitations:	1% of tax (assessed) valuation	1/10th of 1% of tax (assessed) valuation	9/10ths of 1% of tax (assessed) valuation	
		\$17,229,738	\$1,722,973	\$ 15,506,764	
E.	Total nonexempt limited tax GO bonds and BANs outstanding:				
	Bonds	\$ 0	\$ 0	\$ 0	
	BANs	\$ 0	\$ 0	\$ 0	
F.	Debt leeway within unvoted GO debt limitations [D minus E]:	\$17,229,738*	\$1,722,973*	\$ 15,506,764*	
G.	9% of tax (assessed) valuation (voted and unvoted debt limitation)				\$155,067,646
H.	Total nonexempt GO bonds and BANs outstanding:				
	Bonds (including the Bonds)		\$76,780,000*		\$ 76,780,000*
I.	Debt leeway within 9% debt limitation [G minus H]:				\$ 78,287,646

\* Debt leeway in this table determined without considering money in the Bond Retirement Fund.

(a) The School District's current tax (assessed) valuation for purposes of determining its direct debt limitations is \$1,722,973,850. See **School District Debt and Other Long-Term Obligations – Statutory Direct Debt Limitations**.

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\* Preliminary, subject to change.

## DEBT TABLE B

### Various School District and Overlapping GO Debt Allocations (Principal Amounts)

	Amount	Per Capita(a)	% of School District's Current Assessed Valuation(b)
District Nonexempt GO Debt	\$76,780,000*	\$2,120.12	4.46%
Total District GO Debt (exempt and nonexempt)	76,780,000*	2,120.12	4.46
Highest Total Overlapping GO Debt(c)	87,106,669	2,405.26	5.06

(a) Based on 2023 (estimated for District) population of 36,215.

(b) The School District's current assessed valuation is \$1,722,973,850.

(c) Includes, in addition to "Total District GO Debt," allocations of total GO debt of overlapping debt issuing subdivisions (as of May 21, 2025) resulting in the calculation of highest total overlapping debt based on percent of tax (assessed) valuation of territory of the subdivisions located within the School District (% figures are resulting percent of total debt of subdivisions allocated to the School District in this manner), as follows:

\$ 9,043,244 County (3.92%); and  
\$ 1,283,425 City (98.82%).

Allocation of GO debt of the remaining overlapping debt issuing subdivisions is as follows:

\$ 5,311,002 City of Broadview Heights (37.99%).

Sources of tax (assessed) valuation period and confirmation of GO debt figures for overlapping subdivisions: OMAC.

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\* Preliminary, subject to change.



## DEBT TABLE C

### Debt Charges Requirements on School District GO Debt

Year	Debt charges to be paid on	Total, All paid from Unlimited Ad Valorem Taxes*
	The Bonds*	
2025	\$5,519,179.34	\$5,519,179.34
2026	5,516,918.75	5,516,918.75
2027	5,521,668.75	5,521,668.75
2028	5,521,418.75	5,521,418.75
2029	5,521,168.75	5,521,168.75
2030	5,520,668.75	5,520,668.75
2031	5,519,668.75	5,519,668.75
2032	5,522,918.75	5,522,918.75
2033	5,519,918.75	5,519,918.75
2034	5,515,668.75	5,515,668.75
2035	5,519,918.75	5,519,918.75
2036	5,516,918.75	5,516,918.75
2037	5,516,668.75	5,516,668.75
2038	5,518,668.75	5,518,668.75
2039	5,517,418.75	5,517,418.75
2040	5,517,668.75	5,517,668.75
2041	5,518,918.75	5,518,918.75
2042	5,515,668.75	5,515,668.75
2043	5,518,468.75	5,518,468.75
2044	5,515,968.75	5,515,968.75
2045	5,519,837.50	5,519,837.50
2046	5,515,837.50	5,515,837.50
2047	5,515,087.50	5,515,087.50

\* Preliminary; subject to change; assumes the Bonds have estimated interest rates ranging from 4.500% to 5.000%.

## DEBT TABLE D

### Outstanding GO Bonds<sup>(a)(b)</sup>

The following debt is reflected in **Debt Tables A, B and C**.

Issue	Date of Issuance	Final Maturity	Original Principal Amount	Outstanding Principal Amount
The Bonds*	05/21/2025	2047	\$76,780,000	\$76,780,000

(a) Voted Bonds.

(b) Not included in this Table are Bonds that have been refunded and defeased, but have yet to be paid until they mature or called for redemption in accordance with provisions of a related escrow agreement.

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\* Preliminary, subject to change.

## APPENDIX A

### Historical Revenues and Expenditures General Operating Funds for Fiscal Years 2020 through 2024 and Forecasted for Fiscal Year 2025(a)(b)(c)

The figures in the table below are based on the School District's five-year financial forecasts as reported to the State as required by Section 5705.391 of the Revised Code (the most recent of which was last updated in November 2024).

	2020	2021	2022	2023	2024	2025 (Forecasted)
<b>Revenue:</b>						
General Property Tax (Real Estate)	\$37,960,783	\$36,632,095	\$40,041,578	\$41,072,378	\$40,690,508	\$43,522,141
Tangible Personal Property Tax	1,744,577	1,832,690	1,950,908	2,036,307	2,102,276	2,086,362
Unrestricted Grants-in-Aid(d)	5,575,399	5,944,163	5,289,826	5,531,173	5,863,244	5,863,244
Restricted Grants-in-Aid(d)(e)	151,288	175,507	415,206	508,758	667,228	667,227
Property Tax Allocation	5,279,535	5,150,641	5,411,803	5,555,646	5,463,046	5,670,032
All Other Revenues(f)	1,721,449	1,201,812	1,566,588	2,303,300	3,147,836	2,974,698
<b>Total Revenues</b>	<b>\$52,433,031</b>	<b>\$50,936,908</b>	<b>\$54,675,909</b>	<b>\$57,007,561</b>	<b>\$57,934,138</b>	<b>\$60,783,704</b>
<b>Other Financing Sources:</b>						
Advances-In	\$ 493,004	\$ 51,185	\$ 662,041	\$ 0	\$ 0	\$ 0
All Other Financing Sources	103,923	671,572	137,835	3,843	178,067	0
<b>Total Other Financing Sources</b>	<b>\$ 596,927</b>	<b>\$ 722,757</b>	<b>\$ 799,876</b>	<b>\$ 3,843</b>	<b>\$ 178,067</b>	<b>\$ 0</b>
<b>Total Revenues and Other Financing Sources</b>	<b>\$53,029,958</b>	<b>\$51,659,665</b>	<b>\$55,475,784</b>	<b>\$57,011,404</b>	<b>\$58,112,205</b>	<b>\$60,783,704</b>
<b>Expenditures:</b>						
Personnel Services	\$31,131,377	\$30,149,277	\$31,335,859	\$33,892,076	\$33,733,626	\$34,914,302
Employees' Retirement/Insurance Benefits	12,411,259	12,649,396	12,877,044	12,908,938	14,875,551	15,947,899
Purchased Services(f)	6,097,987	5,710,600	5,077,134	5,280,958	6,073,612	7,235,590
Supplies and Materials	1,442,658	981,432	1,515,135	1,691,525	1,430,894	1,692,952
Capital Outlay	202,160	357,077	208,444	177,788	177,122	341,000
Other Objects	654,518	653,850	744,887	801,803	738,830	840,500
<b>Total Expenditures</b>	<b>\$51,939,960</b>	<b>\$50,501,632</b>	<b>\$51,758,502</b>	<b>\$54,753,088</b>	<b>\$57,029,634</b>	<b>\$60,972,243</b>
<b>Other Financing Uses:</b>						
Operating Transfers-Out	\$ 55,000	\$ 55,000	\$ 100,000	\$ 100,000	\$ 145,000	\$ 150,000
Advances-Out	501,185	662,041	0	0	0	0
<b>Total Other Financing Uses</b>	<b>\$ 556,185</b>	<b>\$ 717,041</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 145,000</b>	<b>\$ 150,000</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>\$52,496,145</b>	<b>\$51,218,673</b>	<b>\$51,858,502</b>	<b>\$54,853,088</b>	<b>\$57,174,634</b>	<b>\$61,122,243</b>
<b>Excess of Rev &amp; Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>\$ 533,814</b>	<b>\$ 440,991</b>	<b>\$ 3,617,282</b>	<b>\$ 2,158,316</b>	<b>\$ 937,571</b>	<b>\$ (338,539)</b>
<b>Cash Balance July 1 - Excl Proposed Renewal/ Replacement and New Levies</b>	<b>\$16,561,329</b>	<b>\$17,095,143</b>	<b>\$17,536,134</b>	<b>\$21,153,416</b>	<b>\$23,311,732</b>	<b>\$24,249,303</b>
<b>Cash Balance June 30</b>	<b>\$17,095,143</b>	<b>\$17,536,134</b>	<b>\$21,153,416</b>	<b>\$23,311,732</b>	<b>\$24,249,303</b>	<b>\$23,910,764</b>

(a) Numbers may not foot due to rounding.

(b) The School District's General Operating Fund shown in this **Appendix A** consists solely of its General Fund.

(c) See **COVID-19 Pandemic**.

(d) Increase in "Restricted Grants-in-Aid" is due primarily to an adjustment in State reporting standards, commencing in Fiscal Year 2022, requiring that receipt of certain State Education Aid, including but not limited to, Disadvantaged Pupil Impact Aid, Career Technical, Gifted Students, English Learners and Student Wellness and Success funding, be reflected in "Restricted Grants-in-Aid" instead of in "Unrestricted Grants-in-Aid," as was the case in prior Fiscal Years; "Unrestricted Grants-in-Aid" amounts also reflect a correlated decrease.

(e) Reflects reimbursements received, or expected to be received, from the State for catastrophic aid for partial reimbursement of School District expenditures related to the education of disabled students.

(f) Until Fiscal Year 2022, State funding relating to open enrollment, charter schools and certain scholarship programs was provided to the School District (included under "All Other Revenues"), then diverted directly to the receiving institution (reflected in "Purchased Services"). Due to changes in state school funding in the State Budget Act, beginning in Fiscal Year 2022, the State now pays those funds directly to the educating institution and they are no longer reflected in the School District's Five-Year Forecast. See **State School Funding System**.

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## APPENDIX B-1

### Financial Report (Cash Basis All-Funds Summary) for Fiscal Year 2023<sup>(a)</sup>

DESCRIPTION	BEGINNING BALANCE	RECEIPTS	EXPENDITURES	ENDING BALANCE
General	\$21,153,416	\$57,011,404	\$54,853,088	\$23,311,732
Bond Retirement	8,054,988	5,935,903	5,609,688	8,381,203
Permanent Improvement	1,587,638	1,922,636	1,311,179	2,199,095
Building	338,861	1,256	340,117	0
Food Service	1,439,731	1,761,124	1,352,958	1,847,897
Trust & Agency	1,200	0	0	1,200
Rotary	9,659	14,006	16,701	6,964
Public School Support	114,184	290,672	278,200	126,656
Other Local Grants	882,586	1,174,568	530,472	1,526,682
Unclaimed Funds	21,871	8,140	6,132	23,879
Employee Benefits Self Insurance	234,917	114,284	158,667	190,534
Student Activity	137,540	347,794	322,031	163,303
Athletic	153,255	558,236	463,885	247,606
Auxiliary Service	50,721	962,690	989,525	23,886
Data Communication Fund	0	5,400	5,400	0
State Grants	27,271	176,600	162,571	41,300
Elementary and Secondary School	(114,190)(b)	1,629,056	1,616,863	(101,997)(b)
IDEA Part B	(144,918)(b)	1,129,236	1,072,330	(88,012)(b)
Title III	(726)(b)	25,772	27,323	(2,277)(b)
Title I	(4,464)(b)	380,332	383,869	(8,001)(b)
Title IV	(4,294)(b)	32,257	27,963	0
Early Childhood	(1,256)(b)	21,785	23,334	(2,805)(b)
Title II A	(3,664)(b)	92,378	93,171	(4,457)(b)
Federal Grants	0	300,000	150,000	150,000
<b>Total</b>	<b>\$33,934,326</b>	<b>\$73,895,529</b>	<b>\$69,795,467</b>	<b>\$38,034,388</b>

(a) See **COVID-19 Pandemic**.

(b) Negative balance reflects grant disbursement recovered or to be recovered during the subsequent Fiscal Year.

## APPENDIX B-2

### Financial Report (Cash Basis All-Funds Summary) for Fiscal Year 2024<sup>(a)</sup>

DESCRIPTION	BEGINNING BALANCE	RECEIPTS	EXPENDITURES	ENDING BALANCE
General	\$23,311,732	\$58,112,205	\$57,174,634	\$24,249,303
Bond Retirement	8,381,203	5,937,031	5,573,789	8,744,445
Permanent Improvement	2,199,095	2,012,632	3,174,999	1,036,728
Food Service	1,847,897	1,699,207	1,483,491	2,063,613
Trust & Agency	1,200	0	0	1,200
Rotary	6,964	8,600	11,642	3,922
Public School Support	126,656	280,143	283,256	123,543
Other Local Grants	1,526,682	758,375	2,103,441	181,616
Unclaimed Funds	23,879	4,130	2,877	25,132
Employee Benefits Self Insurance	190,534	5,509	107,480	88,563
Student Activity	163,303	346,730	287,250	222,783
Athletic	247,606	490,919	545,227	193,298
Auxiliary Service	23,886	914,434	936,098	2,222
Data Communication Fund	0	5,854	5,854	0
State Grants	41,300	302	41,510	92
Elementary and Secondary School	(101,997)(b)	1,038,412	957,525	(21,110)(b)
IDEA Part B	(88,012)(b)	945,542	966,094	(108,564)(b)
Title III	(2,277)(b)	37,143	34,866	0
Title I	(8,001)(b)	447,858	442,062	(2,205)(b)
Title IV	0	45,616	46,115	(499)(b)
Early Childhood	(2,805)(b)	24,504	24,037	(2,338)(b)
Title II A	(4,457)(b)	102,447	106,127	(8,137)(b)
Federal Grants	150,000	0	150,000	0
<b>Total</b>	<b>\$38,034,388</b>	<b>\$73,217,593</b>	<b>\$74,458,374</b>	<b>\$36,793,607</b>

(a) See **COVID-19 Pandemic**.

(b) Negative balance reflects grant disbursement recovered or to be recovered during the subsequent Fiscal Year.

## **APPENDIX C**

### **Basic Financial Statements from the School District's Financial Report for Fiscal Year 2024 (Audited)**

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**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

<b>FEDERAL GRANTOR</b> <b>Pass Through Grantor</b> <b>Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURAL</b>		
<b><i>Passed Through Ohio Department of Education and Workforce (DEW)</i></b>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$122,689
National School Lunch Program	10.555	644,181
COVID-19 National School Lunch Program	10.555	105,574
COVID-19 National School Lunch Program (Supply Chain Assistance)	10.555	114,408
National School Lunch Program - Non-Cash	10.555	101,433
Total Child Nutrition Cluster		<u>1,088,285</u>
Total U.S. Department of Agricultural		<u><b>1,088,285</b></u>
<b>U.S. DEPARTMENT OF TREASURY</b>		
<b><i>Passed Through State of Ohio</i></b>		
COVID-19 Ohio K-12 School Safety Grant Program		
COVID-19 Ohio K-12 School Safety Grant Program - 2023	21.027	150,000
Total COVID-19 Ohio K-12 School Safety Grant Program		<u>150,000</u>
Total U.S. Department of Treasury		<u><b>150,000</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<b><i>Passed Through Ohio Department of Education and Workforce (DEW)</i></b>		
Title I Grants to Local Educational Agencies - 2023	84.010A	4,238
Title I Grants to Local Educational Agencies - 2024	84.010A	437,824
Total Title I Grants to Local Educational Agencies		<u>442,062</u>
Special Education Cluster (IDEA):		
Special Education - Grants to States (IDEA, Part B) - 2023	84.027A	109,563
Special Education - Grants to States (IDEA, Part B) - 2024	84.027A	856,531
Total Special Education - Grants to States (IDEA, Part B)		<u>966,094</u>
Special Education - Preschool Grants (IDEA Preschool) - 2023	84.173A	465
Special Education - Preschool Grants (IDEA Preschool) - 2024	84.173A	23,572
Total Special Education - Preschool Grants (IDEA Preschool)		<u>24,037</u>
Total Special Education Cluster (IDEA)		<u>990,131</u>
English Language Acquisition State Grants - 2023	84.365A	3,039
English Language Acquisition State Grants - 2024	84.365A	31,827
Total English Language Acquisition State Grants		<u>34,866</u>
Title II, Part A, Supporting Effective Instruction State Grants - 2023	84.367A	3,270
Title II, Part A, Supporting Effective Instruction State Grants - 2024	84.367A	102,856
Total Title II, Part A, Supporting Effective Instruction State Grants		<u>106,126</u>
Student Support and Academic Enrichment Program - 2023	84.424A	45
Student Support and Academic Enrichment Program - 2024	84.424A	35,412
Stronger Connections Grant - 2024	84.424F	10,659
Total Student Support and Academic Enrichment Program		<u>46,116</u>
COVID-19 ARP Elementary and Secondary Emergency Relief Fund - 2023	84.425U	678,622
COVID-19 ARP Elementary and Secondary Emergency Relief Fund - 2024	84.425U	278,903
Total COVID-19 Education Stabilization Fund		<u>957,525</u>
Total U.S. Department of Education and Workforce (DEW)		<u><b>2,576,826</b></u>
<b>Total Expenditures of Federal Awards</b>		<u><b>\$3,815,111</b></u>

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

**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of North Royalton City School District (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. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - 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 fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE F - MATCHING REQUIREMENTS**

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

**NOTE G - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with DEW's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2023 to 2024 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amount Transferred</u>
COVID-19 ARP Elementary and Secondary Relief Fund	84.425U	\$ 324,053
Title I Grants to Local Educational Agencies	84.010A	\$ 98

# OHIO AUDITOR OF STATE KEITH FABER

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

North Royalton City School District  
Cuyahoga County  
6579 Royalton Road  
North Royalton, Ohio 44133

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga County, (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 27, 2024.

### ***Report on Internal Control Over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

December 27, 2024



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

North Royalton City School District  
Cuyahoga County  
6579 Royalton Road  
North Royalton, Ohio 44133

To the Board of Education:

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

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

We have audited North Royalton City School District's, Cuyahoga County, (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 North Royalton City School District's major federal program for the year ended June 30, 2024. North Royalton City School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, North Royalton City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal 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.

### ***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.

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.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of North Royalton City School District, Cuyahoga County, (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. We issued our unmodified report thereon dated December 27, 2024. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes additional analysis as required by the Uniform Guidance 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 management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 27, 2024

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**NORTH ROYALTON CITY SCHOOL DISTRICT  
CUYAHOGA 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>	COVID-19 - Child Nutrition Cluster
<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.



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## INDEPENDENT AUDITOR'S REPORT

North Royalton City School District  
Cuyahoga County  
6579 Royalton Road  
North Royalton, Ohio 44133

To the Board of Education:

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Royalton City School District, Cuyahoga 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 North Royalton City School District, Cuyahoga County, Ohio as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

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

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

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

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we will also issue our report dated December 27, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 27, 2024

# North Royalton City School District

## Statement of Net Position

June 30, 2024

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$36,570,475
Accounts Receivable	22,226
Intergovernmental Receivable	566,967
Accrued Interest Receivable	108,667
Inventory Held for Resale	12,670
Materials and Supplies Inventory	140,140
Property Taxes Receivable	50,765,903
Prepaid Items	52,614
Net OPEB Asset (See Note 22)	4,053,010
Nondepreciable Capital Assets	1,110,140
Depreciable Capital Assets, Net	105,596,192
<i>Total Assets</i>	<u>198,999,004</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	34,385
Pension	12,319,743
OPEB	2,098,393
<i>Total Deferred Outflows of Resources</i>	<u>14,452,521</u>
<b>Liabilities</b>	
Accounts Payable	214,594
Accrued Wages and Benefits	4,975,859
Contracts Payable	515,075
Intergovernmental Payable	1,218,819
Accrued Interest Payable	307,190
Vacation Benefits Payable	233,875
Unearned Revenue	1,428,852
Claims Payable	15,443
Long-Term Liabilities:	
Due Within One Year	2,413,043
Due In More Than One Year:	
Net Pension Liability (See Note 21)	55,976,735
Net OPEB Liability (See Note 22)	3,398,519
Other Amounts Due in More Than One Year	93,564,984
<i>Total Liabilities</i>	<u>164,262,988</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	45,231,725
Pension	4,588,555
OPEB	6,718,877
<i>Total Deferred Inflows of Resources</i>	<u>56,539,157</u>
<b>Net Position</b>	
Net Investment in Capital Assets	24,935,717
Restricted for:	
Debt Service	1,208,496
Capital Improvements	835,925
Food Service Operations	1,999,429
Student Activities	221,437
Athletics and Music	159,612
State Grants	92
Unclaimed Funds	22,614
OPEB Plans	4,053,010
Unrestricted (Deficit)	<u>(40,786,952)</u>
<i>Total Net Position</i>	<u>(\$7,350,620)</u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$33,406,450	\$770,768	\$1,326,874	\$0	(\$31,308,808)
Special	7,064,295	101,874	1,445,446	0	(5,516,975)
Vocational	56,834	1,090	14,526	0	(41,218)
Student Intervention Services	11,642	20,686	0	0	9,044
Support Services:					
Pupil	4,521,561	113,682	395,519	0	(4,012,360)
Instructional Staff	2,776,699	51,836	159,871	0	(2,564,992)
Board of Education	42,135	844	0	0	(41,291)
Administration	3,655,311	71,658	0	0	(3,583,653)
Fiscal	1,524,363	27,522	0	0	(1,496,841)
Business	177,237	3,661	0	0	(173,576)
Operation and Maintenance of Plant	4,388,928	86,607	103,859	0	(4,198,462)
Pupil Transportation	4,206,452	76,702	271,495	0	(3,858,255)
Central	275,689	5,498	0	0	(270,191)
Operation of Non-Instructional Services	1,080,321	345	1,201,487	0	121,511
Operation of Food Services	1,517,851	987,118	923,378	0	392,645
Extracurricular Activities	1,944,704	767,349	129,851	70,001	(977,503)
Interest	3,394,426	0	0	0	(3,394,426)
<b>Totals</b>	<b>\$70,044,898</b>	<b>\$3,087,240</b>	<b>\$5,972,306</b>	<b>\$70,001</b>	<b>(60,915,351)</b>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					42,524,099
Debt Service					5,817,991
Capital Outlay					1,764,875
Grants and Entitlements not Restricted to Specific Programs					11,863,923
Investment Earnings/Interest					2,003,338
Miscellaneous					423,630
<b>Total General Revenues</b>					<b>64,397,856</b>
Change in Net Position					3,482,505
<b>Net Position Beginning of Year</b>					<b>(10,833,125)</b>
<b>Net Position End of Year</b>					<b>(\$7,350,620)</b>

See accompanying notes to the basic financial statements

**North Royalton City School District**

*Balance Sheet  
Governmental Funds  
June 30, 2024*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$24,030,230	\$8,744,446	\$3,684,625	\$36,459,301
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	22,614	0	0	22,614
Property Taxes Receivable	43,108,717	5,886,474	1,770,712	50,765,903
Accounts Receivable	19,592	0	1,883	21,475
Accrued Interest Receivable	100,422	0	8,245	108,667
Intergovernmental Receivable	160,886	0	406,081	566,967
Interfund Receivable	142,848	0	0	142,848
Prepaid Items	51,898	0	716	52,614
Inventory Held for Resale	0	0	12,670	12,670
Materials and Supplies Inventory	135,405	0	4,735	140,140
<i>Total Assets</i>	<u>\$67,772,612</u>	<u>\$14,630,920</u>	<u>\$5,889,667</u>	<u>\$88,293,199</u>
<b>Liabilities</b>				
Accounts Payable	\$133,706	\$0	\$77,316	\$211,022
Accrued Wages and Benefits	4,796,127	0	179,732	4,975,859
Contracts Payable	0	0	515,075	515,075
Interfund Payable	0	0	142,848	142,848
Intergovernmental Payable	1,161,582	0	57,237	1,218,819
Unearned Revenue	0	0	1,428,852	1,428,852
<i>Total Liabilities</i>	<u>6,091,415</u>	<u>0</u>	<u>2,401,060</u>	<u>8,492,475</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	38,352,348	5,301,448	1,577,929	45,231,725
Unavailable Revenue	1,589,657	178,775	383,918	2,152,350
<i>Total Deferred Inflows of Resources</i>	<u>39,942,005</u>	<u>5,480,223</u>	<u>1,961,847</u>	<u>47,384,075</u>
<b>Fund Balances</b>				
Nonspendable	209,917	0	5,451	215,368
Restricted	0	9,150,697	3,218,816	12,369,513
Committed	0	0	1,200	1,200
Assigned	887,132	0	0	887,132
Unassigned (Deficit)	20,642,143	0	(1,698,707)	18,943,436
<i>Total Fund Balances</i>	<u>21,739,192</u>	<u>9,150,697</u>	<u>1,526,760</u>	<u>32,416,649</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$67,772,612</u>	<u>\$14,630,920</u>	<u>\$5,889,667</u>	<u>\$88,293,199</u>

See accompanying notes to the basic financial statements



**North Royalton City School District**  
*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
June 30, 2024*

<b>Total Governmental Fund Balances</b>		<b>\$32,416,649</b>
<i>Amounts reported for governmental activities in 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.		106,706,332
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds:		
Delinquent Property Taxes	1,669,771	
Intergovernmental	325,422	
Tuition and Fees	157,157	
Total		2,152,350
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 in the statement of net position.		70,296
Deferred outflows of resources represent deferred charges on refundings, which are not reported in the funds.		34,385
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(307,190)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.		(233,875)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(87,398,786)	
Certificates of Participation	(2,220,000)	
Compensated Absences	(6,359,241)	
Total		(95,978,027)
The net OPEB asset and the net pension and net OPEB liabilities are not due and payable in the current period; therefore, the asset/liabilities and related deferred inflows/outflows are not reported in the funds:		
Net OPEB Asset	4,053,010	
Deferred Outflows - Pension	12,319,743	
Deferred Outflows - OPEB	2,098,393	
Net Pension Liability	(55,976,735)	
Net OPEB Liability	(3,398,519)	
Deferred Inflows - Pension	(4,588,555)	
Deferred Inflows - OPEB	(6,718,877)	
Total		(52,211,540)
<i>Net Position of Governmental Activities</i>		<u><u>(\$7,350,620)</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2024*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$42,596,021	\$5,823,026	\$1,764,666	\$50,183,713
Intergovernmental	12,079,713	89,957	4,354,887	16,524,557
Investment Earnings/Interest	1,995,609	0	171,446	2,167,055
Tuition and Fees	1,012,999	0	0	1,012,999
Extracurricular Activities	344,338	0	562,523	906,861
Contributions and Donations	17,992	0	938,421	956,413
Charges for Services	0	0	987,118	987,118
Rentals	34,641	0	47,471	82,112
Miscellaneous	423,630	0	0	423,630
<i>Total Revenues</i>	<u>58,504,943</u>	<u>5,912,983</u>	<u>8,826,532</u>	<u>73,244,458</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	29,035,909	0	1,415,432	30,451,341
Special	5,895,871	0	1,255,827	7,151,698
Vocational	56,546	0	0	56,546
Student Intervention Services	11,642	0	0	11,642
Support Services:				
Pupil	4,592,504	0	15,957	4,608,461
Instructional Staff	2,699,955	0	159,871	2,859,826
Board of Education	43,801	0	0	43,801
Administration	3,668,774	0	51,203	3,719,977
Fiscal	1,407,363	81,738	24,406	1,513,507
Business	188,087	0	0	188,087
Operation and Maintenance of Plant	4,121,767	0	553,977	4,675,744
Pupil Transportation	3,985,088	0	345,934	4,331,022
Central	278,488	0	0	278,488
Operation of Non-Instructional Services	17,911	0	1,065,470	1,083,381
Operation of Food Services	0	0	1,583,986	1,583,986
Extracurricular Activities	1,226,680	0	769,884	1,996,564
Capital Outlay	0	0	4,423,868	4,423,868
Debt Service:				
Principal Retirement	0	1,830,000	105,000	1,935,000
Interest	0	3,662,050	62,267	3,724,317
<i>Total Expenditures</i>	<u>57,230,386</u>	<u>5,573,788</u>	<u>11,833,082</u>	<u>74,637,256</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,274,557</u>	<u>339,195</u>	<u>(3,006,550)</u>	<u>(1,392,798)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	145,000	145,000
Transfers Out	(145,000)	0	0	(145,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(145,000)</u>	<u>0</u>	<u>145,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>1,129,557</u>	<u>339,195</u>	<u>(2,861,550)</u>	<u>(1,392,798)</u>
<i>Fund Balances Beginning of Year</i>	<u>20,609,635</u>	<u>8,811,502</u>	<u>4,388,310</u>	<u>33,809,447</u>
<i>Fund Balances End of Year</i>	<u>\$21,739,192</u>	<u>\$9,150,697</u>	<u>\$1,526,760</u>	<u>\$32,416,649</u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*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*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	(\$1,392,798)
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***Amounts reported for governmental activities in the  
statement of activities are different because:***

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

This is the amount by which capital outlay exceeded depreciation in the current period:

Capital Outlay	5,015,250	
Depreciation	(4,136,381)	
Total		878,869

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

Delinquent Property Taxes	(76,748)	
Intergovernmental	261,543	
Tuition and Fees	98,150	
Total		282,945

Repayment of bond principal and certificates of participation is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,935,000

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

Accrued Interest on Bonds	6,340	
Amortization of Loss on Refunding	(2,023)	
Amortization of Premium on Bonds	325,574	
Total		329,891

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

Vacation Benefits Payable	(26,246)	
Compensated Absences	(229,848)	
Total		(256,094)

The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the district-wide statements of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (98,468)

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

Pension	5,039,796	
OPEB	239,389	
Total		5,279,185

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

Pension	(4,081,588)	
OPEB	605,563	
Total		(3,476,025)

<b><i>Change in Net Position of Governmental Activities</i></b>	<b><u><u>\$3,482,505</u></u></b>
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See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2024*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$43,189,284	\$42,792,785	\$42,792,785	\$0
Intergovernmental	12,338,408	12,082,957	12,082,957	0
Interest	868,105	1,567,862	1,701,001	133,139
Tuition and Fees	811,024	999,728	999,728	0
Extracurricular Activities	124,410	146,200	146,200	0
Contributions and Donations	1,072	0	0	0
Rentals	29,895	34,641	34,641	0
Miscellaneous	133,720	359,021	359,022	1
<i>Total Revenues</i>	<u>57,495,918</u>	<u>57,983,194</u>	<u>58,116,334</u>	<u>133,140</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	29,346,727	29,118,378	29,118,378	0
Special	5,587,288	5,909,842	5,909,842	0
Vocational	55,003	55,338	55,338	0
Support Services:				
Pupil	4,480,050	4,607,024	4,607,024	0
Instructional Staff	2,755,210	2,788,800	2,788,800	0
Board of Education	39,289	44,914	44,914	0
Administration	3,741,522	3,708,457	3,708,457	0
Fiscal	1,464,453	1,414,963	1,414,963	0
Business	213,752	187,840	187,840	0
Operation and Maintenance of Plant	4,137,098	4,150,710	4,150,710	0
Pupil Transportation	4,077,099	3,960,654	3,960,654	0
Central	285,024	282,225	282,225	0
Operation of Non-Instructional Services	38,537	17,436	17,436	0
Extracurricular Activities	1,130,555	1,213,911	1,213,911	0
Capital Outlay	0	32,888	32,888	0
<i>Total Expenditures</i>	<u>57,351,607</u>	<u>57,493,380</u>	<u>57,493,380</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	144,311	489,814	622,954	133,140
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>(100,000)</u>	<u>(145,000)</u>	<u>(145,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	44,311	344,814	477,954	133,140
<i>Fund Balance Beginning of Year</i>	23,126,242	23,126,242	23,126,242	0
Prior Year Encumbrances Appropriated	<u>209,370</u>	<u>209,370</u>	<u>209,370</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$23,379,923</u>	<u>\$23,680,426</u>	<u>\$23,813,566</u>	<u>\$133,140</u>

See accompanying notes to the basic financial statements

**North Royalton City School District**

*Statement of Fund Net Position*

*Internal Service Fund*

*June 30, 2024*

	<u>Self Insurance</u>
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$88,560
Accounts Receivable	<u>751</u>
<i>Total Assets</i>	<u><u>89,311</u></u>
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	3,572
Claims Payable	<u>15,443</u>
<i>Total Liabilities</i>	<u>19,015</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$70,296</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2024*

	<u>Self Insurance</u>
<b>Operating Revenues</b>	
Charges for Services	<u>\$5,508</u>
<b>Operating Expenses</b>	
Purchased Services	29,250
Claims	<u>74,726</u>
<i>Total Operating Expenses</i>	<u>103,976</u>
<i>Change in Net Position</i>	(98,468)
<i>Net Position Beginning of Year</i>	<u>168,764</u>
<i>Net Position End of Year</i>	<u><u>\$70,296</u></u>

See accompanying notes to the basic financial statements

**North Royalton City School District**  
*Statement of Cash Flows*  
*Internal Service Fund*  
*For the Fiscal Year Ended June 30, 2024*

Self Insurance

***Increase (Decrease) in Cash and Cash Equivalents***

**Cash Flows from Operating Activities**

Cash Received from Interfund Services Provided	\$5,508
Cash Payments for Personal Services	(2,777)
Cash Payments for Purchased Services	(29,950)
Cash Payments for Claims	<u>(74,753)</u>

*Net Increase (Decrease) in Cash and Cash Equivalents* (101,972)

*Cash and Cash Equivalents Beginning of Year* 190,532

*Cash and Cash Equivalents End of Year* \$88,560

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used for) Operating Activities**

Operating Income (Loss) (\$98,468)

Adjustments:

Increase in Accounts Receivable	(751)
Increase in Accounts Payable	51
Decrease in Accrued Wages and Benefits	(2,777)
Decrease in Claims Payable	<u>(27)</u>

*Net Cash Provided by (Used for) Operating Activities* (\$101,972)

See accompanying notes to the basic financial statements

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## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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#### **Note 1 – Description of the School District and Reporting Entity**

North Royalton City School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms.

The School District is located in a suburban area south of Cleveland, Ohio. It is located in Cuyahoga County and encompasses nearly all of the City of North Royalton and a smaller portion of the City of Broadview Heights. It is staffed by 215 classified employees and 298 certified personnel who provide services to 4,004 students and other community members. The School District currently operates one elementary building, one middle school, one high school, an administrative building, a maintenance garage and a bus garage.

#### ***Reporting Entity***

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

Non-public Schools – Within the School District boundaries, there are various non-public schools. Current State legislature provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. These transactions are reported in a special revenue fund and as a governmental activity 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 and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the primary government. The School District has no component units.

The School District participates in three jointly governed organizations and a shared risk pool. These organizations are Connect, Cuyahoga Valley Career Center, Ohio Schools Council Association and the Suburban Health Consortium which are presented in Notes 17 and 18 to the basic financial statements.

## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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#### **Note 2 – Summary of Significant Accounting Policies**

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

##### ***Basis of Presentation***

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.

***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. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities 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, 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 which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

***Fund Financial Statements*** 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. 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.

##### ***Fund Accounting***

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

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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

**General Fund** The general fund is used to account and report for all financial resources, except those required to be accounted for and reported 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 accounts for and reports property tax and intergovernmental revenues that are restricted for payment of principal and interest on general obligation debt.

The other governmental funds of the School District account for grants and other resources whose uses are restricted, committed, or assigned to a particular purpose.

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

**Internal Service Fund** The internal service fund accounts and reports for financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund is a self insurance fund that accounts for vision benefits of the School District's employees.

### **Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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

#### ***Basis of Accounting***

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

***Revenues – Exchange and Non-exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or 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 fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 7). 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, grants, and interest.

***Unearned Revenue*** Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because the amounts have not yet been earned. The School District recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, 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 deferred charges on refunding and pension and OPEB plans. 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. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 21 and 22.

## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, 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 fiscal year 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental revenue, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 21. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 21 and 22).

***Expenditures/Expenses*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

#### ***Pensions/Other Postemployment Benefits (OPEB)***

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

#### ***Budgetary Process***

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that were in effect at the time the original and final appropriations were passed by the Board of Education. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue closely reflects actual revenue for the fiscal year.

## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the School District passed an amended appropriation measure which closely matched appropriations to expenditures plus encumbrances in the majority of categories.

The scholarship special revenue fund did not have any budgetary activity in fiscal year 2024; therefore, budgetary information is not provided.

#### ***Cash and Cash Equivalents***

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

During fiscal year 2024, investments were limited to commercial paper, STAR Ohio, the State Treasurer’s Investment Pool, money market accounts, federal home loan bank bonds, federal home loan mortgage corporation bonds, federal national mortgage association bonds, federal farm credit bank bonds, federal agricultural mortgage corporation bonds, Tennessee Valley Authority Power bonds, United States treasury notes, and negotiable certificates of deposit. Investments are reported at fair value except for commercial paper and STAR Ohio. The School District’s commercial paper is measured at amortized cost, as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

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

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant’s accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment earnings/interest revenue credited to the general fund during fiscal year 2024 amounted to \$1,995,609, which includes \$570,311 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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#### ***Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws or other governments or imposed by law through constitutional provisions. Restricted assets in the general fund represent money set aside for unclaimed monies.

#### ***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

#### ***Inventory***

Materials and supplies inventory is reported at cost, while inventory held for resale is presented at the lower of cost or market value, and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

#### ***Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values 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 an asset's life are not.

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

Description	Estimated Lives
Land Improvements	15 - 20 years
Buildings and Improvements	40 years
Furniture and Equipment	5 - 15 years
Vehicles	10 years

#### ***Interfund Balances***

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

## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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#### ***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Since the School District's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy.

#### ***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the proprietary fund are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds; however, claims and judgments 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 fiscal year. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position are not sufficient for payment of those benefits. Bonds and other long-term obligations are recognized as a liability on the governmental fund financial statements when due.

#### ***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position for OPEB plans represent the corresponding restricted asset amounts held in trust by the OPEB plan for future benefits.

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



## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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#### ***Fund Balances***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level 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*** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated. The School District Board of Education also assigned fund balance to cover a gap between fiscal year 2025’s estimated revenue and appropriated budget and for adult education and public school support.

***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.

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.

#### ***Operating Revenues and Expenses***

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

## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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#### ***Bond Premiums***

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are receipted in the year the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

#### ***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. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

#### ***Internal Activity***

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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

#### ***Estimates***

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

### **Note 3 – Change in Accounting Principles**

For fiscal year 2024, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and related guidance from GASB Implementation Guide No. 2023-1, *Implementation Guidance Update — 2023*. The School District also implemented Question 5.1 from GASB Implementation Guide No. 2021-1, *Implementation Guidance Update — 2021*.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The School District reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of GASB Statement No. 100 and GASB Implementation Guides 2021-1 and 2023-1 did not have any effect on beginning net position/fund balance.

In an effort to promote comparability with other governments, the School District updated its calculation of net position restricted for pension and OPEB plans for fiscal year 2024. This change had no impact on beginning net position, but rather reclassified the amounts presented as net position restricted for OPEB plans and unrestricted net position.

#### **Note 4 – Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance – budget (non-GAAP basis) and actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Investments are reported at cost (budget) rather than fair value (GAAP).
3. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
4. Encumbrances are treated as expenditures (budget) rather than as restricted, committed, or assigned (GAAP).
5. Budgetary revenues and expenditures of the adult education and public school support funds are classified to general fund for GAAP reporting.

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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

Net Change in Fund Balance	
GAAP Basis	\$1,129,557
Net Adjustment for Revenue Accruals	(421,682)
Beginning Fair Value Adjustment for Investments	(461,874)
Ending Fair Value Adjustment for Investments	206,204
Net Adjustment for Expenditure Accruals	507,200
Encumbrances	(460,866)
Perspective Difference:	
Adult Education	(3,042)
Public School Support	(17,543)
Budget Basis	<u>\$477,954</u>

#### **Note 5 – Deposits and Investments**

Monies held by the School District are classified by State statute into three categories.

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current 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 not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

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

#### **Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2024, \$58,013 of the School District's total bank balance of \$998,747 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the School District's financial institutions participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

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

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

**North Royalton City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2024

## Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
<b>Amortized Cost:</b>				
Commercial Paper	\$4,327,074	Less Than Two Years	A-1/A-1+	12.00 %
<b>Net Asset Value Per Share:</b>				
STAR Ohio	8,518,169	Less Than One Year	AAAm	N/A
<b>Fair Value - Level 1 Inputs:</b>				
Money Market Accounts	5,965,058	Less Than One Year	AAAm	16.54
<b>Fair Value - Level 2 Inputs:</b>				
Federal Home Loan Bank Bonds	4,508,259	Less Than Five Years	AA+	12.50
Federal Home Loan Mortgage Corporation Bonds	376,449	Less Than Two Years	AA+	N/A
Federal National Mortgage Association Bonds	709,520	Less Than Two Years	AA+	N/A
Federal Farm Credit Bank Bonds	3,573,554	Less Than Five Years	AA+	9.91
Federal Agricultural Mortgage Corporation Bonds	761,614	Less Than Four Years	AA+	N/A
Tennessee Valley Authority Power Bonds	244,448	Less Than Four Years	N/A	N/A
United States Treasury Notes	4,507,240	Less Than Five Years	A-1+/AA+	12.50
Negotiable Certificates of Deposit	2,570,019	Less Than Five Years	N/A	7.13
<b>Total Investments</b>	<u>\$36,061,404</u>			

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 preceding chart identifies the School District's recurring fair value measurements as of June 30, 2024. The money market accounts are measured at fair value and are valued using quoted market prices (Level 1 inputs). The School District's remaining investments are measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

**Credit Risk** Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization, the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization, and that the commercial paper be rated in the highest category at the time of purchase by at least two nationally recognized statistical rating organizations. The negotiable certificates of deposit are not rated. The School District has no investment policy that addresses credit risk beyond the requirements in State statutes.

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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

#### **Note 6 – Fund Deficits**

At fiscal year-end, the School District had fund deficits in the following funds:

<u>Fund</u>	<u>Deficit</u>
Local Grants	(\$1,368,724)
Auxiliary Services	(4,438)
Elementary and Secondary School Emergency Relief	(66,259)
Title VI-B	(239,095)
Immigrant Education	(4,471)
Title I	(2,204)
Drug Free Schools Grant	(499)
Preschool Grant	(2,338)
Class Size Reduction Grant	(10,679)

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

#### **Note 7 – Property Taxes**

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

Property taxes include amounts levied against all real and public utility located in the School District. Real property tax revenue received in calendar year 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 statute at thirty-five 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 revenues received in calendar year 2024 represent the collections of calendar year 2023 taxes. Public utility real taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023 and are collected in calendar year 2024 with real property taxes. Public utility real property is assessed at thirty-five 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 Cuyahoga 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. The amount available to be advanced can vary based on the date the tax bills are sent.

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

Accrued property taxes receivable represents the real property and public utility property taxes which were 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 were levied to finance current fiscal year operations and are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2024 was \$3,323,870 in the general fund, \$406,251 in the bond retirement debt service fund, and \$134,287 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2023 was \$3,520,633 in the general fund, \$430,299 in the bond retirement debt service fund, and \$142,236 in the permanent improvement capital projects fund. The difference was in the timing and collection by the County Fiscal Officer.

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

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

	2023 Second Half Collections		2024 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$1,333,584,420	97.44 %	\$1,350,430,390	97.39 %
Public Utility Personal	35,045,920	2.56	36,253,040	2.61
Total	<u>\$1,368,630,340</u>	<u>100.00 %</u>	<u>\$1,386,683,430</u>	<u>100.00 %</u>
Tax Rate per \$1,000 of Assessed Valuation	\$64.70		\$64.70	

### **Note 8 – Tax Abatements**

School District property taxes were reduced under Enterprise Zone agreements entered into by an overlapping government – the City of North Royalton. As a result of the agreements, the School District had \$22,962 in taxes abated for fiscal year 2024.

### **Note 9 – Receivables**

Receivables at June 30, 2024, consisted of taxes, interest, and grants. 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 fiscal year guarantee of Federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.



**North Royalton City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

At June 30, 2024, the School District had the following intergovernmental receivables:

	<u>Amount</u>
<b><i>Governmental Activities:</i></b>	
Title VI-B	\$239,095
Foundation	159,969
Food Service Subsidies	80,659
Elementary and Secondary School Emergency Relief	66,259
Class Size Reduction Grant	10,679
Immigrant Education	4,471
Preschool Grant	2,215
Title I	2,204
Miscellaneous	917
Drug Free Schools	<u>499</u>
Total Intergovernmental Receivable	<u><u>\$566,967</u></u>

**Note 10 – Interfund Transactions**

***Interfund Transfers***

The general fund had a transfer of \$145,000 to the athletics and music special revenue fund. The transfer was made to help provide operational funding for fiscal year 2024.

***Interfund Balances***

Interfund balances at June 30, 2024, consisted of the following:

	<u>Interfund Balances</u> <u>June 30, 2024</u>	
	<u>Receivables</u>	<u>Payables</u>
<b><i>Governmental Activities:</i></b>		
General	<u>\$142,848</u>	<u>\$0</u>
<b><i>Special Revenue:</i></b>		
Elementary and Secondary School Emergency Relief	0	21,107
Title VI-B	0	108,564
Title I	0	2,204
Drug Free Schools Grant	0	499
Preschool Grant	0	2,338
Class Size Reduction Grant	0	8,136
Total Special Revenue	<u>0</u>	<u>142,848</u>
Totals	<u><u>\$142,848</u></u>	<u><u>\$142,848</u></u>

The advances from the general fund to the special revenue funds were made to support the activities of those funds due to the timing of grant collections. The balances are anticipated to be repaid within one year.

**North Royalton City School District***Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2024***Note 11 – Fund Balances**

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

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<b><i>Nonspendable:</i></b>				
Prepaid Items	\$51,898	\$0	\$716	\$52,614
Inventory	135,405	0	4,735	140,140
Unclaimed Funds	22,614	0	0	22,614
<i>Total Nonspendable</i>	<u>209,917</u>	<u>0</u>	<u>5,451</u>	<u>215,368</u>
<b><i>Restricted for:</i></b>				
Debt Service	0	9,150,697	0	9,150,697
Food Service Operations	0	0	2,060,246	2,060,246
Student Activities	0	0	221,437	221,437
Athletics and Music	0	0	159,612	159,612
State Grants	0	0	92	92
Capital Improvements	0	0	777,429	777,429
<i>Total Restricted</i>	<u>0</u>	<u>9,150,697</u>	<u>3,218,816</u>	<u>12,369,513</u>
<b><i>Committed to:</i></b>				
College Scholarships	0	0	1,200	1,200
<b><i>Assigned to:</i></b>				
Purchases on Order:				
Instruction	325,294	0	0	325,294
Support Services	76,145	0	0	76,145
Capital Outlay	32,888	0	0	32,888
Fiscal Year 2025 Appropriations	338,539	0	0	338,539
Adult Education	3,147	0	0	3,147
Public School Support	111,119	0	0	111,119
<i>Total Assigned</i>	<u>887,132</u>	<u>0</u>	<u>0</u>	<u>887,132</u>
<b><i>Unassigned (Deficit)</i></b>	<u>20,642,143</u>	<u>0</u>	<u>(1,698,707)</u>	<u>18,943,436</u>
Total Fund Balances	<u>\$21,739,192</u>	<u>\$9,150,697</u>	<u>\$1,526,760</u>	<u>\$32,416,649</u>

# North Royalton City School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

## Note 12 – Capital Assets

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

	Balance 6/30/23	Additions	Deductions	Balance 6/30/24
<i>Capital Assets not being Depreciated:</i>				
Land	\$1,110,140	\$0	\$0	\$1,110,140
<i>Capital Assets being Depreciated:</i>				
Land Improvements	893,659	2,620,783	0	3,514,442
Buildings and Improvements	127,690,696	1,679,224	0	129,369,920
Furniture and Equipment	4,341,713	245,355	0	4,587,068
Vehicles	6,301,241	469,888	0	6,771,129
<i>Total Capital Assets being Depreciated</i>	<i>139,227,309</i>	<i>5,015,250</i>	<i>0</i>	<i>144,242,559</i>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(773,347)	(256,102)	0	(1,029,449)
Buildings and Improvements	(26,648,361)	(3,271,598)	0	(29,919,959)
Furniture and Equipment	(3,064,993)	(215,319)	0	(3,280,312)
Vehicles	(4,023,285)	(393,362)	0	(4,416,647)
<i>Total Accumulated Depreciation</i>	<i>(34,509,986)</i>	<i>(4,136,381) *</i>	<i>0</i>	<i>(38,646,367)</i>
<i>Total Assets being Depreciated, Net</i>	<i>104,717,323</i>	<i>878,869</i>	<i>0</i>	<i>105,596,192</i>
<i>Governmental Activities Capital Assets, Net</i>	<i>\$105,827,463</i>	<i>\$878,869</i>	<i>\$0</i>	<i>\$106,706,332</i>

\* Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$3,650,486
Special	5,895
Support Services:	
Instructional Staff	6,102
Administration	924
Fiscal	398
Operation and Maintenance of Plant	55,022
Pupil Transportation	402,760
Operation of Non-Instructional Services	4,509
Operation of Food Service	3,076
Extracurricular Activities	7,209
Total Depreciation Expense	<u>\$4,136,381</u>

## North Royalton City School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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### Note 13 – Other Employee Benefits

#### *Compensated Absences*

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to employees at the end of each contract year, depending upon negotiated agreements, or upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. A percentage of unused sick time is paid at retirement. All employees who are eligible to retire receive a severance benefit upon retirement limited to what is specified in the respective employment agreements.

#### *Life Insurance*

The School District provides life insurance and accidental death and dismemberment insurance to most employees from American United Life Insurance Company through the Ohio School Council.

### Note 14 – Long-Term Obligations

Original issue amounts and interest rates of the School District's debt issues are as follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Year of Maturity</u>
<b>2018 School Improvement Bonds:</b>			
Current Interest Serial Bonds	1.50 to 5.00 %	\$60,830,000	2018 to 2041
Current Interest Term Bonds	5.00	28,070,000	2042 to 2047
<b>2020 Refunding Certificates of Participation:</b>			
Current Interest Term Bonds	2.74	2,615,000	2040

# North Royalton City School District

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

Changes in long-term obligations of the School District during fiscal year 2024 were as follows:

	Principal Outstanding 6/30/23	Additions	Deductions	Principal Outstanding 6/30/24	Amounts Due in One Year
2018 General Obligation School Improvement Bonds:					
Current Interest Serial Bonds	\$53,345,000	\$0	\$1,830,000	\$51,515,000	\$1,905,000
Current Interest Term Bonds	28,070,000	0	0	28,070,000	0
Unamortized Premium	8,139,360	0	325,574	7,813,786	0
Total 2018 General Obligation School Improvement Bonds	89,554,360	0	2,155,574	87,398,786	1,905,000
<i>Direct Placement:</i>					
2020 Refunding Certificates of Participation:					
Current Interest Term COPs	2,325,000	0	105,000	2,220,000	100,000
Compensated Absences	6,129,393	547,574	317,726	6,359,241	408,043
Net Pension Liability:					
STRS	44,248,152	629,743	0	44,877,895	0
SERS	11,300,208	0	201,368	11,098,840	0
Total Net Pension Liability	55,548,360	629,743	201,368	55,976,735	0
Net OPEB Liability:					
SERS	3,001,703	396,816	0	3,398,519	0
<i>Total Governmental Activities Long-Term Liabilities</i>	<i>\$156,558,816</i>	<i>\$1,574,133</i>	<i>\$2,779,668</i>	<i>\$155,353,281</i>	<i>\$2,413,043</i>

On July 25, 2017, the School District issued \$88,900,000 in general obligation bonds, which included serial and term bonds in the amounts of \$60,830,000 and \$28,070,000, respectively. The bonds were issued for the purpose of constructing, renovating, remodeling, rehabilitating, adding to, furnishing, equipping and otherwise improving buildings and facilities, and acquiring, preparing, equipping and otherwise improving real estate for School District purposes. The serial bonds have interest rates ranging from 1.50 to 5.00 percent and a maturity date of December 1, 2041. The term bonds have an interest rate of 5.00 percent and a maturity date of December 1, 2047.

The term bonds maturing on December 1, 2047, are subject to mandatory redemption in part by lot pursuant to the terms of the mandatory redemption requirements of the trust agreement, at a redemption price equal to 100 percent of the principal amount deemed, plus interest accrued to the redemption date, on December 1 of the years shown in, and according to, the following schedule:

Year	Amount
2042	\$4,125,000
2043	4,335,000
2044	4,550,000
2045	4,780,000
2046	5,015,000
2047	5,265,000
Total	\$28,070,000

# North Royalton City School District

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

On December 10, 2019, the School District issued \$2,615,000 in certificates of participation (COPs) from direct placement to fully refund the remaining 2011 COPs in order to take advantage of lower interest rates. The COPs were issued with an interest rate of 2.74 percent. The COPS were issued for a 21 year period with a final maturity on December 1, 2040. Proceeds of \$2,556,140 were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 2011 COPs. As a result, \$2,513,664 of the 2011 COPs was considered defeased and the liability for the refunded COPs has been removed from the School District's financial statements. At June 30, 2024, \$2,230,000 of the refunded bonds remain outstanding.

The term portion maturing on December 1, 2040, are subject to mandatory redemption in part by lot pursuant to the terms of the mandatory redemption requirements of the trust agreement, at a redemption price equal to 100 percent of the principal amount deemed, plus interest accrued to the redemption date, on December 1 of the years shown in, and according to, the following schedule:

Year	Amount
2024	\$100,000
2025	105,000
2026	110,000
2027	115,000
2028	115,000
2029	120,000
2030	125,000
2031	125,000
2032	135,000
2033	130,000
2034	135,000
2035	145,000
2036	145,000
2037	145,000
2038	150,000
2039	155,000
2040	165,000
Total	2,220,000

The School District's overall debt margin was \$54,367,206 with an unvoted debt margin of \$1,386,683 at June 30, 2024. Principal, lease payments for COPs, and interest requirements to retire the general obligation bonds and certificates of participation follows:

Fiscal Year	General Obligation Bonds				Certificates of Participation	
	Serial		Term		From Direct Placement	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$1,905,000	\$3,587,350	\$0	\$0	\$100,000	\$59,458
2026	1,980,000	3,499,750	0	0	105,000	56,650
2027	2,080,000	3,398,250	0	0	110,000	53,704
2028	2,185,000	3,291,625	0	0	115,000	50,621
2029	2,295,000	3,179,625	0	0	115,000	47,472
2030-2034	13,285,000	14,068,975	0	0	635,000	186,800
2035-2039	16,330,000	10,992,900	0	0	720,000	93,981
2040-2044	11,455,000	4,909,800	8,460,000	2,389,250	320,000	8,906
2045-2048	0	0	19,610,000	2,020,500	0	0
Total	\$51,515,000	\$46,928,275	\$28,070,000	\$4,409,750	\$2,220,000	\$557,592

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

The bonds will be paid from the bond retirement fund and the COPs will be paid from the permanent improvement capital projects fund. Compensated absences will be paid from the general fund and the food service fund. There is no repayment schedule for the net pension liability and the net OPEB liability; however, employer pension and OPEB contributions are made from the general fund and the food service fund. For additional information related to the net pension liability and the net OPEB liability (see Notes 21 and 22).

## **Note 15 – Risk Management**

### ***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. During fiscal year 2024, the School District contracted with various insurance companies through the Ohio Schools Council Association insurance program. The following is a summary of the School District's insurance coverage as of June 30, 2024:

Company	Coverage	Amount
Liberty Mutual Insurance	Buildings and Contents - Replacement Costs	\$198,895,886
	General Liability:	
	Per occurrence	1,000,000
	Total per year	2,000,000
	Crime Insurance	250,000
	Automobile Liability	1,000,000
	Uninsured Motorists	75,000
	Commercial Umbrella:	
	Per occurrence	10,000,000
	Total per year	10,000,000
Great American Insurance Company	Cyber:	
	Per occurrence	1,000,000
	Total per year	1,000,000

There has not been a significant reduction in coverage from the prior fiscal year. Settled claims have not exceeded this commercial coverage in any of the past three years.

All employees of the School District are covered by a blanket bond, while certain individuals in policy making roles are covered by separate, higher limit bond coverage.

### ***Employee Health Benefits***

For fiscal year 2024, the School District was a participant in the Suburban Health Consortium (the "Consortium") to provide employee health, dental and prescription drug benefits. The Consortium is administered by Medical Mutual. Payments are made to the Consortium for the monthly attachment point, monthly stop-loss premiums, and administrative charges. The fiscal agent of the Consortium is the Orange City School District. The Treasurer of the Orange City School District pays monthly for the actual amount of claims processed, the stop-loss premium and the administrative charges. The entire risk of loss transfers to the Consortium upon payment of the premiums.

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

The School District's portion of the monthly insurance premiums is as follows:

	Board Share of Premium			
	Certificated Plan		Classified Plan	
	Family	Single	Family	Single
Medical	\$1,469.78	\$693.11	\$1,601.92	\$722.97
Prescription Drug	412.38	184.33	412.38	184.33
Dental	114.18	48.93	114.18	48.93

### ***Self Insurance***

The School District provides vision benefits for its employees and their covered dependents through its self insurance fund. Vision Service Plan (VSP) administers the plan and reviews all claims paid by the School District.

The claims liability of \$15,443 reported in the internal service fund at June 30, 2024, is based on an estimate provided by the third party administrators and the requirements of GASB Statement No. 30 "Risk Financing Omnibus", which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Management's expectation is the claims liabilities will be paid within one year. Changes in the fund's claims liability amount in 2023 and 2024 were as follows:

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2023	\$11,920	\$90,310	\$86,760	\$15,470
2024	15,470	74,726	74,753	15,443

### ***Workers' Compensation***

The School District pays the 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 16 – Contingencies**

### ***Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2024, if applicable, cannot be determined at this time.



## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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#### ***School Foundation***

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional DEW adjustments for fiscal year 2024 have been finalized. A receivable and payable have been recorded on the financial statements.

#### ***Litigation***

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

### **Note 17 – Jointly Governed Organizations**

#### ***Connect***

Connect is a jointly governed computer service bureau owned and operated by thirteen public school districts. Connect was formed when the Lakeshore Northeast Ohio Computer Consortium and the Lake Erie Educational Computer Association merged during fiscal year 2012. The primary function of Connect is to provide to its members the support and leadership which enables organizations to achieve their objectives through innovative and cost effective shared technology solutions. Major areas of service provided by Connect include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Connect is wholly owned by its member districts and is governed by a Board of Directors (member Superintendents). Connect's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. Connect's current membership includes the Educational Service Center of Northeast Ohio and thirteen school districts in Cuyahoga County. Each year, the Board of Directors elects a Chairman, a Vice Chairman, and a Recording Secretary. The Treasurer of the fiscal agent is a nonvoting, ex-officio member of the Board of Directors. The Educational Service Center of Northeast Ohio serves as the fiscal agent of Connect. Each school district supports Connect based upon a per pupil charge dependent upon the software packages used. In fiscal year 2024, the School District paid \$271,132 to Connect. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 6393 Oak Tree Boulevard, Suite 105, Independence, Ohio 44131.

#### ***Cuyahoga Valley Career Center***

The Cuyahoga Valley Career Center is a joint vocational school which is a jointly governed organization among eleven school districts. Each participating school district appoints one board member to the Cuyahoga Valley Career Center's Board of Education. The Board exercises total control over the operations of the Center including budgeting, appropriating, contracting, and designating management. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of the Cuyahoga Valley Career Center is limited to representation on the board. In fiscal year 2024, the School District did not contribute to Cuyahoga Valley Career Center. Financial information can be obtained from the Cuyahoga Valley Career School District, 8001 Brecksville Road, Brecksville, Ohio 44141.

## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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#### ***Ohio Schools Council Association***

The Ohio Schools Council (Council) is a jointly governed organization among 249 members. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2024, the School District paid \$90,324 to the Council. Financial information can be obtained by contacting the Executive Director of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

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

#### **Note 18 – Shared Risk Pool**

The Suburban Health Consortium ("the Consortium") is a shared health risk pool created on October 1, 2001, formed by the Boards of Education of several school districts in northeast Ohio, for the purposes of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverage for their employees and the eligible dependents and designated beneficiaries of such employees. The Consortium was formed and operates as a legally separate entity under Ohio Revised Code Section 9.833. The Board of Directors is the governing body of the Consortium. The Board of Education of each Consortium Member appoints its Superintendent or such Superintendent's designee to be its representative on the Board of Directors. The officers of the Board of Directors consist of a Chairman, Vice-Chairman and Recording Secretary, who are elected at the annual meeting of Board of Directors and serve until the next annual meeting. All of the authority of the Consortium is exercised by or under the direction of the Board of Directors. The Board of Directors also set all premiums and other amounts to be paid by the Consortium Members and the Board of Directors have the authority to waive premiums and other payments. All members of the Board of Directors serve without compensation.

The Fiscal Agent shall be the Board of Education responsible for administering the financial transactions of the Consortium (Orange City School District). The Fiscal Agent shall carry out the responsibilities of the Consortium Fund, enter into contracts on behalf of the Consortium as authorized by the Directors and carry out such other responsibilities as approved by the Directors and agreed to by the Fiscal Agent. Each District Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such District Member, and such contributions shall be included in the payments from such District Member to the Fiscal Agent for such benefit program. Contributions are to be submitted by each District Member, to the Fiscal Agent, required under the terms of the Consortium

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

Agreement and any benefit program in which such District Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such District Member is enrolled. All general administrative costs incurred by the Consortium that are not covered by the premium payments shall be shared equally by the Consortium Members as approved by the Directors, and shall be paid by each Consortium Member upon receipt of notice from the Fiscal Agent that such payment is due. It is the express intention of the Consortium Members that the Consortium Agreement and the Consortium shall continue for an indefinite term, but may be terminated as provided in the Consortium Agreement.

Any Consortium Member wishing to withdraw from participation in the Consortium or any benefit program shall notify the Fiscal Agent at least one hundred eighty (180) days prior to the effective date of withdrawal. Upon withdrawal of a Consortium Member, the Consortium shall pay the run out of all claims for such Consortium Member provided such Consortium Member has paid to the Consortium, prior to the effective date of withdrawal a withdrawal fee in the amount equal to two months' premiums at the Consortium Member's current rate. Payment of the withdrawal fee does not extend insurance coverage for two months. Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided that the Consortium has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months' premiums at the Consortium Member's current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium's assets. Financial information for the Consortium can be obtained from the Treasurer of the Orange City School District (the Fiscal Agent) at 32000 Chagrin Boulevard, Pepper Pike, Ohio 44124.

#### **Note 19 – Set-Aside Calculation**

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

The following cash basis information describes the changes in the fiscal year-end set-aside amounts for capital acquisitions. Disclosure of this information is required by the State statute.

	Capital Improvements
Set-aside Balance as of June 30, 2023	\$0
Current Year Set-aside Requirement	831,051
Qualifying Disbursements	(2,237,568)
Totals	(\$1,406,517)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-aside Balance as of June 30, 2024	\$0

Although the School District had qualifying disbursements during the fiscal year that reduced the capital acquisition set-aside amounts below zero, these amounts will not be used to reduce the set-aside requirements of future years.

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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#### **Note 20 – Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

#### ***Governmental:***

General	\$460,866
Other Governmental Funds	1,359,163
Total Governmental	<u>\$1,820,029</u>

#### **Note 21 – 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 represent liabilities to employees for pensions and OPEB, respectively. Pensions/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) represents 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.

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.

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 22 for the required OPEB disclosures.

#### ***State Teachers Retirement System (STRS)***

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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

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

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

The School District's contractually required contribution to STRS was \$3,875,221 for fiscal year 2024. Of this amount, \$525,990 is reported as an intergovernmental payable.

#### ***School Employees Retirement System (SERS)***

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](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 on or after August 1, 2017
Full Benefits	Age 65 with 5 years of service credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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

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

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

The School District's contractually required contribution to SERS was \$1,164,575 for fiscal year 2024. Of this amount, \$56,648 is reported as an intergovernmental payable.

#### ***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:

	STRS	SERS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.20839575%	0.20086524%	
Prior Measurement Date	0.19904589%	0.20892351%	
Change in Proportionate Share	0.00934986%	-0.00805827%	
Proportionate Share of the Net			
Pension Liability	\$44,877,895	\$11,098,840	\$55,976,735
Pension Expense	\$3,349,187	\$732,401	\$4,081,588

# North Royalton City School District

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

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

	STRS	SERS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$1,636,153	\$477,053	\$2,113,206
Changes of assumptions	3,695,938	78,619	3,774,557
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	1,308,352	83,832	1,392,184
School District contributions subsequent to the measurement date	3,875,221	1,164,575	5,039,796
Total Deferred Outflows of Resources	<u>\$10,515,664</u>	<u>\$1,804,079</u>	<u>\$12,319,743</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$99,586	\$0	\$99,586
Changes of assumptions	2,781,979	0	2,781,979
Net difference between projected and actual earnings on pension plan investments	134,500	156,003	290,503
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	1,087,181	329,306	1,416,487
Total Deferred Inflows of Resources	<u>\$4,103,246</u>	<u>\$485,309</u>	<u>\$4,588,555</u>

\$5,039,796 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:	STRS	SERS	Total
2025	(\$612,574)	\$50,106	(\$562,468)
2026	(1,721,349)	(538,701)	(2,260,050)
2027	4,784,698	634,522	5,419,220
2028	86,422	8,268	94,690
Total	<u>\$2,537,197</u>	<u>\$154,195</u>	<u>\$2,691,392</u>



## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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#### **Actuarial Assumptions – STRS**

Key methods and assumptions used in the June 30, 2023, actuarial valuation are presented as follows:

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

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

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

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

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

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

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$69,012,270	\$44,877,895	\$24,466,818

#### ***Actuarial Assumptions – SERS***

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

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

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

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

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

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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

**Sensitivity of the 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 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$16,381,319	\$11,098,840	\$6,649,356

## Note 22 – Defined Benefit OPEB Plans

See Note 21 for a description of the net OPEB liability (asset).

### ***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. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

## **North Royalton City School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$239,389.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$239,389 for fiscal year 2024, which is reported as an intergovernmental payable.

# North Royalton City School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

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

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent 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:

	STRS	SERS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.20839575%	0.20629030%	
Prior Measurement Date	0.19904589%	0.21379488%	
Change in Proportionate Share	0.00934986%	-0.00750458%	
Proportionate Share of the:			
Net OPEB Liability	\$0	\$3,398,519	\$3,398,519
Net OPEB (Asset)	(\$4,053,010)	\$0	(\$4,053,010)
OPEB Expense	(\$271,459)	(\$334,104)	(\$605,563)

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

	STRS	SERS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$6,318	\$7,080	\$13,398
Changes of assumptions	597,068	1,149,140	1,746,208
Net difference between projected and actual earnings on OPEB plan investments	7,235	26,339	33,574
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	2,483	63,341	65,824
School District contributions subsequent to the measurement date	0	239,389	239,389
Total Deferred Outflows of Resources	\$613,104	\$1,485,289	\$2,098,393
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$618,183	\$1,752,743	\$2,370,926
Changes of assumptions	2,674,115	965,213	3,639,328
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	65,370	643,253	708,623
Total Deferred Inflows of Resources	\$3,357,668	\$3,361,209	\$6,718,877

\$239,389 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 or increase to the net pension 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:

# North Royalton City School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2025	(\$1,209,269)	(\$638,244)	(\$1,847,513)
2026	(555,589)	(570,824)	(1,126,413)
2027	(214,790)	(399,316)	(614,106)
2028	(289,274)	(245,353)	(534,627)
2029	(264,878)	(143,466)	(408,344)
Thereafter	(210,764)	(118,106)	(328,870)
Total	<u>(\$2,744,564)</u>	<u>(\$2,115,309)</u>	<u>(\$4,859,873)</u>

## Actuarial Assumptions – STRS

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

	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

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

Actuarial assumptions used in the June 30, 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.

## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 21.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	(\$3,430,342)	(\$4,053,010)	(\$4,595,287)

  

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$4,620,451)	(\$4,053,010)	(\$3,369,536)

### **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.



## North Royalton City School District

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024*

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

	June 30, 2023
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate,	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

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

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

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

## North Royalton City School District

### Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 21.

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

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

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
School District's proportionate share of the net OPEB liability	\$4,344,280	\$3,398,519	\$2,652,749

  

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$2,496,775	\$3,398,519	\$4,593,454

## Note 23 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2024, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

## APPENDIX D

### Proposed Text of Opinion of Bond Counsel

We have served as bond counsel to our client North Royalton City School District, Ohio (the “School District”), in connection with the issuance by the School District of its \$76,780,000\* School Improvement Refunding Bonds, Series 2025 (the “Bonds”), dated the date of this letter, and issued for the purpose of refunding for debt service charges savings certain of the School District’s outstanding School Improvement Bonds, Series 2017, dated August 15, 2017, which were issued for the purpose of constructing, renovating, remodeling, rehabilitating, adding to, furnishing, equipping and otherwise improving buildings and facilities, and acquiring, preparing, equipping and otherwise improving real estate, for School District purposes.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bond of the first maturity and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Bonds constitute valid and binding general obligations of the School District, and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes, unlimited as to amount or rate, on all property subject to ad valorem taxes levied by the Board of Education of the School District.
2. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. We express no opinion as to any other tax consequences regarding the Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the School District.

In rendering those opinions with respect to the treatment of the interest on the Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the School District. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

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\* Preliminary, subject to change.

The rights of the owners of the Bonds and the enforceability of the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Bonds is concluded upon delivery of this letter.

Respectfully submitted,

## APPENDIX E

### Book-Entry System; DTC

#### Book-Entry System

*The information set forth in the following numbered paragraphs is based on information provided by The Depository Trust Company in its “Sample Offering Document Language Describing DTC and Book-Entry-Only Issuance” (June 2013). As such, the School District believes it to be reliable, but the School District takes no responsibility for the accuracy or completeness of that information. It has been adapted to the Bond issue by substituting “Bonds” for “Securities,” “School District” for “Issuer” and “Bond Registrar” for “registrar” and by the addition of the italicized language set forth in the text. See also the additional information following those numbered paragraphs.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each (*maturity*) of the Bonds (*and interest rate within a maturity*), each in the aggregate principal amount of such (*maturity*), and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). (*This internet site is included for reference only, and the information in this internet site is not incorporated by reference in this Official Statement.*)

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect

Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividends (*debt charges payments*) on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or the Bond Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar, or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividends (*debt charges*) to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. (*Not Applicable to the Bonds.*)

10. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the School District or the Bond Registrar. Under

such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed (*or otherwise produced*) and delivered.

11. The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed (*or otherwise produced*) and delivered to DTC. (*See also **Revision of Book-Entry System; Replacement Bonds.***)

12. The information (*above*) in this section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but the School District takes no responsibility for the accuracy thereof.

***Direct Participants and Indirect Participants may impose service charges on Beneficial Owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.***

The School District and the Bond Registrar have no role in the purchases, transfers or sales of book-entry interests. The rights of Beneficial Owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with their legal advisors the manner of transferring or pledging their book-entry interests.

The School District and the Bond Registrar have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The School District and the Bond Registrar cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners payments of debt charges on the Bonds made to DTC as the registered owner, or redemption, if any, or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve or act in a manner described in this Official Statement.

For all purposes under the Bond proceedings (except the Continuing Disclosure Agreement under which others as well as DTC may be considered an owner or holder of the Bonds, see **Continuing Disclosure Agreement**), DTC will be and will be considered by the School District and the Bond Registrar to be the owner or holder of the Bonds.

Beneficial Owners will not receive or have the right to receive physical delivery of Bonds, and, except to the extent they may have rights as Beneficial Owners or holders under the Continuing Disclosure Agreement, will not be or be considered by the School District and the Bond Registrar to be, and will not have any rights as, owners or holders of Bonds under the Bond proceedings.

Reference herein to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

### **Revision of Book-Entry System; Replacement Bonds**

The Bond proceedings provide for issuance of fully-registered Bonds (Replacement Bonds) directly to owners of Bonds other than DTC only in the event that DTC (or a successor securities depository) determines not to continue to act as securities depository for the Bonds. Upon occurrence of this event, the School District may in its discretion attempt to have established a securities depository book-entry relationship with another securities depository. If the School District does not do so, or is unable to do so, and after the Bond Registrar has made provision for notification of the Beneficial Owners of the Bonds by appropriate notice to DTC, the School District and the Bond

Registrar will authenticate and deliver Replacement Bonds of any one maturity and interest rate within a maturity, if applicable, in authorized denominations, to or at the direction of any persons requesting such issuance, and, if the event is not the result of School District action or inaction, at the expense (including legal and other costs) of those requesting.

Debt charges on Replacement Bonds will be payable when due without deduction for the services of the Bond Registrar as paying agent. Principal of and any premium on Replacement Bonds, and interest on Replacement Bonds, will be payable when due to the registered owner upon presentation and surrender at the designated corporate trust office of the Bond Registrar. Interest on Replacement Bonds will be payable on the interest payment date by the Bond Registrar by transmittal to the registered owner of record on the Bond Register as of the 15<sup>th</sup> day preceding the interest payment date. Replacement Bonds will be exchangeable for other Replacement Bonds of authorized denominations, and transferable, at the designated corporate trust office of the Bond Registrar without charge (except taxes or governmental fees). Exchange or transfer of then-redeemable Replacement Bonds is not required to be made: (i) between the 15<sup>th</sup> day the mailing of notice of redemption of Replacement Bonds and the date of that mailing, or (ii) of a particular Replacement Bond selected for redemption (in whole or part).



## APPENDIX F

### Proposed Form of Continuing Disclosure Agreement

\$76,780,000\*

North Royalton City School District, Ohio  
School Improvement Refunding Bonds, Series 2025

### CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of \_\_\_\_\_, 2025 (the Agreement), is made, signed and delivered by **NORTH ROYALTON CITY SCHOOL DISTRICT, OHIO**, a school district and political subdivision duly organized and existing under the laws of the State of Ohio (the School District), for the benefit of the Holders and Beneficial Owners (as defined herein) from time to time of the School District's \$76,780,000\* School Improvement Refunding Bonds, Series 2025 (the Bonds), authorized Resolution No. 2025-79, adopted by the Board of Education of the School District on March 3, 2025 (the Bond Resolution).

### RECITAL

The School District, by adoption of the Bond Resolution, has determined to issue the Bonds to provide funds for School District purposes, and Stifel, Nicolaus & Company, Incorporated (the Participating Underwriter), has agreed to provide those funds to the School District by purchasing the Bonds. As a condition to the purchase of the Bonds from the School District and the sale of Bonds to Holders and Beneficial Owners, the Participating Underwriter is required to reasonably determine that the School District has undertaken, in a written agreement for the benefit of Holders and Beneficial Owners of the Bonds, to provide certain information in accordance with the Rule (as defined herein).

NOW, THEREFORE, in accordance with the Bond Resolution, the School District covenants and agrees as set forth in this Continuing Disclosure Agreement.

**Section 1.** Purpose of Continuing Disclosure Agreement. This Agreement is being entered into, signed and delivered for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter of the Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (SEC) pursuant to the Securities Exchange Act of 1934, as may be amended from time to time (the Rule).

**Section 2.** Definitions. In addition to the definitions set forth above, the following capitalized terms shall have the following meanings in this Agreement, unless the context clearly otherwise requires. Reference to "Sections" shall mean sections of this Agreement.

"Annual Filing" means any Annual Information Filing provided by the School District pursuant to, and as described in, Sections 3 and 4.

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\* Preliminary, subject to change.

“Audited Financial Statements” means the audited basic financial statements of the School District, prepared in conformity with generally accepted accounting principles.

“Beneficial Owner” means any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“EMMA” means the Electronic Municipal Market Access system of the MSRB; information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“Filing Date” means the last day of the ninth month following the end of each Fiscal Year (or the next succeeding business day if that day is not a business day), beginning March 31, 2026 (as to the financial information and operating data described in Section 4(a), starting with such information and data for Fiscal Year 2025), and, as to the Audited Financial Statements, when and if available, starting with the Audited Financial Statements for Fiscal Year 2025, when and if available.

“Financial Obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guarantee of an obligation or instrument described in either clause (i) or (ii). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the 12-month period beginning on July 1 of each year or such other 12-month period as the School District shall adopt as its fiscal year.

“Holder” means, with respect to the Bonds, the person in whose name a Bond is registered in accordance with the Bond Resolution.

“MSRB” means the Municipal Securities Rulemaking Board.

“Obligated Person” means, any person, including the issuer of municipal securities (such as the Bonds), who is generally committed by contract or other arrangement to support payment of all or part of the obligations on the municipal securities being sold in an offering document (such as the Official Statement); the School District is the only Obligated Person for the Bonds.

“Official Statement” means the Official Statement for the Bonds dated \_\_\_\_\_, 2025.

“Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Specified Events” means any of the events with respect to the Bonds as set forth in Section 5(a).

“State” means the State of Ohio.

### **Section 3.** Provision of Annual Information.

(a) The School District shall provide (or cause to be provided) not later than the Filing Date to the MSRB an Annual Filing, which is consistent with the requirements of Section 4. The Annual Filing shall be submitted in an electronic format and contain such identifying information as is prescribed by the MSRB, and may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4; provided that the Audited Financial Statements of the School District may be submitted separately from the balance of the Annual Filing and later than the Filing Date if they are not available by that date. If the School District's Fiscal Year changes, it shall give notice of such change in the same manner as for a Specified Event under Section 5.

(b) If the School District is unable to provide to the MSRB an Annual Filing by the Filing Date, the School District shall, in a timely manner, send a notice to the MSRB in an electronic format as prescribed by the MSRB.

**Section 4.** Content of Annual Filing. The School District's Annual Filing shall contain or include by reference the following:

(a) Financial information and operating data of the type included in the Official Statement under the captions: the table of the historical and projected enrollment in the School District's schools under **The School System – Enrollment; Ad Valorem Property Taxes – Assessed Valuation** (including the table of the largest School District taxpayers), – **Collections** and – **Delinquencies**, together with information as to overlapping and School District tax rates; **State School Funding System; School District Debt and Other Long-Term Obligations**, including **Debt Tables**, as applicable; and **Appendices A and B-2**.

(b) The Audited Financial Statements of the School District utilizing generally accepted accounting principles applicable to governmental units as described in the Official Statement, except as may be modified from time to time and described in such financial statements.

The foregoing shall not obligate the School District to prepare or update projections of any financial information or operating data.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the School District or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. The School District shall clearly identify each such other document so included by reference.

### **Section 5.** Reporting Specified Events.

(a) The School District shall provide (or cause to be provided) to the MSRB, in an electronic format and containing such identifying information as is prescribed by the MSRB and in a timely manner but not later than ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds, as specified by the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;  
(a)
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;  
(a)
- (5) Substitution of credit or liquidity providers, or their failure to perform; (a)
- (6) (Issuance of) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security (*i.e.*, the Bonds), or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers; (b)
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material; (c)
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person; Note: For the purposes of the event identified in this subparagraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.
- (13) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

Note:

- (a) *The School District has not obtained or provided, and does not expect to obtain or provide, any debt service reserves, credit enhancements or credit or liquidity providers for the Bonds.*
- (b) *Any scheduled redemption of Bonds pursuant to mandatory sinking fund redemption requirements does not constitute a specified event within the meaning of the Rule.*
- (c) *Repayment of the Bonds is not secured by a lien on any property capable of release or sale or for which other property may be substituted.*

For the Specified Events described in Section 5(a) (2), (6, as applicable), (7), (8, as applicable), (10), (13), (14) and (15), the School District acknowledges that it must make a determination whether such Specified Event is material under applicable federal securities laws in order to determine whether a filing is required.

**Section 6. Amendments.** The School District reserves the right to amend this Agreement, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to (a) achieve its compliance with any applicable federal securities law or rule, (b) cure any ambiguity, inconsistency or formal defect or omission and (c) address any change in circumstances arising from a change in legal requirements, change in law or change in the identity, nature or status of the School District or type of business conducted by the School District. Any such amendment or waiver shall not be effective unless the Agreement (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the School District shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the School District that the amendment or waiver would not materially impair the interests of Holders or Beneficial Owners, or (ii) the written consent to the amendment or waiver of the Holders of at least a majority of the principal amount of the Bonds then outstanding. An Annual Filing containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided. If the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (A) the School District shall provide notice of such change in the same manner as for a Specified Event under Section 5 and (B) the Annual Filing for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements or information as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 7. Additional Information.** Nothing in this Agreement shall be deemed to prevent the School District from disseminating any other information, using the means of dissemination set forth in this Agreement or providing any other means of communication, or including any other information in any Annual Filing or providing notice of the occurrence of an event, in addition to that which is required by this Agreement. If the School District chooses to include any information in any document or notice of occurrence of an event in addition to that which is specifically required by this Agreement, the School District shall have no obligation under

this Agreement to update such information or include it in any future Annual Filing or notice of occurrence of a Specified Event.

**Section 8. Remedy for Breach.** This Agreement shall be solely for the benefit of the Holders and Beneficial Owners from time to time of the Bonds. The exclusive remedy for any breach of the Agreement by the School District shall be limited, to the extent permitted by law, to a right of Holders and Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the School District of its obligations under this Agreement in a court in the County of Cuyahoga, Ohio. Any such proceedings shall be instituted and maintained only in accordance with Section 133.25(B)(4)(b) or (C)(1) of the Revised Code (or any like or comparable successor provisions); provided that any Holder or Beneficial Owner may exercise individually any such right to require the School District to specifically perform its obligation to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any Beneficial Owner seeking to require the School District to comply with this Agreement shall first provide at least 30 days' prior written notice to the School District of the School District's failure, giving reasonable detail of such failure, following which notice the School District shall have 30 days to comply. A default under this Agreement shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Agreement in the event of any failure of the School District to comply with this Agreement shall be an action to compel performance. No person or entity shall be entitled to recover monetary damages under this Agreement.

**Section 9. Appropriation.** The performance by the School District of its obligations under this Agreement shall be subject to the availability of funds and their annual appropriation to meet costs that the School District would be required to incur to perform those obligations. The School District shall provide notice to the MSRB in the same manner as for a Specified Event under Section 5 of the failure to appropriate funds to meet costs to perform the obligations under this Agreement.

**Section 10. Termination.** The obligations of the School District under the Agreement shall remain in effect only for such period that the Bonds are outstanding in accordance with their terms and the School District remains an Obligated Person with respect to the Bonds within the meaning of the Rule. The obligation of the School District to provide the information and notices of the events described above shall terminate, if and when the School District no longer remains such an Obligated Person. If any person, other than the School District, becomes an Obligated Person relating to the Bonds, the School District shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

**Section 11. Dissemination Agent.** The School District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor dissemination agent.

**Section 12. Beneficiaries.** This Agreement shall inure solely to the benefit of the School District, any dissemination agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**Section 13.** Recordkeeping. The School District shall maintain records of all Annual Filings and notices of Specified Events and other events, including the content of such disclosure, the names of the entities with whom such disclosures were filed and the date of filing such disclosure.

**Section 14.** Governing Law. This Agreement shall be governed by the laws of the State.

**[Signature Page Follows]**

IN WITNESS WHEREOF, the School District has caused this Continuing Disclosure Agreement to be duly signed and delivered to the Participating Underwriter, as part of the Bond proceedings and in connection with the original delivery of the Bonds to the Participating Underwriter, on its behalf by its officials signing below, all as of the date set forth above, and the Holders and Beneficial Owners from time to time of the Bonds, shall be deemed to have accepted this Agreement made in accordance with the Rule.

**NORTH ROYALTON CITY  
SCHOOL DISTRICT, OHIO**

By: *Exhibit – Not for Signature*  
President, Board of Education

By: *Exhibit – Not for Signature*  
Superintendent

By: *Exhibit – Not for Signature*  
Treasurer, Board of Education



**CERTIFICATE OF FISCAL OFFICER –  
CONTINUING DISCLOSURE AGREEMENT**

As fiscal officer of North Royalton City School District, Ohio, I certify that the amount required to meet the obligation of the School District under the Agreement made by the School District in accordance with the Rule, as set forth in the Bond Resolution and the attached Continuing Disclosure Agreement, during Fiscal Year 2025, has been lawfully appropriated by the School District for such purpose and is in the School District treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This Certificate is given in compliance with Section 5705.41 of the Revised Code.

Dated: \_\_\_\_\_, 2025

*Exhibit – Not for Signature*

Treasurer, Board of Education

North Royalton City School District,