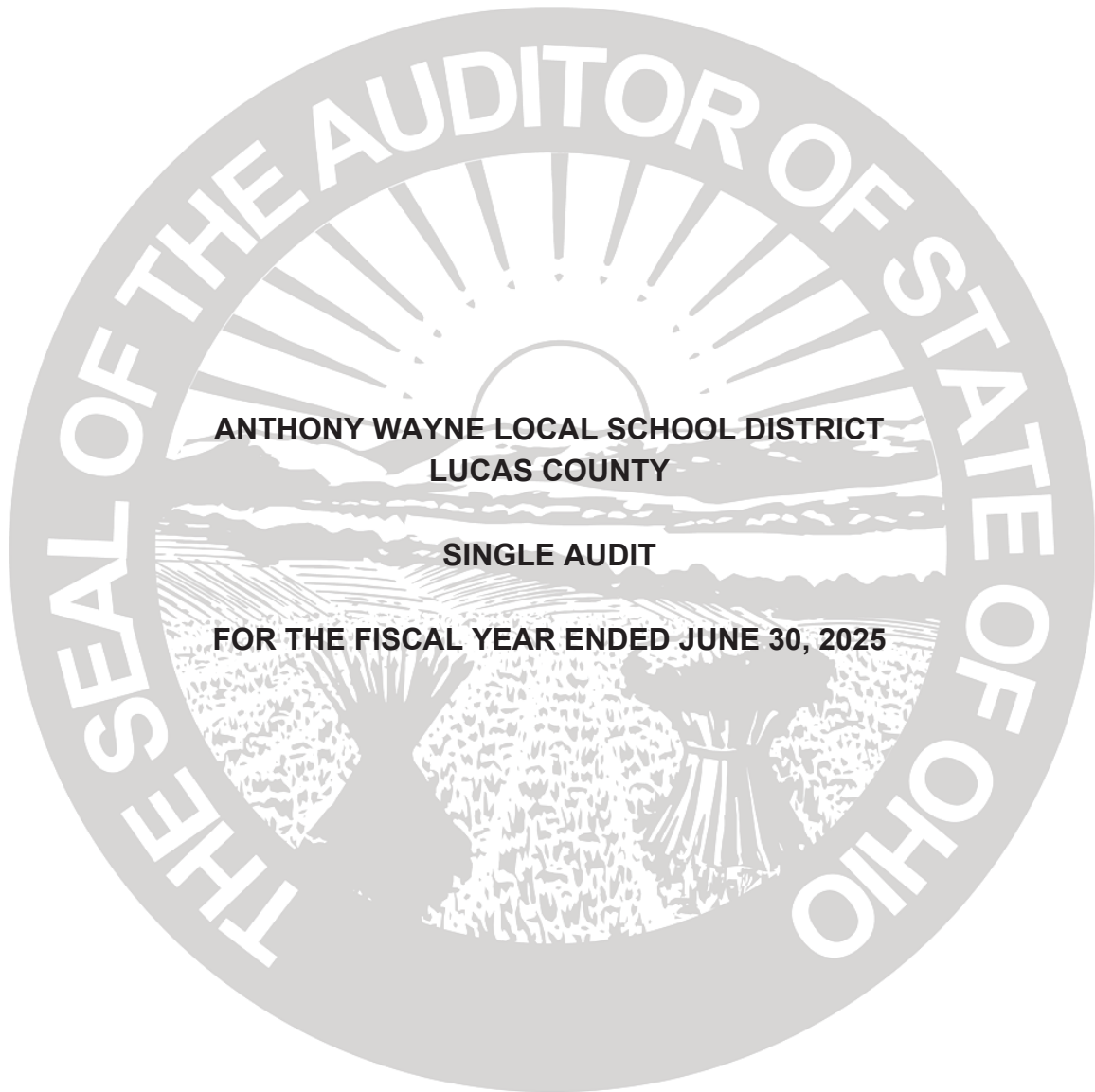




**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY
JUNE 30, 2025**

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LUCAS COUNTY
JUNE 30, 2025**

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OHIO AUDITOR OF STATE KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Anthony Wayne Local School District
Lucas County
9565 Bucher Road
P.O. Box 2487
Whitehouse, Ohio 43571-0486

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Anthony Wayne Local School District, Lucas County, Ohio as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

As discussed in Note 3 to the financial statements, during 2025, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Also discussed in Note 3 to the financial statements, the District restated beginning net position due to a correction of an error for a write-down of delinquent property taxes. 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required budgetary comparison schedule, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 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.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

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

March 20, 2026

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- In total, net position of governmental activities at June 30, 2025, increased \$8,385,013 from prior year, which represents a 21.41% increase from 2024's restated net position. See Note 3.D in the notes to the financial statements for detail on the restatement.
- General revenues accounted for \$56,297,166 in revenue or 89.06% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,915,411 or 10.94% of all revenues. The District had total revenues of \$63,212,577.
- The District had \$54,827,564 in expenses related to governmental activities; only \$6,915,411 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs.
- The District's major governmental funds are the general fund and permanent improvement fund.

Using the Basic Financial Statements

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

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and permanent improvement fund are by far the most significant funds, and the only governmental funds reported as major funds.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for other governments or organizations. These activities are reported in custodial funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

The District as a Whole

The statement of net position provides the perspective of the District as a whole. For the following table, amounts for 2025 have been presented in accordance with the provisions of GASB Statement No. 101 (see Note 3.D in the notes to the basic financial statements) while amounts for 2024 have been presented in accordance with previous guidance. In addition, net position was restated for an error correction as described in Note 3.D in the notes to the financial statements and 2024 amounts have been restated in the following table.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

	Net Position	
	Governmental	(Restated) Governmental
	Activities	Activities
	2025	2024
<u>Assets</u>		
Current and other assets	\$ 55,353,495	\$ 57,223,270
Net OPEB asset	3,411,942	3,518,798
Capital assets, net	58,205,925	55,477,436
Total assets	<u>116,971,362</u>	<u>116,219,504</u>
<u>Deferred outflows of resources</u>		
Unamortized deferred charges on debt refunding	-	5,300
Pensions and OPEB	10,620,774	11,909,315
Total deferred outflows of resources	<u>10,620,774</u>	<u>11,914,615</u>
<u>Liabilities</u>		
Current liabilities	9,186,328	8,417,079
Long-term liabilities:		
Due within one year	2,899,036	2,726,510
Due in more than one year:		
Net pension liability	43,649,964	48,622,456
Net OPEB liability	1,832,116	2,964,870
Other amounts	53,422,660	47,662,371
Long-term liabilities	<u>101,803,776</u>	<u>101,976,207</u>
Total liabilities	<u>110,990,104</u>	<u>110,393,286</u>
<u>Deferred inflows of resources</u>		
Unamortized deferred charges on debt refunding	135,540	159,645
Property taxes and PILOTs levied for the next fiscal year	36,841,547	40,065,823
Pensions and OPEB	10,407,101	8,730,931
Total deferred inflows of resources	<u>47,384,188</u>	<u>48,956,399</u>
<u>Net position</u>		
Net investment in capital assets	13,308,276	8,502,666
Restricted	7,469,494	7,541,868
Unrestricted (deficit)	<u>(51,559,926)</u>	<u>(47,260,100)</u>
Total net position (deficit)	<u>\$ (30,782,156)</u>	<u>\$ (31,215,566)</u>

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2025, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$30,782,156. The net investment in capital assets at June 30, 2025 was \$13,308,276. A portion of the District's net position, \$7,469,494, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$51,559,926.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

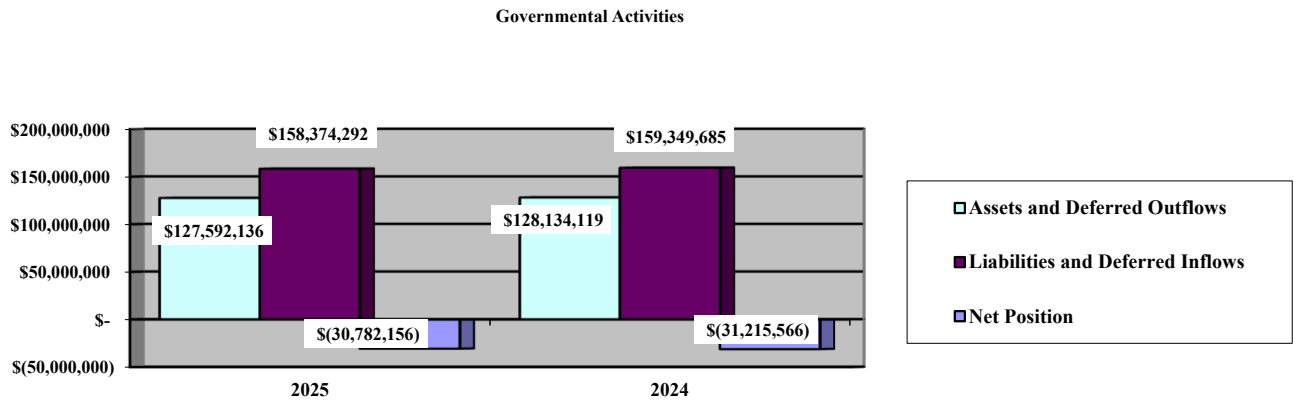
The major components of assets are equity in pooled cash and investments, property taxes receivable, and capital assets. Total assets increased slightly from the prior year. Property taxes receivable at June 30, 2025 decreased in particular from the settlement of delinquent taxes related to the Nexus gas pipeline. Most of the property taxes receivable, however, is offset by deferred inflows of resources since the taxes are levied to finance the next fiscal year.

At year-end, capital assets represented 49.76% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and intangible right to use - leased equipment and software. Capital assets are used to provide services to the students and are not available for future spending.

Total assets at fiscal year-end include a net OPEB asset reported by the State Teachers Retirement System (STRS). See Note 14 for more detail.

Current liabilities increased from accounts payable, contracts payable and accrued wages and benefits payable outstanding at fiscal year-end. Long-term liabilities decreased, mostly due to an decrease in the net pension liability and paying down \$2 million in general obligation bond principal during fiscal year 2025.

The chart below shows the District's governmental activities assets and deferred outflows, liabilities and deferred inflows and net position at June 30, 2025 and 2024.



During fiscal year 2025, the District implemented GASB Statement No. 101 (see Note 3.D in the notes to the basic financial statements). For the table below, the implementation has been reported as a change in accounting principle. In addition, net position was restated for an error correction as described in Note 3.D in the notes to the financial statements and 2024 amounts have been restated in the following table. The table on the following page shows the change in net position for fiscal years 2025 and 2024.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

	Change in Net Position	
		(Restated)
	Governmental	Governmental
	Activities	Activities
<u>Revenues</u>	<u>2025</u>	<u>2024</u>
Program revenues:		
Charges for services and sales	\$ 3,662,608	\$ 3,543,967
Operating grants and contributions	3,238,363	4,698,891
Capital grants and contributions	14,440	6,920
General revenues:		
Property taxes	43,061,601	42,063,970
Payments in lieu of taxes	780,131	885,612
Grants and entitlements	11,541,899	11,022,484
Investment earnings	825,315	821,280
Other	88,220	131,484
Total revenues	<u>63,212,577</u>	<u>63,174,608</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	23,173,036	25,736,245
Special	7,732,815	7,468,565
Other	531,168	382,131
Support services:		
Pupil	4,264,888	4,295,007
Instructional staff	1,029,833	1,182,545
Board of education	316,281	267,262
Administration	3,517,936	4,130,208
Fiscal	1,424,959	1,339,205
Business	18,625	-
Operations and maintenance	4,088,476	5,831,649
Pupil transportation	3,076,055	3,360,749
Central	636,445	574,732
Operation of non-instructional services:		
Food service operations	1,520,983	1,683,912
Other non-instructional services	241,592	233,699
Extracurricular activities	1,583,970	1,606,277
Interest and fiscal charges	<u>1,670,502</u>	<u>1,710,857</u>
Total expenses	<u>54,827,564</u>	<u>59,803,043</u>
Change in net position	8,385,013	3,371,565
Net position as previously reported		-
(net of error correction)	(31,215,566)	
Restatement - change in accounting principle	<u>(7,951,603)</u>	<u>-</u>
Net position (deficit) at beginning of year (restated)	<u>(39,167,169)</u>	<u>(34,587,131)</u>
Net position (deficit) at end of year	<u>\$ (30,782,156)</u>	<u>\$ (31,215,566)</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

Governmental Activities

Net position of the District's governmental activities increased \$8,385,013. Total governmental expenses of \$54,827,564 were offset by program revenues of \$6,915,411 and general revenues of \$56,297,166. Program revenues supported 12.61% of the total governmental expenses.

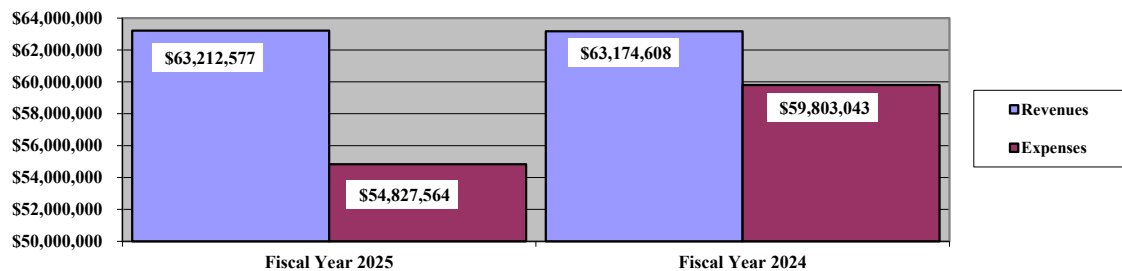
Charges for services and sales increased during fiscal year 2025 primarily from regular instruction, food service operations, and extracurricular activities. In the area of program revenues, operating grants and contributions decreased, which is primarily attributable to less in federal subsidies received during fiscal year 2025 from American Rescue Plan (ARP) programs. Capital grants and contributions increased during fiscal year 2025, which is a result of funding received in fiscal year 2024 from the School Safety Grant program and School Bus Purchase program. The School Safety Grant program was created to help schools pay for physical security expenses such as new security cameras, public address systems, automatic door locks, visitor badging systems and exterior lighting.

General revenues include property taxes, payment in lieu of taxes, grants and entitlements not restricted to specific programs, investment earnings, change in fair value of investments and miscellaneous. Property taxes and unrestricted grants and entitlements make up 96.99% of general revenues. Overall, general revenues were comparable with prior year, increasing 2.50% from 2024.

Overall, expenses of the governmental activities decreased \$5,224,307 or 8.74% during fiscal year 2025. This decrease is primarily the result of no major fluctuations in pension and OPEB expense in comparison to prior years.

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

Governmental Activities - Revenues and Expenses



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

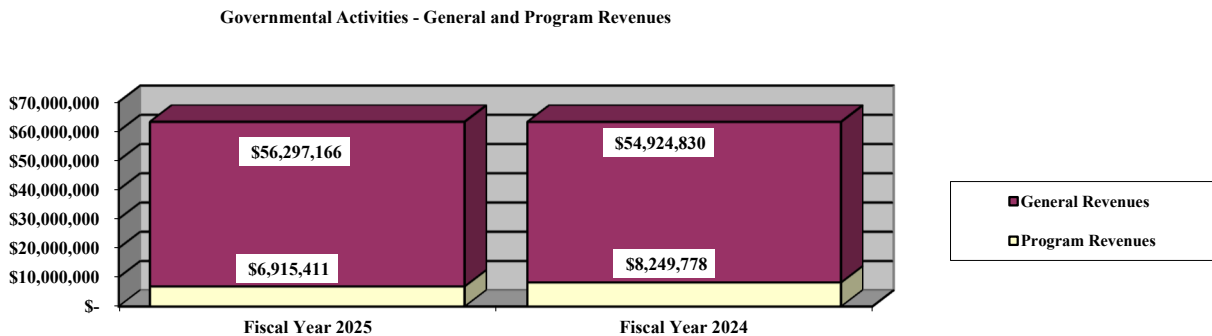
**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

	Governmental Activities			
	Total Cost of Services <u>2025</u>	Net Cost of Services <u>2025</u>	Total Cost of Services <u>2024</u>	Net Cost of Services <u>2024</u>
Program expenses				
Instruction:				
Regular	\$ 23,173,036	\$ 21,444,324	\$ 25,736,245	\$ 23,177,412
Special	7,732,815	6,119,645	7,468,565	5,923,195
Other	531,168	531,168	382,131	382,131
Support services:				
Pupil	4,264,888	3,948,144	4,295,007	3,570,306
Instructional staff	1,029,833	1,026,193	1,182,545	1,180,039
Board of education	316,281	316,281	267,262	267,262
Administration	3,517,936	3,293,520	4,130,208	3,896,085
Fiscal	1,424,959	1,424,959	1,339,205	1,339,205
Business	18,625	18,625	-	-
Operations and maintenance	4,088,476	4,042,904	5,831,649	5,789,929
Pupil transportation	3,076,055	2,946,564	3,360,749	3,244,922
Central	636,445	622,609	574,732	561,256
Operations of non-instructional services:				
Food service operations	1,520,983	(240,666)	1,683,912	(296,650)
Other non-instructional services	241,592	20,788	233,699	1,115
Extracurricular activities	1,583,970	726,593	1,606,277	806,201
Interest and fiscal charges	<u>1,670,502</u>	<u>1,670,502</u>	<u>1,710,857</u>	<u>1,710,857</u>
Total expenses	<u>\$ 54,827,564</u>	<u>\$ 47,912,153</u>	<u>\$ 59,803,043</u>	<u>\$ 51,553,265</u>

The dependence upon tax and other general revenues for governmental activities is apparent; 89.37% of fiscal year 2025 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 87.39% in fiscal year 2025. The District's taxpayers and unrestricted grants, as a whole, are by far the primary support for District's students.

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



**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

The District's Funds

The District's governmental funds reported a combined fund balance of \$9,202,316, compared to last year's total of \$8,070,170. The table below indicates the fund balance and the total change in fund balance as of June 30, 2025 and 2024.

	General	Bond Retirement	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Fund balance as previously reported	\$ (1,188,707)	\$ 2,271,956	\$ 4,688,909	\$ 2,298,012	\$ 8,070,170
Adjustment - change in major fund to nonmajor	-	(2,271,956)	-	2,271,956	-
Fund balance at beginning of year, as adjusted	(1,188,707)	-	4,688,909	4,569,968	8,070,170
Change in reserve for inventory	(8,444)	-	-	-	(8,444)
Fund balances at end of year	648,129	-	4,328,656	4,225,531	9,202,316
Net change in fund balance	<u>\$ 1,845,280</u>	<u>\$ -</u>	<u>\$ (360,253)</u>	<u>\$ (344,437)</u>	<u>\$ 1,140,590</u>

General Fund

The District's general fund reported a fund balance of \$648,129 at June 30, 2025, which represents an increase of \$1,845,280 from the prior year. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2025 Amount	2024 Amount	Percentage Change
<u>Revenues</u>			
Taxes	\$ 36,947,542	\$ 32,517,239	13.62 %
Payments in lieu of taxes	758,921	864,239	(12.19) %
Tuition	1,566,783	1,410,069	11.11 %
Earnings on investments	714,560	692,087	3.25 %
Intergovernmental	11,714,986	11,127,051	5.28 %
Other revenues	486,773	435,187	11.85 %
Total	<u>\$ 52,189,565</u>	<u>\$ 47,045,872</u>	10.93 %
<u>Expenditures</u>			
Instruction	\$ 31,034,775	\$ 29,445,186	5.40 %
Support services	18,481,151	18,437,871	0.23 %
Operation of non-instructional services	414	772	(46.37) %
Extracurricular activities	824,464	831,657	(0.86) %
Debt service	3,481	3,481	- %
Total	<u>\$ 50,344,285</u>	<u>\$ 48,718,967</u>	3.34 %

Overall revenues were comparable to prior year, increasing by 10.93%. Tuition increased due to changes in the State foundation funding model. The change in fair value of investments and higher interest rates contributed to the increase in earnings on investments during fiscal year 2025. Less payments in lieu of taxes revenue was collected from the Mall/Arrowhead TIF than in fiscal year 2024. Other revenues increased due to reimbursements and refunds. Overall expenditures were comparable to prior year, increasing by 3.34%.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

Permanent Improvement Fund

The permanent improvement fund is a major fund of the District and had \$3,476,255 in revenues and other financing sources and \$3,836,508 in expenditures during fiscal year 2025. The permanent improvement fund's expenditures included various capital acquisitions, capital improvements and maintenance and repairs.

General Fund Budgeting Highlights

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

During the course of fiscal year 2025, the District amended its general fund budget several times. For the general fund, original and final budget revenues and other financing sources were \$47,765,086 and \$49,462,086, respectively. Actual revenues and other financing sources were \$49,711,304, which is \$249,218 or 0.5% higher than the final budget.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$48,941,828 were increased to \$49,991,964 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2025 totaled \$49,872,922, which is \$119,042 or 0.24% lower than the final budget appropriations. There were no significant variances between the actual and final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025, the District had \$58,205,925 (net of accumulated depreciation/amortization) invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and intangible right to use - leased equipment and software. This entire amount is reported in governmental activities. The table that follows shows fiscal year 2025 balances compared to 2024.

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

	Governmental Activities	
	2025	2024
Land	\$ 2,592,574	\$ 2,592,574
Construction in progress	1,244,908	879,261
Land improvements	1,979,073	2,072,242
Building and improvements	47,195,763	47,657,133
Furniture and equipment	3,510,036	1,119,291
Vehicles	1,673,532	1,119,281
Intangible right to use:		
Leased equipment	5,152	8,168
Software	4,887	29,486
Total	<u>\$ 58,205,925</u>	<u>\$ 55,477,436</u>

The increase in capital assets is a result of the depreciation/amortization expense of \$1,935,881, loss on disposals, net of accumulated depreciation/amortization of \$3,315, and capital asset additions (net of construction in progress transfers) of \$4,667,685. See Note 9 in the notes to the basic financial statements for additional detail on the District's capital assets.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

Debt Administration

At June 30, 2025, the District had \$44,177,726 in general obligation bonds outstanding (including unamortized premium) and \$5,741 in leases payable outstanding. Of this total, \$1,385,207 is due within one year and \$42,798,260 is due in greater than one year. The following table summarizes the debt outstanding.

Outstanding Debt, at Fiscal Year End

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
General obligation bonds:		
Current interest	\$ 39,475,000	\$ 39,915,000
Current interest - direct placement	3,969,000	5,821,000
Unamortized premium	733,726	759,546
Leases payable	<u>5,741</u>	<u>8,762</u>
Total general obligation bonds	<u>\$ 44,183,467</u>	<u>\$ 46,504,308</u>

At June 30, 2025, the District's overall legal debt margin was \$114,625,937 and the unvoted debt margin was \$1,735,214. See Note 10 in the notes to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District has continued to maintain the highest standards of service to our students, parents and community. The District is always presented with new challenges and opportunities.

As the preceding information shows, the District heavily depends on its property taxpayers. At present, the local taxpayers support represents approximately 72% of the total revenues of the District. The local communities' support was last measured in November 2016 with the passage of a \$44.2M bond levy for various construction projects in the District. Prior to that, in November 2013, they passed a 3.9 mill continuing operating levy that will generate nearly \$4 million annually. In November 2022, the community renewed a \$3 million, 3.4 mill emergency operating levy for 10 years. This levy will see uninterrupted collections until December 2032. The continued support of these issues demonstrates the strong belief of parents and community members that their schools are one of the highest priorities and one of the most important public institutions in their communities.

The District communicates to its residents through a monthly newsletter called "General Bulletin", that is emailed to parents and posted on the District's website. We also use social media websites like Twitter and Facebook to communicate. We work to keep the taxpayers informed as we rely upon their support for the major part of its operations, and will continue to work diligently to plan expenses, staying carefully within the District's financial forecast. State law generally hinders the growth of income generated by local levies rendering revenue relatively constant. This lack of revenue growth normally forces the District to come back to the voters from time to time and ask for additional financial support.

The District has experienced growth; the student population has grown over 700+ students since 2003. It tapered off with the slowing of new home developments, due to the economic times, however this has since changed, as has the economy. The District is seeing many new housing developments along with industrial and commercial development as well. The District also saw rapid growth in their assessed property valuation during the growth period. The District's assessed valuation has increased \$915,543,960 since 2005. This increase was a result of the triennial updates of property values in the District, continued growth of new construction, primarily in the area of new homes, and Lucas County's re-valuation of property values. For the first time in years, 2009s triennial update reflected a 'sign of the times' resulting in an 11% decrease in District valuation. The valuation went from \$965,854,084 in 2009 to \$872,615,450 in 2011 as a result of this reduction, but then decreased to \$872,184,860 in 2012. Lucas County experienced a revaluation in 2013, and their valuation suffered another loss, at \$810,963,970; however, a positive trend started as their 2014 valuation rose to \$824,306,330 and is currently at \$1,735,213,960. We anticipate this growth pattern to continue.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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 receives. If you have questions about this report or need additional financial information contact Ms. Kerri L. Johnson, Treasurer, Anthony Wayne Local School District, 9565 Bucher Rd., Whitehouse, Ohio 43571.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 14,988,534
Receivables:	
Property taxes	39,404,333
Payment in lieu of taxes	590,000
Accounts	5,895
Accrued interest	46,086
Intergovernmental	238,548
Prepayments	42,525
Materials and supplies inventory	35,493
Inventory held for resale	2,081
Net OPEB asset	3,411,942
Capital assets:	
Nondepreciable/amortized capital assets	3,837,482
Depreciable/amortized capital assets, net	54,368,443
Capital assets, net	<u>58,205,925</u>
Total assets	<u>116,971,362</u>
Deferred outflows of resources:	
Pension	9,113,390
OPEB	1,507,384
Total deferred outflows of resources	<u>10,620,774</u>
Liabilities:	
Accounts payable	667,324
Contracts payable	544,908
Retainage payable	33,734
Accrued wages and benefits payable	6,191,151
Matured compensated absences payable	128,322
Intergovernmental payable	1,486,349
Accrued interest payable	134,540
Long-term liabilities:	
Due within one year	2,899,036
Due in more than one year:	
Net pension liability	43,649,964
Net OPEB liability	1,832,116
Other amounts due in more than one year	53,422,660
Total liabilities	<u>110,990,104</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	36,251,547
Payment in lieu of taxes levied for the next fiscal year	590,000
Unamortized deferred charges on debt refunding	135,540
Pension	5,077,666
OPEB	5,329,435
Total deferred inflows of resources	<u>47,384,188</u>
Net position:	
Net investment in capital assets	13,308,276
Restricted for:	
Debt service	1,778,841
State funded programs	857
Federally funded programs	975
Food service operations	1,698,860
Student activities	476,506
OPEB	3,411,942
Other purposes	101,513
Unrestricted (deficit)	(51,559,926)
Total net position (deficit)	<u>\$ (30,782,156)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENT:

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 23,173,036	\$ 1,240,532	\$ 488,180	\$ -	\$ (21,444,324)
Special	7,732,815	368,823	1,244,347	-	(6,119,645)
Other	531,168	-	-	-	(531,168)
Support services:					
Pupil	4,264,888	28,732	288,012	-	(3,948,144)
Instructional staff	1,029,833	-	3,640	-	(1,026,193)
Board of education	316,281	-	-	-	(316,281)
Administration	3,517,936	44,244	180,172	-	(3,293,520)
Fiscal	1,424,959	-	-	-	(1,424,959)
Business	18,625	-	-	-	(18,625)
Operations and maintenance	4,088,476	-	31,132	14,440	(4,042,904)
Pupil transportation	3,076,055	-	129,491	-	(2,946,564)
Central	636,445	-	13,836	-	(622,609)
Operation of non-instructional services:					
Food service operations	1,520,983	1,124,900	636,749	-	240,666
Other non-instructional services	241,592	-	220,804	-	(20,788)
Extracurricular activities	1,583,970	855,377	2,000	-	(726,593)
Interest and fiscal charges	1,670,502	-	-	-	(1,670,502)
Totals	\$ 54,827,564	\$ 3,662,608	\$ 3,238,363	\$ 14,440	(47,912,153)
General revenues:					
Property taxes levied for:					
General purposes					36,583,788
Debt service					3,282,640
Capital outlay					3,195,173
Payments in lieu of taxes					780,131
Grants and entitlements not restricted to specific programs					11,541,899
Investment earnings					698,720
Change in fair value of investments					126,595
Miscellaneous					88,220
Total general revenues					56,297,166
Change in net position					8,385,013
Net position as previously reported					(22,777,143)
Restatements:					
Error correction					(8,438,423)
Change in accounting principle					(7,951,603)
Net position (deficit) at beginning of year (restated)					(39,167,169)
Net position (deficit) at end of year					\$ (30,782,156)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 5,516,919	\$ 5,162,120	\$ 4,309,495	\$ 14,988,534
Receivables:				
Property taxes	33,706,993	3,044,492	2,652,848	39,404,333
Payment in lieu of taxes	554,599	35,401	-	590,000
Accounts	-	-	5,895	5,895
Accrued interest	46,086	-	-	46,086
Interfund loans	4,797	-	-	4,797
Intergovernmental	-	-	238,548	238,548
Prepayments	41,836	-	689	42,525
Materials and supplies inventory	35,493	-	-	35,493
Inventory held for resale	-	-	2,081	2,081
Total assets	<u>\$ 39,906,723</u>	<u>\$ 8,242,013</u>	<u>\$ 7,209,556</u>	<u>\$ 55,358,292</u>
Liabilities:				
Accounts payable	\$ 235,720	\$ 416,972	\$ 14,632	\$ 667,324
Contracts payable	-	544,908	-	544,908
Retainage payable	-	33,734	-	33,734
Accrued wages and benefits payable	5,873,317	-	317,834	6,191,151
Matured compensated absences payable	128,322	-	-	128,322
Intergovernmental payable	1,412,303	-	74,046	1,486,349
Interfund loans payable	-	-	4,797	4,797
Total liabilities	<u>7,649,662</u>	<u>995,614</u>	<u>411,309</u>	<u>9,056,585</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	30,886,805	2,866,890	2,497,852	36,251,547
Payment in lieu of taxes levied for the next fiscal year	554,599	35,401	-	590,000
Delinquent property tax revenue not available	162,816	15,452	12,628	190,896
Intergovernmental revenue not available	-	-	62,236	62,236
Accrued interest not available	4,712	-	-	4,712
Total deferred inflows of resources	<u>31,608,932</u>	<u>2,917,743</u>	<u>2,572,716</u>	<u>37,099,391</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	35,493	-	-	35,493
Prepays	41,836	-	689	42,525
Unclaimed monies	53,171	-	-	53,171
Restricted:				
Debt service	-	-	1,900,681	1,900,681
Food service operations	-	-	1,860,247	1,860,247
State funded programs	-	-	857	857
Federally funded programs	-	-	975	975
Student activities	-	-	476,506	476,506
Other purposes	-	-	48,342	48,342
Committed:				
Capital improvements	-	4,328,656	-	4,328,656
Unassigned (deficit)	517,629	-	(62,766)	454,863
Total fund balances	<u>648,129</u>	<u>4,328,656</u>	<u>4,225,531</u>	<u>9,202,316</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 39,906,723</u>	<u>\$ 8,242,013</u>	<u>\$ 7,209,556</u>	<u>\$ 55,358,292</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

Total governmental fund balances		\$ 9,202,316
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		58,205,925
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 190,896	
Accrued interest receivable	4,712	
Intergovernmental receivable	62,236	
Total		257,844
Unamortized amounts on refundings are not recognized in the funds		(135,540)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(134,540)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	9,113,390	
Deferred inflows - pension	(5,077,666)	
Net pension liability	(43,649,964)	
Deferred outflows - OPEB	1,507,384	
Deferred inflows - OPEB	(5,329,435)	
Net OPEB asset	3,411,942	
Net OPEB liability	(1,832,116)	
Total		(41,856,465)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(43,444,000)	
Unamortized premium on general obligation bonds	(733,726)	
Leases payable	(5,741)	
Compensated absences	(12,138,229)	
Total		(56,321,696)
Net position of governmental activities		<u><u>\$ (30,782,156)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

	General	(Formerly Major) Bond Retirement	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 36,947,542		\$ 3,046,989	\$ 3,495,940	\$ 43,490,471
Intergovernmental	11,714,986		393,616	2,609,652	14,718,254
Investment earnings	714,560		-	50,000	764,560
Tuition and fees	1,566,783		-	-	1,566,783
Extracurricular	200,718		-	698,967	899,685
Charges for services	71,240		-	1,124,900	1,196,140
Contributions and donations	9,000		-	3,600	12,600
Payment in lieu of taxes	758,921		21,210	-	780,131
Miscellaneous	79,220		14,440	-	93,660
Change in fair value of investments	126,595		-	-	126,595
Total revenues	<u>52,189,565</u>		<u>3,476,255</u>	<u>7,983,059</u>	<u>63,648,879</u>
Expenditures:					
Current:					
Instruction:					
Regular	23,450,851		1,211,330	525,195	25,187,376
Special	7,052,693		-	792,576	7,845,269
Other	531,231		-	-	531,231
Support services:					
Pupil	4,270,874		-	107,660	4,378,534
Instructional staff	1,062,739		-	3,912	1,066,651
Board of education	317,307		-	-	317,307
Administration	3,569,816		-	181,202	3,751,018
Fiscal	1,321,786		55,502	58,402	1,435,690
Operations and maintenance	4,435,724		775,691	106,494	5,317,909
Pupil transportation	2,884,121		860,756	5,097	3,749,974
Central	618,784		-	14,223	633,007
Operation of non-instructional services:					
Food service operations	-		-	1,531,453	1,531,453
Other non-instructional services	414		15,495	225,683	241,592
Extracurricular activities	824,464		-	765,575	1,590,039
Facilities acquisition and construction	-		917,734	-	917,734
Debt service:					
Principal retirement	3,021		-	2,292,000	2,295,021
Interest and fiscal charges	460		-	1,718,024	1,718,484
Total expenditures	<u>50,344,285</u>		<u>3,836,508</u>	<u>8,327,496</u>	<u>62,508,289</u>
Net change in fund balances	1,845,280		(360,253)	(344,437)	1,140,590
Fund balances (deficit) as previously reported	(1,188,707)	\$ 2,271,956	4,688,909	2,298,012	8,070,170
Adjustment - change in major fund to nonmajor		<u>(2,271,956)</u>		<u>2,271,956</u>	<u>-</u>
Fund balances at beginning of year	(1,188,707)		4,688,909	4,569,968	8,070,170
Change in reserve for inventory	(8,444)		-	-	(8,444)
Fund balances at end of year	<u>\$ 648,129</u>		<u>\$ 4,328,656</u>	<u>\$ 4,225,531</u>	<u>\$ 9,202,316</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

Net change in fund balances - total governmental funds	\$ 1,140,590
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as assets is allocated over their estimated useful lives as depreciation/amortization expense.	
Capital asset additions	\$ 4,667,685
Current year depreciation	<u>(1,935,881)</u>
Total	2,731,804
The net effect of various miscellaneous transactions involving capital assets (i.e., sale disposals, trade-ins, and donations) is to decrease net position	(3,315)
Governmental funds report expenditures for inventory when purchased. However in the statement of activities, they are reported as an expense when consumed	(8,444)
Revenues in the statement of activities that do not provide current financial resource are not reported as revenues in the funds.	
Property taxes	(428,870)
Earnings on investments	(15,840)
Intergovernmental	<u>8,408</u>
Total	(436,302)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position	2,295,021
In the statement of activities, interest is accrued on outstanding bonds and leases, whereas in governmental funds, an interest expenditure is reported when due. The following item resulted in additional interest being reported in the statement of activities	
Decrease in accrued interest payable	3,357
Amortization of bond premiums	25,820
Amortization of deferred charges	<u>18,805</u>
Total	47,982
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows	
Pension	4,608,979
OPEB	<u>127,487</u>
Total	4,736,466
Except for amounts reported as deferred inflows/outflows, changes in the net pension OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.	
Pension	(2,692,792)
OPEB	<u>990,004</u>
Total	(1,702,788)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(416,001)</u>
Change in net position of governmental activities	<u>\$ 8,385,013</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025

	<u>Custodial</u>
Assets:	
Equity in pooled cash and investments	<u>\$ 2,238</u>
Net position:	
Restricted for scholarships	<u><u>\$ 2,238</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Custodial</u>
Additions:	
Contributions and donations	<u>\$ 1,709</u>
Deductions:	
Scholarships awarded	<u>1,300</u>
Change in net position	409
Net position at beginning of year	<u>1,829</u>
Net position at end of year	<u><u>\$ 2,238</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Anthony Wayne Local School District (the District) is located in Lucas, Wood and Fulton Counties, including all of the Villages of Whitehouse and Waterville, and portions of the City of Maumee and surrounding townships. The District serves an area of approximately 74 square miles.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District currently operates 3 elementary schools, 1 middle school, 1 junior high school, and 1 comprehensive high school. The District employs 197 non-certified and 282 certified (including administrative) full-time and part-time employees to provide services to approximately 4,113 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA) which is a computer consortium. NWOCA is an association of education entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams and Wood counties in northwestern Ohio. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Financial information can be obtained from Tammy Butler, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams, and Wood counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Tammy Butler, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

Penta Career Center

The Penta Career Center (the Center) is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The Center accepts non-tuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the District. The District paid \$5,600 to the Center during fiscal year 2025. Financial information can be obtained from the Penta Career Center, Michael Harrigan, who serves as Treasurer, at 9301 Buck Road, Perrysburg, Ohio 43551.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary funds.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

GOVERNMENTAL FUNDS

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

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent Improvement Fund - The permanent improvement capital projects fund is used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by ORC Chapter 5705.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, to expenditures for capital outlays including the acquisition of construction of capital facilities and other capital assets, and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

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

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

All assets and liabilities associated with the operation of fiduciary funds are included on the statement of net fiduciary position. Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 13 and 14 for deferred outflows of resources related to the District's net pension liability and OPEB liability/asset. In addition, deferred outflows of resources and deferred inflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

For the District, see Notes 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Lucas County Budget Commission for tax rate determination. The Lucas County Budget Commission waived the tax budget filing requirement for the fiscal year 2025.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary schedule reflect the amounts in the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary schedule reflect the amounts in the final amended certificate of estimated resources in effect when the final appropriations were passed by the Board of Education.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2025. 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 of Education during the fiscal year.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2025, investments were limited to federal agency securities, U.S. Government money market accounts, commercial paper, negotiable certificates of deposit (CDs) and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

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

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, 24 hour notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2025 amounted to \$714,560, which includes \$599,177 assigned from other District funds.

For presentation on the basic financial statements, 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 considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expended/expensed when used. Donated commodities are presented at their entitlement value. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of current assets.

Inventory consists of expendable supplies held for consumption.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000, unless the assets are a group purchase that collectively is considered significant by the District. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized. In addition, assets having an estimated useful life of more than one year that are below the capitalization threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years
Intangible right to use assets:	
Leased equipment	5 years
Software	2-3 years

The District is reporting intangible right to use assets related to leased equipment. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

I. Interfund Balances

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

J. Compensated Absences

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

Vacation

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

Sick Leave

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

K. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable in the fund financial statements by an amount equal to the carrying value of the assets.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

M. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

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

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

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. Estimates

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

P. Interfund Activity

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

Q. Nonpublic Schools

Within the boundaries of the District, Lial Catholic and Discovery Center operate as private schools. State legislation provides funding to these parochial schools. The District receives the money and then disburses the money to the Educational Service Center of Lake Erie West. These transactions are reported as a governmental activity of the District.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had no extraordinary or special items in fiscal year 2025.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

S. Unamortized Bond Premium and Discount/Accounting Gain or Loss

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. On the governmental fund financial statements, bond premiums are recognized in the current period.

For advance refunding's resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred outflow of resources on the statement of net position.

A reconciliation between the bonds' face value and the amount reported on the statement of net position is presented in Note 10.

T. Pensions/ Other Postemployment Benefits (OPEB)

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

U. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
IDEA Part B	\$ 54,590
Title I	8,176

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

C. Change within the Financial Reporting Entity

For fiscal year 2025, the District's Bond Retirement fund presentation was adjusted from major to nonmajor due to no longer meeting the qualitative threshold for a major fund. This change is separately displayed in the financial statements.

D. Restatement of Net Position

The District reported an error correction at the beginning of the fiscal year to write-down delinquent property tax revenue related to the Nexus Pipeline valuation settlement that is not collectible. In August 2024, the revised Nexus Pipeline valuations and the resulting reduction in taxable value were final and enforceable. The effect of this error correction on net position at beginning of the fiscal year for governmental activities is displayed in the financial statements.

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, 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 obligations or securities 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 fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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.

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

A. Deposits with Financial Institutions

At June 30, 2025, the carrying amount of all District deposits was \$620,797 and the bank balance of all District deposits was \$755,440. Of the bank balance, \$445,991 was covered by the FDIC and \$309,449 was covered by the Ohio Pooled Collateral System (OPCS), and \$0 was subject to custodial credit risk.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District's and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2025, one of the District's financial institutions was approved for a reduced collateral rate through the OPCS of 60 percent and the other financial institution was established at 102 percent. 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 FDIC.

B. Investments

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

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
FHLMC	\$ 396,410	\$ 396,410	\$ -	\$ -	\$ -	\$ -
FHLB	179,954	-	97,765	82,189	-	-
FFCB	379,415	-	-	-	-	379,415
U.S. Treasury Notes	1,937,129	-	-	-	-	1,937,129
Negotiable CDs	3,693,888	1,511,382	244,876	499,398	395,902	1,042,330
Commercial Paper	1,730,221	1,574,403	155,818	-	-	-
U.S. Government Money						
Market fund	271,235	271,235	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	5,781,723	5,781,723	-	-	-	-
Total	\$ 14,369,975	\$ 9,535,153	\$ 498,459	\$ 581,587	\$ 395,902	\$ 3,358,874

The weighted average maturity of investments is 1.08 years.

The District's investments in U.S. Government money market accounts are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FHLB, FFCB and U.S. Treasury notes), commercial paper and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The District's investments in FHLB, FFCB, and U.S. Treasury note securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in commercial paper were rated A-1/A-1+ by Standard & Poor's and P-1 by Moody's Investor Services. The District's investments in STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in negotiable CDs and U.S. Government money market accounts were not rated. The negotiable CDs are covered by FDIC. The District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities, negotiable CDs and U.S. Government obligations are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2025:

<u>Investment type</u>	<u>Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FHLMC	\$ 396,410	2.76%
FHLB	179,954	1.25%
FFCB	379,415	2.64%
US Treasury Note	1,937,129	13.48%
Negotiable CDs	3,693,888	25.71%
Commercial Paper	1,730,221	12.04%
U.S. Government Money Market Fund	271,235	1.89%
<i>Amortized Cost:</i>		
STAR Ohio	5,781,723	40.23%
Total	<u>\$ 14,369,975</u>	<u>100.000%</u>

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

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 620,797
Investments	<u>14,369,975</u>
Total	<u>\$ 14,990,772</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 14,988,534
Custodial funds	<u>2,238</u>
Total	<u>\$ 14,990,772</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 5 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2025 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Payable Fund</u>	<u>Amount</u>
<i>Nonmajor Special Revenue</i>	
Supporting Effective Instruction	<u>\$ 4,797</u>

The primary purpose of the interfund balance is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed values as of January 1, 2024 the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Public utility real and personal property taxes received in calendar year 2025 became a lien on December 31, 2023, were levied after April 1, 2024, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Lucas, Fulton and Wood Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2025 operations.

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Major governmental funds:		
General fund	\$ 2,657,372	\$ 1,053,229
Bond retirement fund	142,368	136,489
Permanent improvement fund	162,150	88,934

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

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

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

	2024 Second Half Collections		2025 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 1,283,676,700	94.09	\$ 1,674,395,630	96.50
Public utility personal	<u>80,685,150</u>	<u>5.91</u>	<u>60,818,330</u>	<u>3.50</u>
Total	<u>\$ 1,364,361,850</u>	<u>100.00</u>	<u>\$ 1,735,213,960</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$71.60		\$69.38	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2025 consisted of property taxes, payments in lieu of taxes, accounts, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 8 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Community Reinvestment Areas

The City of Toledo, the City of Maumee and the City of Waterville provide tax abatements through Community Reinvestment Areas (CRAs).

Under the authority of ORC Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 8 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS - (Continued)

The CRA agreements entered into by the City of Toledo, the City of Maumee and the City of Waterville affect the property tax receipts collected and distributed to the District. Under these agreements, the District property taxes were reduced by \$257,925 as follows:

<u>CRA Program</u>	<u>District Taxes Abated</u>
City of Toledo	\$ 21,755
City of Maumee	219,764
City of Waterville	16,406
Total	<u>\$ 257,925</u>

Enterprise Zones

Lucas County entered into property tax abatement agreements with local businesses under Enterprise Zone tax abatement agreements. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the District. Under the agreements, the District property taxes were reduced by \$198,368 during fiscal year 2025.

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**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 9 - CAPITAL ASSETS

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

	Balance <u>06/30/24</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/25</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,592,574	\$ -	\$ -	\$ 2,592,574
Construction in progress	<u>879,261</u>	<u>1,244,908</u>	<u>(879,261)</u>	<u>1,244,908</u>
Total capital assets, not being depreciated/amortized	<u>3,471,835</u>	<u>1,244,908</u>	<u>(879,261)</u>	<u>3,837,482</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	7,344,323	-	-	7,344,323
Buildings and improvements	71,102,665	847,008	-	71,949,673
Furniture and equipment	4,575,259	2,597,620	(103,812)	7,069,067
Vehicles	4,780,735	849,106	(441,309)	5,188,532
Intangible right to use:				
Leased equipment	15,080	-	-	15,080
Software	<u>41,424</u>	<u>8,304</u>	<u>(41,424)</u>	<u>8,304</u>
Total capital assets, being depreciated/amortized	<u>87,859,486</u>	<u>4,302,038</u>	<u>(586,545)</u>	<u>91,574,979</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(5,272,081)	(93,169)	-	(5,365,250)
Buildings and improvements	(23,445,532)	(1,308,378)	-	(24,753,910)
Furniture and equipment	(3,455,968)	(203,560)	100,497	(3,559,031)
Vehicles	(3,661,454)	(294,855)	441,309	(3,515,000)
Intangible right to use:				
Leased equipment	(6,912)	(3,016)	-	(9,928)
Software	<u>(11,938)</u>	<u>(32,903)</u>	<u>41,424</u>	<u>(3,417)</u>
Total accumulated depreciation/amortization	<u>(35,853,885)</u>	<u>(1,935,881)</u>	<u>583,230</u>	<u>(37,206,536)</u>
Governmental activities capital assets, net	<u>\$ 55,477,436</u>	<u>\$ 3,611,065</u>	<u>\$ (882,576)</u>	<u>\$ 58,205,925</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation/amortization expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 1,008,249
Special	128,695
Other	32

Support services:

Pupil	82,543
Instructional staff	25,258
Administration	82,650
Fiscal	12,989
Business	18,625
Operations and maintenance	160,894
Pupil transportation	323,487
Central	11,814
Extracurricular activities	54,998
Food service operations	<u>25,647</u>
Total depreciation expense	<u><u>\$ 1,935,881</u></u>

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**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 10 - LONG-TERM OBLIGATIONS

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

	(Restated) Balance <u>June 30, 2024</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2025</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
<i>General Obligation Bonds:</i>					
<u>Series 2017A</u>					
Current interest bonds	\$ 31,835,000	\$ -	\$ (350,000)	\$ 31,485,000	\$ 435,000
<u>Series 2017B</u>					
Current interest bonds	8,080,000	-	(90,000)	7,990,000	90,000
<u>Series 2020 refunding</u>					
<i>Direct placement</i>					
Current interest bonds	1,603,000	-	(217,000)	1,386,000	218,000
<u>Series 2021 refunding</u>					
<i>Direct placement</i>					
Current interest bonds	1,010,000	-	(1,010,000)	-	-
<u>Series 2022 refunding</u>					
<i>Direct placement</i>					
Current interest bonds	<u>3,208,000</u>	<u>-</u>	<u>(625,000)</u>	<u>2,583,000</u>	<u>639,000</u>
Total G.O. bonds	<u>45,736,000</u>	<u>-</u>	<u>(2,292,000)</u>	<u>43,444,000</u>	<u>1,382,000</u>
<i>Other long-term obligations:</i>					
Leases payable	8,762	-	(3,021)	5,741	3,207
Compensated absences	11,836,176	302,053	-	12,138,229	1,513,829
Net pension liability	48,622,456	-	(4,972,492)	43,649,964	-
Net OPEB liability	<u>2,964,870</u>	<u>-</u>	<u>(1,132,754)</u>	<u>1,832,116</u>	<u>-</u>
Total other long-term obligations	<u>63,432,264</u>	<u>302,053</u>	<u>(6,108,267)</u>	<u>57,626,050</u>	<u>1,517,036</u>
Total governmental activities	<u>\$ 109,168,264</u>	<u>\$ 302,053</u>	<u>\$ (8,400,267)</u>	<u>101,070,050</u>	<u>\$ 2,899,036</u>
				<u>733,726</u>	
				<u>\$ 101,803,776</u>	

- B. On April 6, 2017, the District issued \$35,068,500, in school facilities construction and improvement general obligation bonds, Series 2017A. The bonds were issued for the purpose of constructing, improving, furnishing and equipping a new Whitehouse Elementary school building, new operations building, and new athletic building, with related site improvements. At June 30, 2025, the debt issue is comprised of current interest serial bonds (par value \$6,880,000) and current interest term bonds (par value \$24,605,000). The interest rate on the current interest serial bonds ranges from 2.00-5.00 percent and the interest rate on the current interest term bonds ranges from 3.75-5.00 percent.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue for the current interest serial bonds and current interest term bonds is December 1, 2034 and December 2053, respectively.

The current interest term bonds are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows.

Current interest term bonds (\$5,425,000) maturing on December 1, 2039:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2035	\$ 1,000,000
2036	1,040,000
2037	1,085,000
2038	1,130,000
2039	1,170,000

Current interest term bonds (\$3,790,000) maturing on December 1, 2042:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2040	\$ 1,220,000
2041	1,260,000
2042	1,310,000

Current interest term bonds (\$7,380,000) maturing on December 1, 2047:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2043	\$ 1,360,000
2044	1,415,000
2045	1,475,000
2046	1,535,000
2047	1,595,000

Current interest term bonds (\$8,010,000) maturing on December 1, 2053:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2048	\$ 1,660,000
2049	1,720,000
2050	1,795,000
2051	910,000
2052	945,000
2053	980,000

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

- C. On April 6, 2017, the District issued \$9,200,000, in school facilities construction and improvement general obligation bonds, Series 2017B. The bond issue retired the \$9,200,000 anticipation notes that were issued during fiscal year 2017 for the purpose of constructing, improving, furnishing and equipping a new Whitehouse Elementary school building, new operations building, and new athletic building, with related site improvements. At June 30, 2025, the debt issue is comprised of current interest serial bonds (par value \$185,000) and current interest term bonds (par value \$7,805,000). The interest rate on the current interest serial bonds ranges from 2.00-4.00 percent and the interest rate on the current interest term bonds ranges from 4.00-5.00 percent.

The current interest term bonds are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Current interest term bonds (\$410,000) maturing on December 1, 2030:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2027	\$ 95,000
2028	100,000
2029	105,000
2030	110,000

Current interest term bonds (\$370,000) maturing on December 1, 2033:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2031	\$ 115,000
2032	125,000
2033	130,000

Current interest term bonds (\$590,000) maturing on December 1, 2037:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2034	\$ 135,000
2035	145,000
2036	150,000
2037	160,000

Current interest term bonds (\$915,000) maturing on December 1, 2042:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2038	\$ 165,000
2039	175,000
2040	185,000
2041	190,000
2042	200,000

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Current interest term bonds (\$5,520,000) maturing on December 1, 2053:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2043	\$ 210,000
2044	220,000
2045	230,000
2046	240,000
2047	245,000
2048	255,000
2049	265,000
2050	280,000
2051	1,145,000
2052	1,190,000
2053	1,240,000

- D.** On September 3, 2020, the District issued \$2,295,000 in general obligation refunding bonds (Series 2020, refunding bonds) through a direct placement. These bonds refunded the \$2,295,000 of the Series 2011 refunding issue. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position.

This issue is comprised of current interest serial bonds, present value \$1,386,000 at June 30, 2025. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2030.

The net present value savings of the refunding was \$230,765. The net carrying value of the old debt exceeded the reacquisition price by \$101,952. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized deferred charges are reported as a deferred outflow of resources on the statement of net position. This refunding was undertaken to reduce total debt service payments over the next nine years by \$320,216.

The refunding bonds issued through Key Government Finance, Inc. is considered a direct placement. Direct placements occur when the District issues a debt security directly to an investor. Direct placements have terms negotiated directly with the investor and are not offered for public sale.

- E.** On September 3, 2021, the District issued \$3,065,000 in general obligation refunding bonds (Series 2021, refunding bonds) through a direct placement. These bonds refunded the \$3,065,000 of the Series 2011A refunding issue. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The net present value savings of the refunding was \$117,524. The reacquisition price exceeded the net carrying value of the old debt by \$21,201. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized deferred charges are reported as a deferred outflow of resources on the statement of net position. This refunding was undertaken to reduce total debt service payments over the next nine years by \$160,569.

The refunding bonds issued through U.S. Bank. is considered a direct placement. Direct placements occur when the District issues a debt security directly to an investor. Direct placements have terms negotiated directly with the investor and are not offered for public sale.

- F.** On September 6, 2022, the District issued \$3,795,000 in general obligation refunding bonds (Series 2022, refunding bonds) through a direct placement. These bonds refunded \$3,795,000 of the Series 2015 refunding issue. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position.

This issue is comprised of current interest serial bonds, present value \$2,583,000 at June 30, 2025. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2030.

The net present value savings of the refunding was \$132,591. The net carrying value of the old debt exceeded the reacquisition price by \$115,625. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized deferred charges are reported as a deferred inflow of resources on the statement of net position. This refunding was undertaken to reduce total debt service payments over the next nine years by \$186,304.

The refunding bonds issued through U.S. Bank. is considered a direct placement. Direct placements occur when the District issues a debt security directly to an investor. Direct placements have terms negotiated directly with the investor and are not offered for public sale.

- G.** Principal and interest requirements to retire the District's long-term bonds are as follows:

Fiscal Year	Current Interest Bonds			Direct Placement Current Interest Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 525,000	\$ 1,607,725	\$ 2,132,725	\$ 857,000	\$ 70,694	\$ 927,694
2027	580,000	1,586,550	2,166,550	637,000	55,720	692,720
2028	630,000	1,562,350	2,192,350	628,000	43,089	671,089
2029	675,000	1,535,275	2,210,275	619,000	30,647	649,647
2030	740,000	1,505,950	2,245,950	598,000	18,515	616,515
2031 - 2035	4,830,000	6,943,175	11,773,175	630,000	6,279	636,279
2036 - 2040	6,220,000	5,699,200	11,919,200	-	-	-
2041 - 2045	7,570,000	4,315,538	11,885,538	-	-	-
2046 - 2050	9,220,000	2,647,000	11,867,000	-	-	-
2051 - 2054	8,485,000	689,100	9,174,100	-	-	-
Total	<u>\$ 39,475,000</u>	<u>\$ 28,091,863</u>	<u>\$ 67,566,863</u>	<u>\$ 3,969,000</u>	<u>\$ 224,944</u>	<u>\$ 4,193,944</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

H. Leases Payable

During a prior fiscal year, the District entered into lease agreements for the use of right to use equipment. Due to the implementation of GASB Statement No. 87, the District will report intangible capital assets and corresponding liability for the future scheduled payments under the leases. Lease payments have been reclassified and are reflected as debt service expenditures for the general fund in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

The District entered into the leases for a term of 60 months on November 30, 2021. Payments are due quarterly, and the leases mature in March 2027.

Principal and interest requirements to retire the District's leases payable are:

<u>Fiscal Year</u>	<u>Leases Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	3,207	275	3,482
2027	2,534	77	2,611
Total	<u>\$ 5,741</u>	<u>\$ 352</u>	<u>\$ 6,093</u>

I. Compensated Absences and Net Pension/OPEB Liability

Compensated absences will be paid from the fund from which the employee is paid which, for the District, is the general fund and the food service nonmajor governmental fund. See Note 13 for detail regarding the net pension liability and Note 14 for detail on the net OPEB liability.

J. Legal Debt Margin

The ORC provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2025, are a voted debt margin of \$114,625,937 (including available funds of \$1,900,681) and an unvoted debt margin of \$1,735,214.

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 11 - OTHER EMPLOYEE BENEFITS - (Continued)

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement, payment to certified employees is made for 32 percent of the total sick leave accumulation, which may not exceed 290 sick leave days. Classified employees are paid for 25 percent of the first 200 accumulated days, 33 percent for each day accumulated from 201 accumulated sick leave days up to and including 290 accumulated sick leave days, and one additional day for each year of service over 20 years. If a classified employee has accumulated a total of 245 sick days or more, and that employee has taken 15 or fewer sick days during the best 4 years of the last 6 years of employment, he/she may receive severance pay for a maximum of 80 days. An employee receiving such payment must have ten full years of service in the District and must meet the retirement provisions set by STRS Ohio and SERS. Two additional days of severance will be granted if the letter is received by December 1.

B. Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance in the amount of \$50,000 to certified employees. For classified employees, group term life insurance is provided in the amount of \$25,000.

NOTE 12 - RISK MANAGEMENT

The District does not have a "self-insurance" fund with formalized risk management programs. The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters.

During fiscal year 2025, the District purchased from Hylant Administrative Services, general liability insurance, which carried a \$1 million per occurrence/\$6 million annual aggregate limitation.

Fleet and property/casualty insurance are purchased through commercial carriers and traditionally funded.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has not been a significant reduction in the amounts of insurance coverage from fiscal year 2024.

The District has elected to provide employee medical/surgical benefits through Paramount Healthcare, a fully funded program. The District provides dental insurance through Paramount Dental, a fully funded program. The District also provides life insurance through Mutual of Omaha Life Insurance and vision insurance through VSP.

Postemployment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

WORKERS' COMPENSATION

The District uses the firm of Sheakley Uniservice, Inc. to provide administrative support for claims processing, and to assist the District in compliance with Bureau of Workers Compensation and Industrial Commission regulations. The District purchases its workers' compensation coverage from the Bureau of Workers' Compensation.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

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

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

The District's contractually required contribution to SERS was \$1,031,465 for fiscal year 2025. Of this amount, \$210,356 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The District's contractually required contribution to STRS was \$3,577,514 for fiscal year 2025. Of this amount, \$601,152 is reported as intergovernmental payable.

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.17482070%	0.18092791%	
Proportion of the net pension liability current measurement date	<u>0.17668580%</u>	<u>0.17987798%</u>	
Change in proportionate share	<u>0.00186510%</u>	<u>-0.00104993%</u>	
Proportionate share of the net pension liability	\$ 9,038,534	\$ 34,611,430	\$ 43,649,964
Pension expense	\$ 622,052	\$ 2,070,740	\$ 2,692,792

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 345,084	\$ 2,179,615	\$ 2,524,699
Changes of assumptions	80,857	1,595,084	1,675,941
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	177,413	126,358	303,771
Contributions subsequent to the measurement date	<u>1,031,465</u>	<u>3,577,514</u>	<u>4,608,979</u>
Total deferred outflows of resources	<u>\$ 1,634,819</u>	<u>\$ 7,478,571</u>	<u>\$ 9,113,390</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 18,954	\$ 18,954
Net difference between projected and actual earnings on pension plan investments	565,354	2,975,880	3,541,234
Changes of assumptions	-	1,200,639	1,200,639
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>-</u>	<u>316,839</u>	<u>316,839</u>
Total deferred inflows of resources	<u>\$ 565,354</u>	<u>\$ 4,512,312</u>	<u>\$ 5,077,666</u>

\$4,608,979 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	\$ (370,043)	\$ (1,945,631)	\$ (2,315,674)
2027	621,375	3,076,605	3,697,980
2028	(47,089)	(978,734)	(1,025,823)
2029	<u>(166,243)</u>	<u>(763,495)</u>	<u>(929,738)</u>
Total	<u>\$ 38,000</u>	<u>\$ (611,255)</u>	<u>\$ (573,255)</u>

Actuarial Assumptions - SERS

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

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

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

In 2024, mortality rates were based on the following:

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

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

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

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

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

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

As of June 30, 2024:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (geometric)</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	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 14,409,395	\$ 9,038,534	\$ 5,848,930

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

* Final target weights reflected at October 1, 2022.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 55,834,301	\$ 34,611,430	\$ 16,660,526

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

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

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 for a description of the net OPEB liability (asset).

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2025, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$127,487.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$127,487 for fiscal year 2025. Of this amount, \$127,487 is reported as intergovernmental payable.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB			
liability/asset prior measurement date	0.17996770%	0.18092791%	
Proportion of the net OPEB			
liability/asset current measurement date	<u>0.17988460%</u>	<u>0.17987798%</u>	
Change in proportionate share	<u>-0.00008310%</u>	<u>-0.00104993%</u>	
Proportionate share of the net			
OPEB liability	\$ 1,832,116	\$ -	\$ 1,832,116
Proportionate share of the net			
OPEB asset	\$ -	\$ (3,411,942)	\$ (3,411,942)
OPEB expense	\$ (260,536)	\$ (729,468)	\$ (990,004)

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 148,325	\$ 148,325
Net difference between projected and actual earnings on OPEB plan investments	8,945	-	8,945
Changes of assumptions	786,341	419,965	1,206,306
Difference between employer contributions and proportionate share of contributions/change in proportionate share	9,096	7,225	16,321
Contributions subsequent to the measurement date	<u>127,487</u>	<u>-</u>	<u>127,487</u>
Total deferred outflows of resources	<u>\$ 931,869</u>	<u>\$ 575,515</u>	<u>\$ 1,507,384</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,975,498	\$ 367,697	\$ 2,343,195
Net difference between projected and actual earnings on OPEB plan investments	-	146,496	146,496
Changes of assumptions	841,607	1,538,767	2,380,374
Difference between employer contributions and proportionate share of contributions/change in proportionate share	<u>454,790</u>	<u>4,580</u>	<u>459,370</u>
Total deferred inflows of resources	<u>\$ 3,271,895</u>	<u>\$ 2,057,540</u>	<u>\$ 5,329,435</u>

\$127,487 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2026.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	\$ (631,944)	\$ (521,625)	\$ (1,153,569)
2027	(480,486)	(229,155)	(709,641)
2028	(363,445)	(293,847)	(657,292)
2029	(296,529)	(273,402)	(569,931)
2030	(293,839)	(221,340)	(515,179)
Thereafter	<u>(336,218)</u>	<u>57,344</u>	<u>(278,874)</u>
Total	<u>\$ (2,402,461)</u>	<u>\$ (1,482,025)</u>	<u>\$ (3,884,486)</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

In 2024, the following mortality assumptions were used:

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

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

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

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

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

As of June 30, 2024:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (geometric)</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	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,443,062	\$ 1,832,116	\$ 1,346,637

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,238,442	\$ 1,832,116	\$ 2,612,453

Actuarial Assumptions - STRS

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

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

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

* Final target weights reflected at October 1, 2022.

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 2,774,134	\$ 3,411,942	\$ 3,966,973
		Current Trend Rate	
	1% Decrease	1% Increase	
District's proportionate share of the net OPEB asset	\$ 4,004,465	\$ 3,411,942	\$ 2,699,355

NOTE 15 - 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, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2025, if applicable, cannot be determined at this time.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. The District's August 18, 2025 and October 27, 2025 foundation settlement receipts included FTE adjustments for FY25. The FTE adjustments resulted in a decrease of \$2,066 and \$1, respectively. These amounts are immaterial and will not be included as a payable in the financial statements.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 16 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	Capital <u>Improvements</u>
Set-aside balance June 30, 2024	\$ -
Current year set-aside requirement	972,206
Current year offsets	<u>(3,388,599)</u>
Total	<u>\$ (2,416,393)</u>
Balance carried forward to fiscal year 2026	<u>\$ -</u>
Set-aside balance June 30, 2025	<u><u>\$ -</u></u>

NOTE 17 - OTHER COMMITMENTS

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

<u>Fund</u>	Fiscal Year-End <u>Encumbrances</u>
General	\$ 240,634
Permanent improvement	3,350,360
Other governmental	<u>88,015</u>
Total	<u><u>\$ 3,679,009</u></u>

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**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - over (under) Actual Amounts</u>
	<u>Original</u>	<u>Final</u>		
Budgetary revenues and other financing sources	\$ 47,765,086	\$ 49,462,086	\$ 49,711,304	\$ 249,218
Budgetary expenditures and other financing uses	48,941,828	49,991,964	49,872,922	(119,042)
Net change in fund balance	(1,176,742)	(529,878)	(161,618)	368,260
Budgetary fund balance at beginning of year	1,443,334	1,443,334	1,443,334	-
Prior year encumbrances appropriated	562,672	562,672	562,672	-
Budgetary fund balance at end of year	<u>\$ 829,264</u>	<u>\$ 1,476,128</u>	<u>\$ 1,844,388</u>	<u>\$ 368,260</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.17668580%	\$ 9,038,534	\$ 7,961,893	113.52%	78.52%
2024	0.17482070%	9,659,743	6,923,821	139.51%	76.06%
2023	0.17281890%	9,347,390	6,878,307	135.90%	75.82%
2022	0.18785120%	6,931,165	6,229,000	111.27%	82.86%
2021	0.19885380%	13,152,609	6,674,157	197.07%	68.55%
2020	0.19507690%	11,671,793	6,743,667	173.08%	70.85%
2019	0.18781060%	10,756,261	6,380,104	168.59%	71.36%
2018	0.19345910%	11,558,754	6,029,514	191.70%	69.50%
2017	0.19238390%	14,080,726	6,074,771	231.79%	62.98%
2016	0.18961260%	10,819,479	5,708,331	189.54%	69.16%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 1,031,465	\$ (1,031,465)	\$ -	\$ 7,367,607	14.00%
2024	1,114,665	(1,114,665)	-	7,961,893	14.00%
2023	969,335	(969,335)	-	6,923,821	14.00%
2022	962,963	(962,963)	-	6,878,307	14.00%
2021	872,060	(872,060)	-	6,229,000	14.00%
2020	934,382	(934,382)	-	6,674,157	14.00%
2019	910,395	(910,395)	-	6,743,667	13.50%
2018	861,314	(861,314)	-	6,380,104	13.50%
2017	844,132	(844,132)	-	6,029,514	14.00%
2016	850,468	(850,468)	-	6,074,771	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.17987798%	\$ 34,611,430	\$ 25,090,621	137.95%	82.55%
2024	0.18092791%	38,962,713	24,573,350	158.56%	80.02%
2023	0.18041913%	40,107,400	23,535,436	170.41%	78.88%
2022	0.17738230%	22,679,922	21,887,814	103.62%	87.78%
2021	0.17641193%	42,682,410	21,370,793	199.72%	75.48%
2020	0.17440452%	38,568,512	20,571,236	187.49%	77.40%
2019	0.17518469%	38,519,180	20,221,143	190.49%	77.31%
2018	0.17294305%	41,082,992	19,082,029	215.30%	75.30%
2017	0.17215747%	57,626,295	18,116,214	318.09%	66.80%
2016	0.16535905%	45,700,405	17,616,257	259.42%	72.10%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 3,577,514	\$ (3,577,514)	\$ -	\$ 25,553,671	14.00%
2024	3,512,687	(3,512,687)	-	25,090,621	14.00%
2023	3,440,269	(3,440,269)	-	24,573,350	14.00%
2022	3,294,961	(3,294,961)	-	23,535,436	14.00%
2021	3,064,294	(3,064,294)	-	21,887,814	14.00%
2020	2,991,911	(2,991,911)	-	21,370,793	14.00%
2019	2,879,973	(2,879,973)	-	20,571,236	14.00%
2018	2,830,960	(2,830,960)	-	20,221,143	14.00%
2017	2,671,484	(2,671,484)	-	19,082,029	14.00%
2016	2,536,270	(2,536,270)	-	18,116,214	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.17988460%	\$ 1,832,116	\$ 7,961,893	23.01%	44.50%
2024	0.17996770%	2,964,870	6,923,821	42.82%	30.02%
2023	0.17793330%	2,498,202	6,878,307	36.32%	30.34%
2022	0.18968080%	3,589,865	6,229,000	57.63%	24.08%
2021	0.19745220%	4,291,283	6,674,157	64.30%	18.17%
2020	0.19694730%	4,952,810	6,743,667	73.44%	15.57%
2019	0.19026130%	5,278,362	6,380,104	82.73%	13.57%
2018	0.19631960%	5,268,702	6,029,514	87.38%	12.46%
2017	0.19455434%	5,545,518	6,074,771	91.29%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 127,487	\$ (127,487)	\$ -	\$ 7,367,607	2.00%
2024	84,940	(84,940)	-	7,961,893	1.07%
2023	131,973	(131,973)	-	6,923,821	1.91%
2022	122,463	(122,463)	-	6,878,307	1.78%
2021	103,299	(103,299)	-	6,229,000	1.66%
2020	84,762	(84,762)	-	6,674,157	1.27%
2019	140,018	(140,018)	-	6,743,667	2.08%
2018	133,479	(133,479)	-	6,380,104	2.09%
2017	107,014	(107,014)	-	6,029,514	1.77%
2016	96,705	(96,705)	-	6,074,771	1.59%

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability/(Asset)	District's Proportionate Share of the Net OPEB Liability/(Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2025	0.17987798%	\$ (3,411,942)	\$ 25,090,621	13.60%	158.01%
2024	0.18092791%	(3,518,798)	24,573,350	14.32%	168.52%
2023	0.18041913%	(4,671,651)	23,535,436	19.85%	230.73%
2022	0.17738230%	(3,739,961)	21,887,814	17.09%	174.73%
2021	0.17641193%	(3,100,438)	21,370,793	14.51%	182.10%
2020	0.17440452%	(2,888,557)	20,571,236	14.04%	174.74%
2019	0.17518469%	(2,815,039)	20,221,143	13.92%	176.00%
2018	0.17294305%	6,747,600	19,082,029	35.36%	47.10%
2017	0.17215747%	9,207,026	18,116,214	50.82%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ -	\$ -	\$ -	\$ 25,553,671	0.00%
2024	-	-	-	25,090,621	0.00%
2023	-	-	-	24,573,350	0.00%
2022	-	-	-	23,535,436	0.00%
2021	-	-	-	21,887,814	0.00%
2020	-	-	-	21,370,793	0.00%
2019	-	-	-	20,571,236	0.00%
2018	-	-	-	20,221,143	0.00%
2017	-	-	-	19,082,029	0.00%
2016	-	-	-	18,116,214	0.00%

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 1 - BUDGETARY PROCESS

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

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

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

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

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ (161,618)
Net adjustment for revenue accruals	1,729,439
Net adjustment for expenditure accruals	(386,398)
Funds budgeted elsewhere	216,903
Adjustments for encumbrances	<u>446,954</u>
GAAP basis	<u><u>\$ 1,845,280</u></u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the special trust fund, uniform school supplies fund, adult education fund, the public school support fund, and the unclaimed monies fund.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

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

Change in assumptions:

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

Changes in assumptions:

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

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

Change in assumptions:

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

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

Change in assumptions:

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

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

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

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Assistance Listing Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education and Workforce</i>		
<u>Child Nutrition Cluster:</u>		
School Breakfast Program	10.553	\$ 52,505
National School Lunch Program	10.555	338,021
Non-Cash Assistance (Food Distribution)	10.555	118,113
Total National School Lunch Program		<u>456,134</u>
Total Child Nutrition Cluster		<u>508,639</u>
Total U.S. Department of Agriculture		<u>508,639</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education and Workforce</i>		
<u>Special Education Cluster:</u>		
Special Education Grants to States (IDEA, Part B)	84.027	990,778
Total Special Education Cluster		<u>990,778</u>
Title I Grants to Local Educational Agencies	84.010	360,662
Supporting Effective Instruction State Grants (Formally Improving Teacher Quality State Grants)	84.367	84,730
Student Support and Academic Enrichment Program	84.424	43,019
<u>Education Stabilization Fund:</u>		
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	255,129
COVID-19 Emergency Relief - Homeless Children and Youth	84.425W	5,506
Total Education Stabilization Fund		<u>260,635</u>
Total U.S. Department of Education		<u>1,739,824</u>
U.S. DEPARTMENT OF TREASURY		
<i>Passed Through Ohio Department of Ohio Facilities Construction Commission</i>		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	77,963
Total U.S. Department of Treasury		<u>77,963</u>
Total Expenditures of Federal Awards		<u>\$ 2,326,426</u>

The accompanying notes are an integral part of this schedule.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL 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 Anthony Wayne Local School District, Lucas County, Ohio (the District) under programs of the federal government for the year ended June 30, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position 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 to use the 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with Ohio Department of Education and Workforce's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2025 to 2026 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amt.</u>	<u>Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$	10,156
Supporting Effective Instruction State Grants	84.367	\$	2,852
Student Support and Academic Enrichment Program	84.424	\$	8
Special Education Grants to States	84.027	\$	1,266



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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**

Anthony Wayne Local School District
Lucas County
9565 Bucher Road
P.O. Box 2487
Whitehouse, Ohio 43571-0486

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anthony Wayne Local School District, Lucas County, Ohio (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 20, 2026, wherein we noted the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, "Compensated Absences". We also noted, the District restated beginning net position due to a correction of an error.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response 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.

KEITH FABER
Ohio Auditor of State



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

March 20, 2026

OHIO AUDITOR OF STATE KEITH FABER

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

Anthony Wayne Local School District
Lucas County
9565 Bucher Road
P.O. Box 2487
Whitehouse, Ohio 43571-0486

To the Board of Education:

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited Anthony Wayne Local School District, Lucas County, Ohio's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Anthony Wayne Local School District's major federal program for the year ended June 30, 2025. Anthony Wayne Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, Anthony Wayne Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Child Nutrition Cluster for the year ended June 30, 2025.

Basis for Qualified Opinion

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 qualified opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Child Nutrition Cluster

As described in finding 2025-002 in the accompanying schedule of findings, the District did not comply with requirements regarding procurement and suspension and debarment applicable to its Child Nutrition Cluster major federal program.

Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2025-002, to be a material weakness.

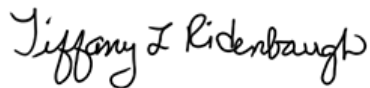
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the internal control over compliance findings identified in our audit 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 compliance and, accordingly, we express no opinion on the responses.

Anthony Wayne Local School District
Lucas County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance
Page 4

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.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

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

March 20, 2026

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS 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)?	Yes
(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)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(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	Qualified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster
(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?	Yes

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

FINDING NUMBER 2025-001

Financial Reporting – Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Prepayments in the Permanent Improvement Fund were overstated in the amount of \$292,673.

This error was not identified and corrected prior to the District preparing its financial statements and notes to the financial statements due to deficiencies in the District's internal controls over financial statement monitoring. Failing to prepare accurate financial statements could lead the Board of Education to make misinformed decisions. The accompanying financial statements have been adjusted to correct this error, as agreed to by management. In addition to the adjustment noted above, we also identified additional misstatements ranging from \$4,092 to \$52,029, which we have brought to the District's attention.

The District should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Treasurer and Board of Education to help identify and correct errors and omissions.

Officials' Response:

See corrective action plan.

3. FINDINGS FOR FEDERAL AWARDS

1. Procurement and Suspension and Debarment

Finding Number:	2025-002
Assistance Listing Number and Title:	Child Nutrition Cluster
Federal Award Identification Number / Year:	2025
Federal Agency:	U.S. Department of Agriculture
Compliance Requirement:	Procurement and Suspension and Debarment
Pass-Through Entity:	Ohio Department of Education and Workforce
Repeat Finding from Prior Audit?	No

Noncompliance and Material Weakness

2 CFR § 400.1 gives regulatory effect for the U.S. Department of Agriculture to the Office of Management and Budget guidance in subparts A through F of 2 CFR part 200, as supplemented by this part, as USDA policies and procedures for uniform administrative requirements, cost principles, and audit requirement for Federal awards. 2 CFR § 200.303 requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain effective internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

2 CFR § 200.320(a)(2) indicates, in part, when the aggregate dollar amount of the procurement transaction is higher than the micro-purchase threshold, but does not exceed the simplified acquisition threshold, simplified acquisition procedures can be used. If simplified acquisition procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined by the recipient or subrecipient.

2 CFR § 200.318(i) indicates the non-Federal entity must maintain records sufficient to detail the history of procurement transactions. These records must include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Anthony Wayne Local School District Board Policy – Procurement - Federal Grant/Funds indicates all purchases for property and services made using federal funds must be conducted in accordance with all applicable Federal, State and local laws and regulations, the Uniform Guidance, and the District's written policies and procedures. Purchasing records are sufficiently maintained to detail the history of all procurements and must include at least the rationale for the method of procurement, selection of contract type, and contractor selection or rejection; the basis for the contract price; and verification that the contractor is not suspended or debarred. Furthermore, the policy states small purchases include the acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold, (\$10,000) but does not exceed the simplified acquisition threshold of \$250,000. Small purchase procedures require that price or rate quotations shall be obtained from at least two qualified sources.

Due to a lack of controls over the procurement process, for one out of four (25%) vendors examined during the testing of the Child Nutrition Cluster, the District did not obtain quotes from other vendors. The District's procurement policy states "price or rate quotations shall be obtained from at least two qualified sources" based on the procurement totals.

Failure to obtain quotations from a variety of vendors may result in the District not utilizing the most cost effective vendor as well as further noncompliance with Federal requirements.

The District should adopt procedures to help ensure records are maintained to document the history of the procurement, including the rationale for the purchase method, selection of vendors, cost/price analysis (if applicable) and the reason for limiting competition (if applicable). The District should also amend its procurement policy to indicate the form of quotations required when using small purchase procedures.

Officials' Response:

See corrective action plan.



Anthony Wayne Local Schools

Anthony Wayne Administrative Center
9565 Bucher Rd., PO Box 2487, Whitehouse, Ohio 43571
Phone: 419-877-5377 Fax: 419-877-9352
www.anthonywayneschools.org

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2025

Finding Number:

2025-001

Planned Corrective Action:

In the future, the Treasurer will work closely with the TPA for GAAP reporting to ensure prepayments and payables are properly reported on the financial statements as of June 30th of each fiscal year. This finding was due to the TPA reporting a permanent improvement purchase as a prepayment at June 30th and should have been a payable, as payment was not made at June 30, 2025.

Anticipated Completion Date:

June 30, 2026

Responsible Contact Person:

Kerri Johnson, Treasurer

Finding Number:

2025-002

Planned Corrective Action:

In the future, the Treasurer will ensure proper procurement methods are followed to be certain we are utilizing the most cost effective and qualified vendor(s). This finding was due to the Food Service Director not seeking at least two quotations, per our procurement policy for federal funds.

Anticipated Completion Date:

June 30, 2026

Responsible Contact Person:

Kerri Johnson, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



ANTHONY WAYNE LOCAL SCHOOL DISTRICT

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/26/2026

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