

ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY

SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025



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School Board of Directors
Alexander Local School District
6091 Ayers Rd
Albany, OH 45710

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

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

KEITH FABER
Ohio Auditor of State

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

May 26, 2026

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**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

JUNE 30, 2025

TABLE OF CONTENTS

Independent Auditor's Report	1
Prepared by Management :	
Management's Discussion and Analysis.....	5 - 13
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	14
Statement of Activities – Modified Cash Basis.....	15
Fund Financial Statements:	
Statement of Assets and Fund Balances - Modified Cash Basis - Governmental Funds.....	16
Reconciliation of Total Governmental Fund Cash Balances to Net Cash Position of Governmental Activities - Modified Cash Basis.....	17
Statement of Cash Receipts, Cash Expenditures and Changes in Fund Balances - Modified Cash Basis - Governmental Funds	18
Reconciliation of the Cash Receipts, Cash Expenditures and Changes in Cash Balances of Governmental Funds to the Statement of Activities - Modified Cash Basis	19
Statement of Cash Receipts, Cash Disbursements and Changes in Modified Cash Basis Fund Balance - Budget and Actual (Budget Basis):	
General Fund	20
School-Wide Building Program Fund	21
Statement of Net Position – Proprietary Funds – Modified Cash Basis.....	22
Statement of Cash Receipts, Cash Disbursements and Changes in Net Cash Position – Modified Cash Basis – Proprietary Funds	23
Notes to the Basic Financial Statements.....	24 – 56

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

JUNE 30, 2025

**TABLE OF CONTENTS
(Continued)**

Other Information:	
Schedule of the District's Proportionate Share of Net Pension Liability	58
Schedule of the District Contributions	60
Schedule of the District's Proportionate Share of Other Postemployment Benefits Liability	62
Schedule of the District Contributions for Other Postemployment Benefits	64
Notes to the Required Supplementary Information	66 – 70
Schedule of Expenditures of Federal Award	72
Notes to the Schedule of Expenditures of Federal Awards	73
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standard</i>	74
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	76
Schedule of Findings	80
Prepared by Management:	
Summary Schedule of Prior Audit Findings	81
Corrective Action Plan	82

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INDEPENDENT AUDITOR'S REPORT

Alexander Local School District
Athens County
6091 Ayers Road
Albany, Ohio 45710

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alexander Local School District, Athens County, Ohio (the District), as of and for the fiscal year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Alexander Local School District, Athens County, Ohio as of June 30, 2025, and the respective changes in financial position and the respective budgetary comparison for the General fund, and School Wide Building Program funds for the fiscal year then ended in accordance with the modified cash basis of accounting described in Note 2.

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.

Emphasis of Matter - Accounting Basis

Ohio Administrative Code 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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.

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is (are) presented for purposes of additional analysis and is not a required part of the 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 to 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, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

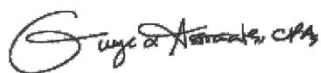
Other Information

We applied no procedures Management's Discussion and Analysis, and Schedules of Net Pension and Other Post-Employment Benefit Liabilities and Pension and Other Post-Employment Benefit Contributions as listed in the Table of Contents. Accordingly, we express no opinion or any other assurance on it.

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 have also issued our report dated March 27, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Columbus, Ohio
March 27, 2026

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025 (Unaudited)

The discussion and analysis of the Alexander Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- ▶ The net position of the District at June 30, 2025 is \$15,108,995. This balance was comprised of a \$5,371,617 balance in net position amounts restricted for specific purposes and a balance of \$9,737,378 in unrestricted net position.
- ▶ In total, net position of governmental activities increased by \$1,218,410, which represents an 8.77 percent increase from 2024.
- ▶ General receipts accounted for \$21,568,251 or 88.87 percent of all receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$2,700,778 or 11.13 percent of total receipts of \$24,269,029.
- ▶ The District had \$23,050,619 in disbursements related to governmental activities; \$2,700,778 of these disbursements were offset by program specific charges for services and sales, grants or contributions. General receipts (primarily taxes and grants and entitlements) of \$21,568,251 were used to provide for the remainder of these programs.
- ▶ The District recognizes three major governmental funds: the General, School Wide Building Program, and Capital Project Funds. In terms of dollars received and spent, the General Fund is larger than any of the other funds of the District. The General Fund had \$22,314,025 in receipts and \$15,009,871 in disbursements in fiscal year 2025.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Reporting the District as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. These statements include assets using the Modified Cash Basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting takes into account all of the current year's receipts and disbursements based on when cash is received or paid.

The Statement of Net Position presents information on the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting receipts growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The Statement of Activities presents information showing how the government's net position changed during the recent fiscal year. All changes in net position are reported as cash received or paid. Thus, receipts and disbursements are reported in this statement for some items that will only result in cash flows in the current fiscal period.

In both of the government-wide financial statements, the District activities are shown as governmental activities. All of the District's programs and services are reported here including instructional services, support services, operation of non-instructional services, and extracurricular activities. These services are funded primarily by taxes, tuition and fees, and intergovernmental receipts including federal and state grants and other shared receipts.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General, School Wide Building Program and Capital Project Funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of two categories: governmental and proprietary funds.

ALEXANDER LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on inflows and outflows of spendable cash, as well as on balances of spendable cash available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called the Modified Cash Basis of accounting.

Proprietary Funds

The District maintains one proprietary fund, which is an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions of the workers compensation program.

Notes to the Basic Financial Statements

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

Government-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the District as a whole, showing assets, liabilities, and the difference between them (net position). Table 1 provides a summary of the District's net position for fiscal year 2025 compared to fiscal year 2024:

Table 1
Net Position at Year End

	Governmental Activities	
	2025	2024
<u>Assets:</u>		
Cash and Cash Equivalents	\$ 15,108,995	\$ 13,890,585
<i>Total Assets</i>	<u>15,108,995</u>	<u>13,890,585</u>
<u>Net Position:</u>		
Restricted	5,371,617	1,621,192
Unrestricted	9,737,378	12,269,393
<i>Total Net Position</i>	<u>\$15,108,995</u>	<u>\$13,890,585</u>

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

(Unaudited)

Cash and cash equivalents increased \$1,218,410 from fiscal year 2024 due to decreases in various expense categories.

The District's largest portion of net position is unrestricted assets. This net position represents resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of \$5,371,617 is restricted net position. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2025 and comparisons to fiscal year 2024.

Table 2
Changes in Net Position

	Governmental Activities	
	2025	2024
<u>Receipts:</u>		
<i>Program Receipts:</i>		
Charges for Services and Sales	\$1,070,876	\$1,035,443
Operating Grants and Contributions	1,629,902	3,379,406
<i>General Receipts:</i>		
Property Taxes	7,926,056	7,678,302
Income Taxes	2,067,519	2,170,340
Unrestricted Grants and Entitlements	10,731,033	10,569,989
Investment Earnings	654,481	679,089
Proceeds from the Sale of Capital Assets	5,400	8,150
Insurance Recoveries	0	6,563
Miscellaneous	183,762	223,371
<i>Total Receipts</i>	24,269,029	25,750,653

(Continued)

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

(Unaudited)

Disbursements:

Program Disbursements:

Instruction:

Regular	\$8,644,060	\$8,868,892
Special	2,606,325	2,627,886
Vocational	224,715	209,819
Student Intervention Services	179,530	145,312
Other	337,260	270,994

Support Services:

Pupils	1,844,453	1,843,013
Instructional Staff	525,886	549,550
Board of Education	123,341	111,523
Administration	1,833,429	1,775,690
Fiscal	615,263	591,839
Operation and Maintenance of Plant	2,109,592	2,104,488
Pupil Transportation	1,338,502	1,598,793
Central	313,110	266,484

Operation of Non-Instructional Services

Food Service	768,995	811,535
Other	27,856	99,297
Extracurricular Activities	655,984	672,279
Capital Outlay	660,060	1,789,912
Principal Retirement	205,000	690,000
Interest and Fiscal Charges	37,258	51,395

<i>Total Disbursements</i>	<u>23,050,619</u>	<u>25,078,701</u>
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<i>Change in Net Position</i>	1,218,410	671,952
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Net Position at Beginning of Year	<u>13,890,585</u>	<u>13,218,633</u>
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Net Position at End of Year	<u><u>\$15,108,995</u></u>	<u><u>\$13,890,585</u></u>
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ALEXANDER LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)*

The most significant program disbursements for the District are Regular Instruction, Special Instruction, Operation and Maintenance of Plant, Pupils, and Administration. These programs account for 73.91 percent of the total governmental activities. Regular Instruction, which accounts for 37.50 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 11.31 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Operation and Maintenance of Plant, which represents 9.15 percent of the total, represents costs associated with the operating and maintaining the District's facilities. Pupils, which represents 8.00 percent of the total, represents costs associated with activities designed to assess and improve the well-being of pupils and supplement the teaching process. Administration, which represents 7.95 percent of the total, represents costs associated with the overall administration responsibility for each building and the District as a whole.

As noted previously, the net position for the governmental activities increased \$1,218,410 or 8.77 percent. This is a change from last year when net position increased \$671,952 or 5.08 percent. Total receipts decreased \$1,481,624 or 5.75 percent from last year and disbursements decreased \$2,028,082 or 8.09 percent over last year.

The District had a decrease in program receipts of \$1,714,071 and an increase in general receipts of \$232,447. The decrease in program receipts is due to a decrease in ESSER funding which is operating grants and contributions in fiscal year 2025. The increase in general receipts is primarily due to increases in property taxes received and state foundation funding which is unrestricted grants and entitlements during fiscal year 2025.

The total disbursements for governmental activities decreased \$2,028,082 primarily as the result of decreases in instruction, pupil transportation, non-instruction, extracurricular activities and capital outlay in fiscal year 2025.

The majority of the funding for the most significant programs indicated above is from property taxes and grants and entitlements not restricted for specific programs. Property taxes and grants and entitlements not restricted for specific programs accounts for 76.88 percent of total receipts.

Governmental Activities

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes and intergovernmental receipts and, like most Ohio schools, is hampered by a lack of receipts growth. Property taxes made up 32.66 percent and intergovernmental receipts made up 50.93 percent of the total receipts for the governmental activities in fiscal year 2025.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall receipts generated by a levy will not increase solely as a result of inflation. As an example, the District would receive from a home valued at \$100,000 and taxed at 1.0 mill, \$35.00 annually. If three years later the home were reappraised and the value increased to \$200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive \$35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

(Unaudited)

The District's intergovernmental receipts consist of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2025, the District received \$9,786,591 through the State's foundation program, which represents 40.33 percent of the total receipts for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.

Instruction accounts for 52.02 percent of governmental program disbursements. Support services disbursements make up 37.76 percent of governmental disbursements. The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2025 and comparisons to fiscal year 2024. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements.

Table 3
Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2025	2025	2024	2024
<i>Program Disbursements:</i>				
Instruction	\$11,991,890	10,593,953	\$12,122,903	\$9,821,500
Support Services	8,703,576	8,342,147	8,841,380	7,761,245
Operation of Non-Instructional Services	796,851	131,270	910,832	107,443
Extracurricular Activities	655,984	380,153	672,279	442,357
Capital Outlay	660,060	660,060	1,789,912	1,789,912
Principal Retirement	205,000	205,000	690,000	690,000
Interest and Fiscal Charges	37,258	37,258	51,395	51,395
Total Disbursements	<u>\$23,050,619</u>	<u>\$20,349,841</u>	<u>\$25,078,701</u>	<u>\$20,663,852</u>

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

(Unaudited)

The District's Funds

The District's governmental funds are accounted for using the modified cash basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total receipts and other financing sources of \$34,825,936 and total disbursements and other financing uses of \$33,621,684.

Total governmental funds fund balance increased by \$1,204,252. The increase in fund balance for the year was most significant in the Capital Project Fund, where an increase of \$4,552,000 occurred as a result of an increase in transfers in for fiscal year 2025. The fund balance in the School Wide Building Program Fund increased \$30,633 due to a decrease in expenditures for fiscal year 2025. The fund balance in the General Fund decreased \$2,547,837 due to a more significant increase in transfers out over an increase in receipts for fiscal year 2025.

The District should remain stable through fiscal year 2029. However, projections beyond fiscal year 2029 show the District may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

Budget Highlights - General Fund

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a Modified Cash Basis for receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2025, the District amended its General Fund budget several times. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisor's flexibility for site management. The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis receipts and other financing sources were \$21,554,176 representing a \$77,490 change from the original budget estimates of \$21,631,666. For the General Fund, the final budget basis disbursements and other financing uses were \$27,791,740 representing a \$6,235,336 change from the original budget estimates of \$21,556,404.

ALEXANDER LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Debt Administration

At June 30, 2025 the District had \$810,000 in general obligation debt outstanding with \$105,000 due within one year. Table 4 summarizes bonds, notes and lease purchase agreement outstanding for fiscal year 2025 compared to fiscal year 2024.

Table 4
Outstanding Debt, Governmental Activities at Year End

Purpose	Governmental Activities	
	2025	2024
Energy Conservation Notes	\$0	\$105,000
Lease Purchase Agreement	810,000	910,000
Total	<u>\$810,000</u>	<u>\$1,015,000</u>

More detailed information pertaining to the District's long-term debt activity can be found in notes 12 and 13 of the notes to the basic financial statements.

Current Issues

Although considered a mid-wealth district, the District has remained financially stable over the past few years despite relatively little increases to operating revenues. As indicated in the preceding financial information, the District is dependent on property taxes. Property tax revenue does not increase solely as a result of inflation except for inside millage. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding to meet inflation. Careful financial planning has permitted the District to provide a quality education for our students. Although the District has continued to keep spending in line with revenues, this must continue if the District hopes to remain on firm financial footing. In December 2024, the District 1% earned income tax expired resulting in approximately \$2.2m loss in revenue.

State Budget:

Externally, the District is largely dependent on State and Federal funding sources (nearly 45 percent of the District's operating funds come from State foundation payments). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. The District has seen enrollment stay relatively flat in recent years with some slight decline. The District has not had an increase in State funding and has been on the "guarantee" since 2009.

Local Valuations:

New residential/agricultural real estate growth is expected to slow slightly as compared to prior years. However, the District did undergo a reappraisal in 2020 for Athens County and in 2022 for Meigs County, which added approximately 5% to residential/agricultural values for each year. New construction added 1.7% in residential/agricultural valuation for 2023. Valuation growth drives local tax collection growth. The next reappraisal for Meigs County will be in 2028 and for Athens County in 2026.

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

(Unaudited)

Staffing & Negotiated Increases:

The Board has ratified contracts with the certified staff through August 31, 2027 and with the classified staff through June 30, 2027. Both contracts include base salary increases of 4% in years one and two, and 3% increases in year three. The Board extended the same base salary increases to the other classified and administrative employees of the District.

Health Insurance:

Currently, all employers are faced with the challenge of increasing health insurance costs. Over the past few years, the District's increases in health insurance have averaged about 16%. During contract negotiations the District was able to move all employees to a Health Saving Account, beginning January 2025. This is a significant saving for the District as well as the employees. The District continues to work on health care cost.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information contact Kimberley Napper, Treasurer of the Alexander Local School District, 6091 Ayers Road, Albany, Ohio 45710.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Net Position - Modified Cash Basis
June 30, 2025

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$15,108,995
<i>Total Assets</i>	\$15,108,995
<u>Net Position:</u>	
<i>Restricted for:</i>	
Capital Projects	\$4,552,000
Debt Service	33,799
Other Purposes	785,818
Unrestricted	9,737,378
<i>Total Net Position</i>	\$15,108,995

See the accompanying notes to the financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT

Statement of Activities - Modified Cash Basis

For the Fiscal Year Ended June 30, 2025

		Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>				
<i>Instruction:</i>				
Regular	\$8,644,060	\$778,774	\$182,113	(\$7,683,173)
Special	2,606,325	0	418,734	(2,187,591)
Vocational	224,715	0	0	(224,715)
Student Intervention Services	179,530	0	18,316	(161,214)
Other	337,260	0	0	(337,260)
<i>Support Services:</i>				
Pupils	1,844,453	654	333,737	(1,510,062)
Instructional Staff	525,886	0	0	(525,886)
Board of Education	123,341	0	0	(123,341)
Administration	1,833,429	0	0	(1,833,429)
Fiscal	615,263	0	0	(615,263)
Operation and Maintenance of Plant	2,109,592	0	23,056	(2,086,536)
Pupil Transportation	1,338,502	0	0	(1,338,502)
Central	313,110	0	3,982	(309,128)
<i>Operation of Non-Instructional Services:</i>				
Food Service	768,995	76,448	589,133	(103,414)
Other	27,856	0	0	(27,856)
Extracurricular Activities	655,984	215,000	60,831	(380,153)
Capital Outlay	660,060	0	0	(660,060)
<i>Debt Service:</i>				
Principal Retirement	205,000	0	0	(205,000)
Interest and Fiscal Charges	37,258	0	0	(37,258)
<i>Total Governmental Activities</i>	<u>\$23,050,619</u>	<u>\$1,070,876</u>	<u>\$1,629,902</u>	<u>(20,349,841)</u>
<u>General Receipts:</u>				
<i>Property Taxes Levied for:</i>				
General Purposes				7,926,056
Income Taxes				2,067,519
Grants and Entitlements not Restricted to Specific Programs				10,731,033
Investment Earnings				654,481
Proceeds from the Sale of Capital Assets				5,400
Miscellaneous				183,762
<i>Total General Receipts</i>				<u>21,568,251</u>
Change in Net Position				1,218,410
<i>Net Position at Beginning of Year</i>				<u>13,890,585</u>
<i>Net Position at End of Year</i>				<u>\$15,108,995</u>

See the accompanying notes to the financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	School Wide Building Program	Capital Projects	All Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$9,324,996	\$0	\$4,552,000	\$1,148,022	\$15,025,018
Interfund Receivable	469,721	0	0	0	469,721
<i>Total Assets</i>	<u>\$9,794,717</u>	<u>\$0</u>	<u>\$4,552,000</u>	<u>\$1,148,022</u>	<u>\$15,494,739</u>
<u>Liabilities:</u>					
Interfund Payable	\$0	\$469,721	\$0	\$0	\$469,721
<i>Total Liabilities</i>	<u>0</u>	<u>469,721</u>	<u>0</u>	<u>0</u>	<u>469,721</u>
<u>Fund Balances:</u>					
Nonspendable	726	0	0	0	726
Restricted	0	0	0	1,148,022	1,148,022
Committed	0	0	4,552,000	0	4,552,000
Assigned	396,744	0	0	0	396,744
Unassigned	9,397,247	(469,721)	0	0	8,927,526
<i>Total Fund Balances</i>	<u>9,794,717</u>	<u>(469,721)</u>	<u>4,552,000</u>	<u>1,148,022</u>	<u>15,025,018</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$9,794,717</u>	<u>\$0</u>	<u>\$4,552,000</u>	<u>\$1,148,022</u>	<u>\$15,494,739</u>

See the accompanying notes to the financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
*Reconciliation of Total Governmental Fund Cash Balances to
Net Cash Position of Governmental Activities - Modified Cash Basis
June 30, 2025*

Total Governmental Fund Cash Balances	\$15,025,018
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*Amounts reported for governmental activities in the
Statement of Net Position are different because:*

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities in the Statement of Net Position.

83,977

Net Position of Governmental Activities

<u>\$15,108,995</u>

See the accompanying notes to the financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances - Modified Cash Basis
 Governmental Funds
 For the Fiscal Year Ended June 30, 2025

	General	School Wide Building Program	Capital Projects	All Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes	\$7,926,056	\$0	\$0	\$0	\$7,926,056
Income Tax	2,067,519	0	0	0	2,067,519
Intergovernmental	10,731,034	0	0	1,561,734	12,292,768
Interest	654,481	0	0	0	654,481
Tuition and Fees	726,704	0	0	0	726,704
Rent	52,070	0	0	0	52,070
Extracurricular Activities	654	0	0	215,000	215,654
Gifts and Donations	7,336	0	0	60,831	68,167
Customer Sales and Services	0	0	0	76,448	76,448
Miscellaneous	148,171	0	0	35,591	183,762
<i>Total Receipts</i>	<u>22,314,025</u>	<u>0</u>	<u>0</u>	<u>1,949,604</u>	<u>24,263,629</u>
<u>Disbursements:</u>					
<i>Current:</i>					
<i>Instruction:</i>					
Regular	5,066,881	3,548,243	0	43,094	8,658,218
Special	1,408,677	1,197,348	0	300	2,606,325
Vocational	224,715	0	0	0	224,715
Student Intervention Services	29,832	134,405	0	15,293	179,530
Other	337,260	0	0	0	337,260
<i>Support Services:</i>					
Pupils	1,228,278	447,092	0	169,083	1,844,453
Instructional Staff	525,886	0	0	0	525,886
Board of Education	123,341	0	0	0	123,341
Administration	1,346,191	487,238	0	0	1,833,429
Fiscal	615,263	0	0	0	615,263
Operation and Maintenance of Plant	1,923,354	0	0	186,238	2,109,592
Pupil Transportation	1,338,502	0	0	0	1,338,502
Central	309,128	0	0	3,982	313,110
Operation of Non-Instructional Services	27,856	0	0	768,995	796,851
Extracurricular Activities	369,628	0	0	286,356	655,984
Capital Outlay	0	0	0	660,060	660,060
<i>Debt Service:</i>					
Principal Retirement	100,000	0	0	105,000	205,000
Interest and Fiscal Charges	35,079	0	0	2,179	37,258
<i>Total Disbursements</i>	<u>15,009,871</u>	<u>5,814,326</u>	<u>0</u>	<u>2,240,580</u>	<u>23,064,777</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>7,304,154</u>	<u>(5,814,326)</u>	<u>0</u>	<u>(290,976)</u>	<u>1,198,852</u>
<u>Other Financing Sources (Uses):</u>					
Proceeds from the Sale of Capital Assets	5,400	0	0	0	5,400
Transfers In	0	5,844,959	4,552,000	159,948	10,556,907
Transfers Out	<u>(9,857,391)</u>	<u>0</u>	<u>0</u>	<u>(699,516)</u>	<u>(10,556,907)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(9,851,991)</u>	<u>5,844,959</u>	<u>4,552,000</u>	<u>(539,568)</u>	<u>5,400</u>
<i>Net Change in Fund Balances</i>	<u>(2,547,837)</u>	<u>30,633</u>	<u>4,552,000</u>	<u>(830,544)</u>	<u>1,204,252</u>
<i>Fund Balances at Beginning of Year, Previously Reported</i>	<u>12,342,554</u>	<u>(500,354)</u>	<u>0</u>	<u>409,008</u>	<u>12,251,208</u>
Restatement for Change Within Reporting Entity	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,569,558</u>	<u>1,569,558</u>
<i>Fund Balances at Beginning of Year, As Restated</i>	<u>12,342,554</u>	<u>(500,354)</u>	<u>0</u>	<u>1,978,566</u>	<u>13,820,766</u>
<i>Fund Balances at End of Year</i>	<u>\$9,794,717</u>	<u>(\$469,721)</u>	<u>\$4,552,000</u>	<u>\$1,148,022</u>	<u>\$15,025,018</u>

See the accompanying notes to the financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
*Reconciliation of the Statement of Cash Receipts, Cash Disbursements and Changes
in Fund Cash Balances of Governmental Funds to the Statement of Activities -
Modified Cash Basis
For the Fiscal Year Ended June 30, 2025*

Net Change in Fund Cash Balances - Total Governmental Funds	\$1,204,252
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*Amounts reported for governmental activities in the
Statement of Activities are different because:*

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide Statement of Activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.

14,158

Change in Net Position of Governmental Activities

<u><u>\$1,218,410</u></u>

See the accompanying notes to the financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2025*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Receipts:</u>				
Property Taxes	\$7,759,227	\$7,759,227	\$7,926,056	\$166,829
Income Taxes	1,966,259	1,966,259	2,067,519	101,260
Intergovernmental	10,509,812	10,435,523	10,731,034	295,511
Interest	598,794	598,794	654,481	55,687
Tuition and Fees	557,318	557,318	721,257	163,939
Rent	55,505	55,505	52,070	(3,435)
Gifts and Donations	2,270	0	60	60
Miscellaneous	167,605	166,674	139,565	(27,109)
<i>Total Receipts</i>	<u>21,616,790</u>	<u>21,539,300</u>	<u>22,292,042</u>	<u>752,742</u>
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	5,215,586	5,664,252	5,075,926	588,326
Special	1,514,338	1,568,275	1,408,677	159,598
Vocational	236,367	236,367	224,715	11,652
Student Intervention Services	29,832	29,832	29,832	0
	231,180	485,567	490,832	(5,265)
<i>Support Services:</i>				
Pupils	1,085,273	1,182,431	1,221,422	(38,991)
Instructional Staff	730,097	730,097	545,513	184,584
Board of Education	117,183	145,045	123,341	21,704
Administration	1,387,431	1,477,176	1,354,873	122,303
Fiscal	625,035	626,533	616,263	10,270
Operation and Maintenance of Plant	1,838,437	2,518,376	2,081,264	437,112
Pupil Transportation	1,592,106	1,668,999	1,338,877	330,122
Central	260,412	260,412	309,128	(48,716)
Operation of Non-Instructional Services	52,810	52,810	37,357	15,453
Extracurricular Activities	378,662	401,812	369,628	32,184
<i>Debt Service:</i>				
Principal Retirement	99,736	99,736	100,000	(264)
Interest and Fiscal Charges	30,596	30,596	35,079	(4,483)
Capital Outlay	756,033	756,033	0	756,033
<i>Total Disbursements</i>	<u>16,181,114</u>	<u>17,934,349</u>	<u>15,362,727</u>	<u>2,571,622</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>5,435,676</u>	<u>3,604,951</u>	<u>6,929,315</u>	<u>3,324,364</u>
<u>Other Financing Sources (Uses):</u>				
Proceeds from the Sale of Capital Assets	8,313	8,313	5,400	(2,913)
Insurance Recoveries	6,563	6,563	0	(6,563)
Transfers Out	(5,375,290)	(9,857,391)	(9,857,391)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(5,360,414)</u>	<u>(9,842,515)</u>	<u>(9,851,991)</u>	<u>(9,476)</u>
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	<u>75,262</u>	<u>(6,237,564)</u>	<u>(2,922,676)</u>	<u>3,314,888</u>
Fund Balance at Beginning of Year	12,124,523	12,124,523	12,124,523	0
Prior Year Encumbrances Appropriated	165,567	165,567	165,567	0
Fund Balance at End of Year	<u>\$12,365,352</u>	<u>\$6,052,526</u>	<u>\$9,367,414</u>	<u>\$3,314,888</u>

See accompanying notes to the basic financial statements and accountant's report.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash Disbursements, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
School Wide Building Program Fund
For the Fiscal Year Ended June 30, 2025*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Receipts</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	1,775,068	3,559,343	3,559,343	0
Special	2,040,923	1,197,348	1,197,348	0
Other	118,111	134,405	134,405	0
<i>Support Services:</i>				
Pupils	1,289,434	447,092	447,092	0
Instructional Staff	87,130	0	0	0
Administration	1,136,699	487,238	487,238	0
<i>Total Disbursements</i>	<u>6,447,365</u>	<u>5,825,426</u>	<u>5,825,426</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,447,365)</u>	<u>(5,825,426)</u>	<u>(5,825,426)</u>	<u>0</u>
<u>Other Financing Sources:</u>				
Transfers In	7,285,700	5,897,728	5,897,728	0
Transfers Out	<u>(52,769)</u>	<u>(52,769)</u>	<u>(52,769)</u>	<u>0</u>
<i>Total Other Financing Sources</i>	<u>7,232,931</u>	<u>5,844,959</u>	<u>5,844,959</u>	<u>0</u>
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements</i>	<u>785,566</u>	<u>19,533</u>	<u>19,533</u>	<u>0</u>
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>(515,961)</u>	<u>(515,961)</u>	<u>(515,961)</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>15,607</u>	<u>15,607</u>	<u>15,607</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$285,212</u>	<u>(\$480,821)</u>	<u>(\$480,821)</u>	<u>\$0</u>

See the accompanying notes to the financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Net Position - Modified Cash Basis
Proprietary Fund
June 30, 2025

	Governmental Activities
	Internal Service
<u>Cash Assets:</u>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$83,977
<i>Total Assets</i>	<u>\$83,977</u>
 <u>Net Cash Position:</u>	
Unrestricted	\$83,977
<i>Total Net Position</i>	<u>\$83,977</u>

See the accompanying notes to the financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Net Position - Modified Cash Basis
Proprietary Fund
For the Fiscal Year Ended June 30, 2025*

	Governmental Activities
	Internal Service
<u>Operating Cash Receipts</u>	
Other Revenues	\$40,019
<u>Operating Cash Disbursements:</u>	
Other	25,861
<i>Total Operating Cash Disbursements</i>	25,861
<i>Operating Loss</i>	14,158
<i>Net Cash Position at Beginning of Year</i>	69,819
<i>Net Cash Position at End of Year</i>	\$83,977

See the accompanying notes to the financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Alexander Local School District (the "District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District provides educational services as authorized by State statute and/or federal guidelines. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The Board controls the District's facilities staffed by 78 classified and 110 teaching personnel and 9 administrative employees providing education to approximately 1,438 students.

Reporting Entity

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

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

The parent teacher organizations and booster clubs perform activities within the District's boundaries for the benefit of its residents, but are excluded from the accompanying financial statements because the District is not financially accountable for them nor are they fiscally dependent on the District.

The District is associated with six organizations, four of which are defined as jointly governed organizations, one as an affiliated organization and one as a group purchasing pool. These organizations are the Metropolitan Educational Technology Association (META) Solutions, the Tri-County Career Center, the Athens County School Employees Health and Welfare Benefit Association, the Alexander Future Foundation and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 19, 20 and 21 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting section of this note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

The District's basic financial statement consists of government-wide financial 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.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance, interfund loan balances, of the governmental and business-type activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the School District's general receipts

Fund Financial Statements

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

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with self-balancing set of accounts. The funds of the District fall within two categories: governmental and proprietary.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the District's major governmental funds:

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

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

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

School Wide Building Program Fund - This fund is used to pool Federal, State and local funds in order to upgrade the overall instructional program of a school building where at least 40 percent of the children are from low-income families.

Capital Projects Fund - This fund is used to account financial resources to be used for the acquisition, construction or improvement of school equipment or facilities.

The other governmental funds of the District accounts for grants and other resources of the District whose use is restricted to a particular purpose.

Proprietary Funds

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in a private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal Service Fund – This fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The internal service fund accounts for the District's workers compensation program.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus, and measures receipts and disbursements when cash is received or paid.

Fund Financial Statements

All governmental funds are accounted for using a flow of cash measurement focus. With this measurement focus, only cash is included on the Balance Sheet. The Statement of Receipts, Disbursements and Changes in modified cash basis Fund Balance reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of cash. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements include a reconciliation, if necessary, with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

The School District's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During the fiscal year 2025, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with 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 their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2025 amounted to \$654,481, which includes 169,973 assigned from other District funds.

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

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or imposed by enabling legislation. The District first applies restricted assets for purposes for which both restricted and unrestricted assets are available.

G. Inventory and Prepaid Items

On the Modified Cash Basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

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

I. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's modified cash basis of accounting.

J. Long-term Obligations

These Modified Cash Basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

K. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, 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.

L. Net Position

Net position represents the difference between assets and liabilities. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The government-wide Statement of Net Position reports \$5,371,617 of restricted net position, of which none is restricted by enabling legislation.

The District applies restricted resources when a disbursement is paid for purposes for which both restricted and unrestricted net position is available.

M. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

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

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the Board of Education – the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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

Assigned – amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

N. Interfund Receivables/Payables

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

The fund financial statements report outstanding interfund loans as interfund receivables/payables. Interfund loans which do not represent available expendable resources are classified as nonspendable fund balance. Interfund balances are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

O. Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board’s authorization to spend resources and 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. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2025.

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

P. Extraordinary Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Compliance

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the District prepared its financial statements on a Modified Cash Basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

B. Deficit Fund Balance

At June 30, 2025, School Wide Building Program Fund reported a deficit fund balance of \$469,721. The grant funding is provided on a reimbursement basis and as such, the District recorded the disbursement during the fiscal year but did not receive reimbursement until after the end of the fiscal year.

NOTE 4 - BUDGETARY BASIS FUND BALANCES

While the District is reporting financial position, results of operations and changes in fund balances on the Modified Cash Basis, the budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes In Fund Balance – Budget And Actual (budgetary basis) presented for the General Fund and major special revenue funds is presented on the budgetary basis to provide meaningful comparison of actual results with the budget. The difference between the budget basis and the Modified Cash Basis is outstanding year end encumbrances are treated as disbursements (budget) rather than an assignment of fund balance (cash) and some funds are included in the General Fund on the modified cash basis but not on the budgetary basis.

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ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 4 - BUDGETARY BASIS FUND BALANCES (Continued)

The following table summarizes the adjustments necessary to reconcile the Modified Cash Basis statements to the budgetary basis statement:

	<u>Net Change in Fund Cash Balance</u>	
	<u>General</u>	<u>School Wide Building Program</u>
Modified Cash Basis	(\$2,547,837)	\$30,633
Encumbrances	(346,900)	(11,100)
<i>Prospective Difference:</i>		
Activity of Funds Reclassified for Reporting Purposes	<u>(27,939)</u>	<u>0</u>
Budget Basis	<u>(\$2,922,676)</u>	<u>\$19,533</u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a modified cash basis. These funds are excluded from the budgetary presentation of the General Fund.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must be either 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 moneys. 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.

Public depositories must give security for all public funds on deposit. Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Interim monies may 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- (3) Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio;
- (5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- (6) The State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and bankers' acceptances (if authorized by the Board of Education).

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

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, in the event of a bank failure, the District's will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2025, the carrying amount of all District deposits was \$744,448. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2025, \$530,728 of the District's bank balance of \$780,278 was exposed to custodial risk as discussed above while \$250,000 was covered by Federal Deposit Insurance.

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

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

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

At June 30, 2025 the District's financial institution participated in the Ohio Pool Collateral System.

Investments: As of June 30, 2025, the School District had the following investments and maturity:

<u>Investment Type</u>	<u>Net Asset Value Per Share</u>	<u>6 Months or Less</u>
STAR Ohio	\$11,042,458	\$11,042,458
Certificate of Deposit	3,322,089	3,322,089
Total	<u>\$14,364,547</u>	<u>\$14,364,547</u>

The District categorizes its fair value measurements within the fair value hierarchy established by Modified Cash Basis 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 District has a CD at Hocking Valley Bank and STAR Ohio as their investments which is valued at their net asset value per share.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District has no investment policy that limits its credit risk other than the limitations of state laws mentioned previously. Standard and Poor's has assigned STAR Ohio Fund an "AAAm" money market rating.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy allows investments in eligible securities as described in the Ohio Revised Code.

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. District policy provides that investment collateral is held by the counter party as trust department or agent, and may be held in the name of the District or not.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property is required to be revalued every six years.

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Public utility property tax revenue received in calendar 2025 represents collections of calendar 2025 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien in December 31, 2024, were levied after April 1, 2024 and are collected in 2025 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 District receives property taxes from Athens, Meigs and Vinton Counties. The County Auditors periodically advance to the District their portion of the taxes collected. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2024 Second Half Collections		2025 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$251,658,730	72.36%	\$256,090,960	68.36%
Public Utility Personal	96,117,180	27.64%	118,505,320	31.64%
Total Assessed Value	<u>\$347,775,910</u>	<u>100.00%</u>	<u>\$374,596,280</u>	<u>100.00%</u>
Taxrate per \$1,000 of assessed valuation	\$33.70		\$33.70	

NOTE 7 - SCHOOL INCOME TAX

Up until December 31, 2024, the District benefited from a 1% income tax, which was assessed on earned income only for all residents of the District for five years. The District apportioned all the proceeds to the General Fund. During fiscal year 2025, the District generated \$2,067,519 from the school income tax.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 8 - RISK MANAGEMENT

The 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 2025, the District contracted with Ohio School Plan for property and fleet insurance, liability insurance, inland marine coverage, and public official bonds. Coverage's provided are as follows:

Description	Amount
Building and Contents - replacement cost (\$5,000 deductible)	\$ 96,355,100
Automobile Liability. Single Limit	2,000,000
Uninsured Motorists:	
Per Person	1,000,000
Per Accident	1,000,000
General Liability:	
Per Occurrence	2,000,000
Total Per Year	4,000,000
Public Officials Bonds:	
Treasurer	250,000

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

For fiscal year 2025, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), a group purchasing pool (Note 21). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of CompManagement Inc., provides administrative, cost control and actuarial services to the Plan.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

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

The net pension liability (asset) is not reported on the face of the financial statements, but rather disclosed in the notes because of the use of the Modified Cash Basis framework.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 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.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

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. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. 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. The Retirement Board of Trustees approved a 2.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries for 2025.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The District's contractually required contribution to SERS was \$492,192 for fiscal year 2025.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

The DC Plan allows members to place all 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.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

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 that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2025, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2025 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,305,356 for fiscal year 2025.

Net Pension Liability

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

	SERS	STRS	Total
<i>Proportion of the Net Pension Liability:</i>			
Current Measurement Date	0.07198350%	0.06559383%	
Prior Measurement Date	0.07494480%	0.06596194%	
Change in Proportionate Share	-0.00296130%	-0.00036811%	
Proportionate Share of the Net Pension Liability	\$3,682,386	\$12,161,313	\$15,843,699
Pension Expense (Gain)	\$278,074	\$259,074	\$537,148

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Actuarial Assumptions - SERS

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

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

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

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

	June 30, 2024	June 30, 2023
Inflation	2.40 percent	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	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	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 investment expenses	7.00 percent net of system investment expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2024 and 2023 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. Mortality among contingent survivors were based upon the 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% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

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 using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. ORC 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

Discount Rate The total pension liability for 2024 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 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2024 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 2024 was 9.31 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability	\$5,633,540	\$3,682,386	\$2,039,619

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation compared to those used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.50 percent	2.50 percent
Projected salary increases	8.50 percent at age 20 to 2.50 percent at age 65	8.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.00 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent,

Post-Retirement mortality rates for 2024 and 2023 are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

Asset Class	Target Allocation *	Long-Term Expected Real Rate of Return**
Domestic Equity	26.00%	6.90%
International Equity	22.00%	7.10%
Alternatives	19.00%	9.10%
Fixed Income	22.00%	4.50%
Real Estate	10.00%	5.10%
Liquidity Reserves	1.00%	2.40%
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 2.4 percent, and does not include investment expenses. Over a 30 year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2024, and was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2024.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability	\$20,360,389	\$12,161,313	\$6,075,384

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

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

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

NOTE 10 - POSTEMPLOYMENT BENEFITS

Net OPEB Liability

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

The net OPEB liability represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability 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.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The net OPEB liability (asset) is not reported on the face of the financial statements, but rather disclosed in the notes because of the use of the Modified Cash Basis framework.

Plan Description - School Employees Retirement System (SERS)

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

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

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

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 2025, no allocation of covered payroll 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 2025, 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 2025, the District's surcharge obligation was \$49,998.

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 District's contractually required contribution to SERS was \$49,998 for fiscal year 2025.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements was discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

Net OPEB Liability

The net OPEB liability(asset) was measured as of June 30, 2024, and the total OPEB liability(asset) used to calculate the net OPEB liability(asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Proportion of the Net OPEB Liability:</i>			
Current Measurement Date	0.07301140%	0.06559383%	
Prior Measurement Date	0.07733390%	0.06596194%	
Change in Proportionate Share	<u>-0.00432250%</u>	<u>-0.00036811%</u>	
Proportionate Share of the Net OPEB Liability	\$743,618	\$0	\$743,618
Proportionate Share of the Net OPEB Asset	\$0	(\$1,244,190)	(\$1,244,190)
OPEB Expense (Gain)	(\$166,678)	(\$251,564)	(\$418,242)

Actuarial Assumptions - SERS

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

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

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

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

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

	June 30, 2024	June 30, 2023
Inflation	2.40 percent	2.40 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense	7.00 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	3.93 percent	3.86 percent
Prior Measurement Date	3.86 percent	3.69 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	4.88 percent	4.27 percent
Prior Measurement Date	4.27 percent	4.08 percent
Medical Trend Assumption		
Medicare	7.00 to 4.40 percent	6.75 to 4.40 percent
Pre-Medicare	7.00 to 4.40 percent	6.75 to 4.40 percent

For 2024 and 2023, 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.

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2024 was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023 was 4.27 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 state statute contribution rate of 1.50 percent of projected covered employee 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 is projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023 and the June 30, 2024 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.93 percent at June 30, 2024 and 3.86 percent at June 30, 2023.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the 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 (3.88 percent) and higher (5.88 percent) than the current discount rate (4.88 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.00 percent decreasing to 3.40 percent) and higher (7.00 percent decreasing to 5.40 percent) than the current rate (6.00 percent to 4.40 percent).

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	\$991,588	\$743,618	\$546,572

	Current		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	\$502,658	\$743,618	\$1,060,340

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation and the June 30, 2023 actuarial valuation are presented below:

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.50 percent to 8.50 percent	Varies by service from 2.50 percent to 8.50 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, 3.94 percent ultimate	7.50 percent initial, 4.14 percent ultimate
Medicare	-112.22 percent initial, 3.94 percent ultimate	-10.94 percent initial, 4.14 percent ultimate
Prescription Drug		
Pre-Medicare	8.00 percent initial, 3.94 percent ultimate	-11.95 percent initial, 4.14 percent ultimate
Medicare	-15.14 percent initial, 3.94 percent ultimate	1.33 initial, 4.14 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2024; valuation is based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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:

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

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

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2024, and was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00 percent was used to measure the total OPEB liability as of June 30, 2024.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability/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 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 assumption. Also shown is the net OPEB liability/asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Asset	(\$1,011,608)	(\$1,244,190)	(\$1,446,586)

	Current		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Asset	\$1,460,258	(\$1,244,190)	(\$984,340)

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

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

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 11 - EMPLOYEE BENEFITS

Health Care Benefits

The District has elected to provide employee medical/surgical benefits, dental and prescription drug benefits through the Athens County School Employee Health and Welfare Benefit Association. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. See Note 19 for more information concerning the Athens County School Employee Health and Welfare Benefit Association.

NOTE 12 - LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the District during the 2025 fiscal year were as follows:

	Issue Date	Interest Rate	Principal Outstanding at July 1, 2024	Additions	Deductions	Principal Outstanding at June 30, 2025	Amount Due In One Year
<u>Governmental Activities:</u>							
<u>Refunding Bonds:</u>							
Energy Conservation Notes	2010	3.71- 4.18%	\$105,000	\$0	\$105,000	\$0	\$0
Total Governmental Activities Long-Term Obligations			<u>\$105,000</u>	<u>\$0</u>	<u>\$105,000</u>	<u>\$0</u>	<u>\$0</u>

During fiscal year 2010, the District issued \$1,225,000 of energy conservation notes for facility improvements. The notes will be paid using amounts from energy savings. The notes are retired through the Bond Retirement Debt Service Fund using transfers from the General Fund.

The District's voted legal debt margin was \$33,679,866 with an unvoted debt margin of \$374,596 at June 30, 2025.

NOTE 13 – OTHER LONG-TERM OBLIGATIONS

Changes in the other long-term obligations of the District during the 2025 fiscal year were as follows:

	Issue Date	Interest Rate	Principal Outstanding at July 1, 2024	Additions	Deductions	Principal Outstanding at June 30, 2025	Amount Due In One Year
<u>Governmental Activities:</u>							
Lease Purchase Agreement	2016	4.09%	910,000	0	100,000	810,000	105,000
Total Governmental Activities Other Long-Term Obligations			<u>\$910,000</u>	<u>\$0</u>	<u>\$100,000</u>	<u>\$810,000</u>	<u>\$105,000</u>

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 13 – OTHER LONG-TERM OBLIGATIONS – (Continued)

In November 2016, the District entered into a ground lease agreement with a financial institution for the construction of a Wellness Center. Simultaneously, the two parties entered into a contract to lease the property to the District, including existing and new improvements made upon the property. To facilitate the construction to the property called for within the agreement, the District received \$1,500,000 from the financial institution to provide financing for the construction of a Wellness Center. Upon final payment of all scheduled lease payments, ownership reverts back to the District.

Principal and interest components of the schedules lease purchase agreement payments outstanding at June 30, 2025 are shown below.

Year Ending			
June 30,	Principal	Interest	Total
2026	\$105,000	\$30,988	\$135,988
2027	105,000	26,693	131,693
2028	110,000	22,352	132,352
2029	115,000	17,696	132,696
2030	120,000	12,890	132,890
2031 - 2032	255,000	10,546	265,546
Totals	<u>\$810,000</u>	<u>\$121,165</u>	<u>\$931,165</u>

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ALEXANDER LOCAL SCHOOL DISTRICT*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025***NOTE 14 – FUND BALANCE**

As of June 30, 2025, fund balances are composed of the following:

	General	School Wide Building Program	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>					
Unclaimed Monies	\$726	\$0	\$0	\$0	\$726
<i>Restricted:</i>					
<i>Special Revenues:</i>					
Facilities Maintenance	0	0	0	746,024	746,024
Student Activities	0	0	0	115,908	115,908
Lunchroom	0	0	0	138,868	138,868
Local Grants	0	0	0	9,649	9,649
State Grants	0	0	0	7	7
Federal Grants	0	0	0	30,138	30,138
Debt Service	0	0	0	33,799	33,799
Athletics/Band	0	0	0	73,629	73,629
<i>Total Restricted</i>	0	0	0	1,148,022	1,148,022
<i>Committed:</i>					
Capital Projects	0	0	4,552,000	0	4,552,000
<i>Assigned:</i>					
<i>Encumbrances for:</i>					
School Instruction	132,798	0	0	0	132,798
Support Services	214,101	0	0	0	214,101
Uniform School Supplies	28,760	0	0	0	28,760
Public School Support	21,085	0	0	0	21,085
<i>Total Assigned</i>	396,744	0	0	0	396,744
<i>Unassigned (Deficit)</i>	9,397,247	(469,721)	0	0	8,927,526
Total Fund Balance	\$9,794,717	(\$469,721)	\$4,552,000	\$1,148,022	\$15,025,018

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 15 - INTERFUND ACTIVITY

As of June 30, 2025, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General	\$469,721	\$0
School Wide Building Program	0	469,721
Total	<u>\$469,721</u>	<u>\$469,721</u>

The balance of \$469,721 due to the General Fund from the School Wide Building Program funds is the result of negative cash balances. The General Fund is responsible for any deficit in these funds and interfund transactions were established to cover these expenditures. The purpose for these interfund balances is to eliminate the negative cash balance in this fund. This interfund balance is expected to be repaid during fiscal year 2026.

During fiscal year 2025, interfund transfers were as follows:

Transfers From	Transfers To			
	School Wide Building Program	Capital Projects	Nonmajor Special Revenue	Total
General	\$5,145,443	\$4,552,000	\$159,948	\$9,857,391
Nonmajor Special Revenue	699,516	0	0	699,516
Total	<u>\$5,844,959</u>	<u>\$4,552,000</u>	<u>\$159,948</u>	<u>\$10,556,907</u>

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

NOTE 17 - SET-ASIDES

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2025:

	Capital Improvements
Set-Aside Balance June 30, 2024	\$0
Current Year Set Aside Requirement	346,289
Current Year Qualifying Disbursements	<u>(436,758)</u>
Total	<u>(90,469)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>

Excess of qualified expenditures for capital improvements do not carry forward.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 18 – ENCUMBRANCE COMMITMENTS

At June 30, 2025, the District had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds:</u>	
General	\$346,900
School Wide Building Program	11,100
<u>Nonmajor Funds:</u>	
Classroom Facilities Maintenance	265,320
Athletics and Bands	202
Miscellaneous Federal Grants	576
<i>Total Nonmajor Funds</i>	<u>778</u>
Total Encumbrances	<u><u>\$624,098</u></u>

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions

The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2024, the District paid META Solutions \$53,763 for services. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Tri-County Career Center

The Tri-County Career Center is a jointly governed organization providing vocational services to its eight member districts. The Career Center is governed by a board of education comprised of eleven members appointed by the participating districts. The board controls the financial activity of the Career Center and reports to the Ohio Department of Education and Workforce (DEW) and the Auditor of State of Ohio. The continued existence of the Career Center is not dependent on the District's continued participation and no equity interest exists. During fiscal year 2024, the District paid \$0 to the Career Center. Financial information can be obtained from the Tri-County Career Center, 15676 State Route 691, Nelsonville, Ohio 45764.

Athens County School Employee Health and Welfare Benefit Association

The District is a participant in a consortium of six districts to operate the Athens County School Employee Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with UMR to be the health care provider for medical benefits as well as to provide aggregate and specific stop loss insurance coverage, and Coresource to provide administration for its dental benefits.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS – (Continued)

The Association is governed by a board of directors consisting of one representative from each of the participating districts. Financial information for the Association can be obtained from the administrators at Grady Benefits, 515 E. Mound St., Columbus, OH 43215.

NOTE 20 - AFFILIATED ORGANIZATION

Alexander Future Foundation

The District is affiliated with the Alexander Future Foundation to provide educational support to students of the Alexander Local School District. The Foundation is a non-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is governed by a board of trustees which consists of not more than twenty nor less than twelve members. The District's Superintendent and Treasurer and the PTO representative are continuous members of the Board; however, the other members must be elected. One is elected from the faculty or staff members of the District and the remainder is elected from members of the District's Community.

NOTE 21 - GROUP PURCHASING POOL

Ohio School Boards Association Worker's Compensation Group Rating Plan

The District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Worker's Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

NOTE 22 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025.

B. School Foundation

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, DEW has finalized the impact of enrollment adjustments to the June 30, 2025 foundation funding for the District. The adjustments did not have a significant impact on the School District's financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 23 - CHANGE IN FINANCING REPORTING FRAMEWORK AND ACCOUNTING CHANGES

Change in Accounting Principle

For fiscal year 2025, GASB Statement No. 101, Compensated Absences, was effective. GASB 101 defines a compensated absence as leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The School District does not offer noncash settlements.

This GASB pronouncement had no effect on beginning net position/fund balance as unpaid leave is not reflected as a liability under the School District's modified cash basis of accounting

Change to or within the Financial Reporting Entity

For fiscal year 2025, the Classroom Facilities Maintenance special revenue fund presentation was adjusted from major to nonmajor due to no longer meeting the quantitative threshold for a major fund. This change is separately displayed in the financial statements.

	Change to/within the Financial Reporting Entity Changes between Major and NonMajor Reporting Change 1			6/30/2024 As Restated/ Adjusted
	6/30/2024 As Previously Reported	Major and NonMajor Funds	Reporting Change 1	
Government-Wide				
Governmental Activities	\$13,890,585	\$0	\$0	\$13,890,585
Total Primary Government	<u>\$13,890,585</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,890,585</u>
Governmental Funds				
Major Funds:				
General	\$12,342,554	\$0	\$0	\$12,342,554
Classroom Facilities Maintenance	1,569,558	(1,569,558)	0	0
School-Wide Building Program	(500,354)	0	0	(500,354)
All Other Governmental Funds	409,008	1,569,558	0	1,978,566
Total Governmental Funds	<u>\$13,820,766</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,820,766</u>
Proprietary Funds				
Total Internal Service Funds	<u>\$69,819</u>	<u>\$0</u>	<u>\$0</u>	<u>\$69,819</u>

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ALEXANDER LOCAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of Net Pension Liability
Last Ten Fiscal Years

	2025	2024	2023
<u>School Employees Retirement System of Ohio</u>			
District's Proportion of the Net Pension Liability	0.0719835%	0.0749448%	0.0777901%
District's Proportionate Share of the Net Pension Liability	\$3,682,386	\$4,141,086	\$4,207,494
District's Covered-Employee Payroll	\$3,413,314	\$3,307,886	\$3,163,714
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	107.88%	125.19%	132.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.52%	76.06%	75.82%
<u>State Teachers Retirement System of Ohio</u>			
District's Proportion of the Net Pension Liability	0.06559383%	0.06596194%	0.06678411%
District's Proportionate Share of the Net Pension Liability	\$12,161,313	\$14,204,863	\$14,846,192
District's Covered-Employee Payroll	\$8,994,657	\$9,008,257	\$8,901,086
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	135.21%	157.69%	166.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.00%	78.88%

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

2022	2021	2020	2019	2018	2017	2016
0.0781048%	0.0783284%	0.0792293%	0.0810271%	0.0846636%	0.0886195%	0.089218%
\$2,881,841	\$5,180,805	\$4,740,428	\$4,640,572	\$5,058,463	\$6,486,130	\$5,090,883
\$3,140,400	\$3,049,029	\$2,914,286	\$2,977,763	\$3,120,514	\$2,761,497	\$2,925,569
91.77%	169.92%	162.66%	155.84%	162.10%	234.88%	174.01%
82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%
0.06578025%	0.06458707%	0.06452452%	0.06457525%	0.06146283%	0.06360988%	0.0620956%
\$8,410,596	\$15,627,773	\$14,269,210	\$14,198,648	\$14,600,627	\$21,292,144	\$17,161,402
\$7,983,257	\$8,042,971	\$7,713,314	\$7,160,629	\$6,997,429	\$6,692,981	\$6,478,636
105.35%	194.30%	184.99%	198.29%	208.66%	318.13%	264.89%
87.78%	75.48%	77.40%	77.31%	75.30%	66.80%	72.10%

ALEXANDER LOCAL SCHOOL DISTRICT
Schedule of the District Contributions for Pension
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>School Employees Retirement System of Ohio</u>			
Contractually Required Contributions	\$492,192	\$477,864	\$463,104
Contributions in Relation to the Contractually Required Contributions	<u>(492,192)</u>	<u>(477,864)</u>	<u>(463,104)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
 District Covered-Employee Payroll	 \$3,515,657	 \$3,413,314	 \$3,307,886
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%
 <u>State Teachers Retirement System of Ohio</u>			
Contractually Required Contributions	\$1,305,356	\$1,259,252	\$1,261,156
Contributions in Relation to the Contractually Required Contributions	<u>(1,305,356)</u>	<u>(1,259,252)</u>	<u>(1,261,156)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
 District Covered-Employee Payroll	 \$9,323,971	 \$8,994,657	 \$9,008,257
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$442,920	\$439,656	\$411,619	\$393,429	\$401,998	\$436,872	\$386,610
<u>(442,920)</u>	<u>(439,656)</u>	<u>(411,619)</u>	<u>(393,429)</u>	<u>(401,998)</u>	<u>(436,872)</u>	<u>(386,610)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$3,163,714	\$3,140,400	\$3,049,029	\$2,914,286	\$2,977,763	\$3,120,514	\$2,761,497
14.00%	14.00%	13.50%	13.50%	13.50%	14.00%	14.00%
\$1,246,152	\$1,117,656	\$1,126,016	\$1,079,864	\$1,002,488	\$979,640	\$937,017
<u>(1,246,152)</u>	<u>(1,117,656)</u>	<u>(1,126,016)</u>	<u>(1,079,864)</u>	<u>(1,002,488)</u>	<u>(979,640)</u>	<u>(937,017)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$8,901,086	\$7,983,257	\$8,042,971	\$7,713,314	\$7,160,629	\$6,997,429	\$6,692,981
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

ALEXANDER LOCAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of Other Postemployment Benefits Liability
Last Nine Fiscal Years (1)

	2025	2024	2023
<u>School Employees Retirement System of Ohio</u>			
District's Proportion of the Other Postemployment Benefits Liability	0.07301140%	0.07733390%	0.07961820%
District's Proportionate Share of the Other Postemployment Benefits Liability	\$743,618	\$1,274,034	\$1,117,848
District's Covered-Employee Payroll	\$3,413,314	\$3,307,886	\$3,163,714
District's Proportionate Share of the Other Postemployment Benefits Liability as a Percentage of it's Covered-Employee Payroll	21.79%	38.52%	35.33%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.50%	30.02%	30.34%
<u>State Teachers Retirement System of Ohio</u>			
District's Proportion of the Other Postemployment Benefits Liability	0.06596194%	0.06596194%	0.06678411%
District's Proportionate Share of the Other Postemployment Benefits Asset	\$1,244,190	\$1,282,869	\$1,729,263
District's Proportionate Share of the Other Postemployment Benefits Liability	\$0	\$0	\$0
District's Covered-Employee Payroll	\$8,994,657	\$9,008,257	\$8,901,086
District's Proportionate Share of the Other Postemployment Benefits (Asset)/ Liability as a Percentage of it's Covered-Employee Payroll	-13.83%	-14.24%	-19.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	158.00%	168.50%	230.73%

(1) Information prior to 2017 is not available.

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

2022	2021	2020	2019	2018	2017
0.08052580%	0.07941410%	0.08119910%	0.08252180%	0.08582210%	0.08582210%
\$1,524,017	\$1,725,928	\$2,041,987	\$2,289,378	\$2,303,240	\$2,446,247
\$3,140,400	\$3,049,029	\$2,914,286	\$2,977,764	\$3,120,514	\$2,761,497
48.53%	56.61%	70.07%	76.88%	73.81%	88.58%
24.08%	18.17%	15.57%	13.57%	12.46%	11.49%
0.06578025%	0.06458707%	0.06452452%	0.06457525%	0.61462830%	0.06146240%
\$1,386,923	\$1,135,116	\$1,068,681	\$1,037,658	\$0	\$0
\$0	\$0	\$0	\$0	\$2,398,053	\$3,287,048
\$7,983,257	\$8,042,971	\$7,713,314	\$7,160,629	\$6,997,429	\$6,692,981
-17.37%	-14.11%	-13.86%	-14.49%	34.27%	49.11%
174.70%	182.13%	174.74%	176.08%	47.10%	37.30%

ALEXANDER LOCAL SCHOOL DISTRICT
Schedule of the District Contributions for Other Postemployment Benefits
Last Nine Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>School Employees Retirement System of Ohio</u>			
Contractually Required Contributions	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contributions	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
 District Covered-Employee Payroll	 \$3,515,657	 \$3,413,314	 \$3,307,886
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%
 <u>State Teachers Retirement System of Ohio</u>			
Contractually Required Contributions	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contributions	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
 District Covered-Employee Payroll	 \$9,323,971	 \$8,994,657	 \$9,008,257
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%

2022	2021	2020	2019	2018	2017
\$0	\$0	\$0	\$14,571	\$14,889	\$0
0	0	0	(14,571)	(14,889)	0
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,163,714	\$3,140,400	\$3,049,029	\$2,914,286	\$2,977,763	\$3,120,514
0.00%	0.00%	0.00%	0.50%	0.50%	0.00%
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	-
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,901,086	\$7,983,257	\$8,042,971	\$7,713,314	\$7,160,629	\$6,977,429
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2025

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:

2014-2017: There were no changes in benefit terms for the period.

2018: The following were the most significant changes in benefit terms:

- The cost-of-living adjustment was changed from a fixed 3.00% to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018.
- Under HB 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar year 2018, 2019 and 2020.

2019: The following were the most significant changes in benefit terms:

- Under Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2020-2025: There were no changes in benefit terms for the period.

Changes in assumptions:

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

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

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.

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

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

- Assumed rate of inflation was reduced from 3.00% to 2.4%
- Payroll Growth Assumption was reduced from 3.5% to 3.25%

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2025

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO (Continued)

- Mortality among active members was updated to the following:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection and a five year age set-forward for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection with Scale BB, 105.5% of male rates, and 122.5% of female rates.

2023: The following changes were made to the actuarial assumptions as identified:

- Cost-of-Living Adjustments was increased from 2.00% to 2.50% for calendar year 2023.

2024: The following changes were made to the actuarial assumptions as identified:

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

2025: The following changes were made to the actuarial assumptions as identified:

- Cost-of-Living Adjustments was increased from 2.00% to 2.50% for calendar year 2025.

Other Postemployment Benefits

Changes in benefit terms:

2017-2025: There were no changes in benefit terms for the period.

Changes in assumptions:

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

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
 - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

- Discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent.
- Discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2025

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO (Continued)

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

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

- Assumed rate of inflation was reduced from 3.00% to 2.4%
- Payroll Growth Assumption was reduced from 3.5% to 1.75%
- Mortality among active members was updated to the following:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection and a five year age set-forward for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection with Scale BB, 105.5% of male rates, and 122.5% of female rates.

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

2024: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- The assumption for percent of pre-Medicare eligible retirees who chose the Wraparound plan increased from 10% to 20%.
- The health care trend assumption on retiree premiums was updated to not apply trend to the \$35 surcharge.
- An assumption was added to assume that 15% of pre-65 retirees who waive will elect coverage upon Medicare eligibility.

2025: The health care trend assumption was updated.

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:

2017-2025: There were no changes in benefit terms for the period.

Changes in assumptions:

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

- Long term expected rate of return was reduced from 7.75% to 7.45%,
- Inflation assumption was lowered from 2.75% to 2.50%,
- Payroll growth assumption was lowered to 3.00%,
- Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2025

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO (Continued)

- Healthy and disabled mortality assumptions were updated to the following:
 - RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

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

2022: Long term expected rate of return was reduced from 7.45% to 7.00%.

2023: Projected salary increases beginning rate changed from 12.50% to 8.50%.

2024-2025: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Other Postemployment Benefits

Changes in benefit terms:

2017: There were no changes in benefit terms for the period.

2018: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service.
- Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries
- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements is extended to January 2020.

2019: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2019.
- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2021.

2020: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.944% to 1.984% per year of service effective January 1, 2020.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2020.
- Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare Plan.
- Medicare Part B monthly reimbursements elimination date was postponed to January 1, 2021.

2021: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.984% to 2.055% per year of service effective January 1, 2021.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2021.
- Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare Plan.
- Medicare Part B monthly reimbursements elimination date was postponed indefinitely.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2025

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO (Continued)

2022 - 2025: There were no changes in benefit terms for the period.

Changes in assumptions:

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

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

- Discount rate was increased from 3.26% to 4.13%
- Long term expected rate of return was reduced from 7.75% to 7.45%.
- Valuation year per capita health care costs were updated, and the salary scale was modified.
- The percentage of future retirees electing each option was updated
- The percentage of future disabled retirees and terminated vested participants electing health coverage were decreased.
- The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2019: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45%
- Valuation year per capita health care costs were updated

2020-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: Discount rate was reduced from 7.45% to 7.00%.

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

- Projected salary increases beginning rate changed from 12.50% to 8.50%.
- Health care cost trend rates were modified for medical and prescription drug costs.

2024-2025: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

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ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

FEDERAL GRANTOR	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<i>Pass-Through Grantor</i> Program/Cluster Title				
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2024/2025	\$0	\$46,483
Cash Assistance:				
School Breakfast Program	10.553	2023/2024	0	29,517
School Breakfast Program	10.553	2024/2025	0	131,005
National School Lunch Program	10.555	2023/2024	0	73,648
National School Lunch Program	10.555	2024/2025	0	345,553
Total Cash Assistance			0	579,723
Total Child Nutrition Cluster			0	626,206
Total U.S. Department of Agriculture			0	626,206
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I:				
Title I Grants to Local Educational Agencies	84.010A	2024	0	91,202
Title I Grants to Local Educational Agencies	84.010A	2025	0	291,019
Title I Delinquent	84.010A	2025	0	36,491
Total Title I			0	418,712
McKinney-Vento Homeless	84.196A	2025	0	13,424
Special Education Cluster				
Special Education - Grants to States	84.027A	2024	0	85,331
Special Education - Grants to States	84.027A	2025	0	276,751
Total Special Education - Grants to States			0	362,082
Special Education - Preschool Grants	84.173A	2024	0	2,073
Special Education - Preschool Grants	84.173A	2025	0	6,443
Total Special Education - Preschool Grants			0	8,516
Total Special Education Cluster			0	370,598
Supporting Effective Instruction State Grants	84.367A	2024	0	14,894
Supporting Effective Instruction State Grants	84.367A	2025	0	44,818
Total Supporting Effective Instruction State Grants			0	59,712
Student Support and Academic Enrichment Grants	84.424A	2024	0	8,135
Student Support and Academic Enrichment Grants	84.424A	2025	0	22,212
Total Student Support and Academic Enrichment Grants			0	30,347
COVID-19 Education Stabilization Fund (ESSER III)	84.425U	2024	0	66,488
Total U.S. Department of Education			0	959,281
Total Expenditures of Federal Awards			\$0	\$1,585,487

The accompanying notes are an integral part of this Schedule.

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Alexander Local School District (the District's) under programs of the federal government for the year ended June 30, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The District passes certain federal awards received from the Ohio Department of Education and Workforce (DEW) to other governments or not-for-profit agencies (subrecipients). As Note B describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - 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 F – FOOD DONATION PROGRAM

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



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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*

Alexander Local School District
Athens County
6091 Ayers Road
Albany, Ohio 45710

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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the Modified Cash Basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexander Local School District, Athens County, Ohio, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 27, 2026 wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

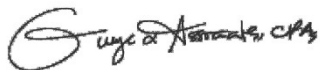
As part of obtaining reasonable assurance about whether The District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as item 2025-001.

District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Corrective Action Plan. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.



Columbus, Ohio
March 27, 2026



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

Alexander Local School District
Athens County
6091 Ayers Road
Albany, Ohio 45710

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on the Other Major Federal Program

We have audited Alexander Local School District's, Athens County, Ohio (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 each of Alexander Local School District's major federal programs for the year ended June 30, 2025. Alexander Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, Alexander Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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 each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

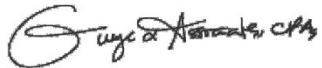
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

Report on Internal Control Over Compliance (Suite)

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.

A handwritten signature in black ink, appearing to read "Guy A. Harnack, CPA". The signature is written in a cursive, flowing style.

Columbus, Ohio
March 27, 2026

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	• Title I – AL # 84.010 • Special Education Cluster – AL # 84.027, 84.173
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025
(Continued)**

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

FINDING NUMBER 2025-001

Noncompliance: Non-GAAP Financial Report

Ohio Rev. Code §117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the modified cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response: The District has chosen to use the most cost-effective financial reporting available. The compilation and filing of the OCBOA is a GASB approved alternative to GAAP reporting. The additional cost for GAAP reporting would be a direct burden upon instructional resources.



Alexander Local School District

Albany, OH 45710 740-698-8831 www.alexanderschools.org

District Office

6091 Ayers Rd.

fax 740-698-2038

Elementary

6105 School Rd.

fax 740-698-2137

Jr./Sr. High School

6125 School Rd.

fax 740-698-3614

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001	Noncompliance with Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) – Annual Financial Report not prepared in accordance with generally accepted accounting principles.	Not Corrected. Reissued as Finding # 2025-001	The District has chosen to use the most cost effective financial reporting available. The compilation and filing of the OCBOA is a GASB approved alternative to GAAP reporting. The additional cost for GAAP reporting would be a direct burden upon instructional resources.



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CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) JUNE 30, 2025

Finding Number:	2025-001
Planned Corrective Action:	Not cost-effective
Anticipated Completion Date:	N/A
Responsible Contact Person:	Kimberley Napper, Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



ALEXANDER LOCAL SCHOOL DISTRICT

ATHENS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/9/2026

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

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