

**BELLEFONTAINE
CITY SCHOOL DISTRICT**
LOGAN COUNTY, OHIO

SINGLE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Education
Bellefontaine City School District
820 Ludlow Road
Bellefontaine, Ohio 43311

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

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

KEITH FABER
Ohio Auditor of State

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

April 13, 2026

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**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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Independent Auditor's Report

Bellefontaine City School District
Logan County
820 Ludlow Road
Bellefontaine, OH 43311

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bellefontaine City School District, as of June 30, 2025, and the respective changes in cash basis financial position, thereof for the fiscal year then ended in accordance with cash basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Bellefontaine City School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 Bellefontaine City School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bellefontaine City School 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 Bellefontaine City School District's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025, on our consideration of Bellefontaine City School District's internal control over financial reporting and on 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 Bellefontaine City School 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 Bellefontaine City School District's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 23, 2025

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

The management's discussion and analysis of the Bellefontaine City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025, within the limitations of the School District's cash basis of accounting. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2025 are as follows:

- The total net cash position of the School District decreased \$403,834 or 2.75% from fiscal year 2024.
- General cash receipts accounted for \$26,427,170 or 79.27% of total governmental activities cash receipts. Program specific cash receipts accounted for 6,912,342 or 20.73% of total governmental activities cash receipts.
- The School District had \$33,743,346 in cash disbursements related to governmental activities; \$6,912,342 of these cash disbursements were offset by program specific charges for services, grants or contributions.
- The School District's major funds are the General Fund, Classroom Facilities Maintenance Fund, and Bond Retirement Fund.

Using this Annual Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the School District's cash basis of accounting.

The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis provide information about the activities of the whole School District, presenting an aggregate view of the School District's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District, there are three major governmental funds.

Reporting the School District as a Whole

Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis

The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis answer the question, "How did we do financially during 2025?" These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the School District's net cash position and changes in those assets on a cash basis. This change in net cash position is important because it tells the reader that, for the School District as a whole, the cash basis financial position of the School 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 School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

In the Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis the governmental activities include School District's programs and services including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Classroom Facilities Maintenance Fund, and the Bond Retirement Fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various School District programs.

Proprietary Fund

The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The School District's only fiduciary fund type is custodial.

Notes to the Financial Statements

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

Government-Wide Financial Analysis

Recall that the Statement of Net Position - Cash Basis provides the perspective of the School District as a whole.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

The table below provides a summary of the School District's net cash position at June 30, 2025 and June 30, 2024.

	Net Cash Position	
	Governmental Activities 2025	Governmental Activities 2024
<u>Assets</u>		
Equity in pooled cash and investments	<u>\$ 14,266,100</u>	<u>\$ 14,669,934</u>
<u>Net Cash Position</u>		
Restricted	3,878,471	4,201,938
Unrestricted	<u>10,387,629</u>	<u>10,467,996</u>
Total net cash position	<u>\$ 14,266,100</u>	<u>\$ 14,669,934</u>

The total net cash position of the School District decreased \$403,834, which represents a 2.75% decrease from fiscal year 2024. The balance of government-wide unrestricted net cash position of \$10,387,629 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash position for fiscal year 2025 and 2024.

	Change in Net Cash Position	
	Governmental Activities 2025	Governmental Activities 2024
Cash Receipts:		
Program cash receipts:		
Charges for services and sales	\$ 1,101,086	\$ 1,117,052
Operating grants, contributions and interest	5,811,256	7,047,433
Capital grants, contributions and interest	<u>-</u>	<u>9,905</u>
Total program cash receipts	<u>6,912,342</u>	<u>8,174,390</u>
General cash receipts:		
Property and other taxes	11,760,403	11,534,103
Payments in lieu of taxes	10,394	-
Grants and entitlements not restricted to specific programs	13,835,864	14,132,606
Investment earnings	556,518	353,984
Miscellaneous	<u>263,991</u>	<u>346,993</u>
Total general cash receipts	<u>26,427,170</u>	<u>26,367,686</u>
Total cash receipts	<u>33,339,512</u>	<u>34,542,076</u>

- (Continued)

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

Change in Net Cash Position - (Continued)

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
Cash Disbursements:		
Instruction:		
Regular	\$ 12,956,148	\$ 12,470,810
Special	5,470,713	5,115,001
Vocational	256,414	372,198
Support services:		
Pupil	2,309,327	2,200,790
Instructional staff	657,783	645,737
Board of education	518,970	378,473
Administration	2,427,385	2,276,016
Fiscal	608,891	551,411
Business	236,891	227,038
Operations and maintenance	2,739,127	2,864,859
Pupil transportation	1,277,707	1,095,706
Central	825,015	1,400,460
Operation of non instructional services:		
Food service operations	1,170,979	1,253,284
Community services	42,016	38,058
Extracurricular activities	791,862	771,091
Facilities acquisition and construction	2,307	
Debt service:		
Principal retirement	1,055,000	605,425
Interest and fiscal charges	396,811	428,906
Accreted interest	<u>-</u>	<u>399,575</u>
Total cash disbursements	<u>33,743,346</u>	<u>33,094,838</u>
Change in net cash position	(403,834)	1,447,238
Net cash position at beginning of year	<u>14,669,934</u>	<u>13,222,696</u>
Net cash position at end of year	<u><u>\$ 14,266,100</u></u>	<u><u>\$ 14,669,934</u></u>

Governmental Activities

Governmental net cash position decreased by \$403,834 in fiscal year 2025. Total governmental disbursements of \$33,743,346 were offset by program receipts of \$6,912,342 and general receipts of \$26,427,170. Program receipts supported 20.49% of the total governmental disbursements. The largest governmental disbursement was instructional which totaled \$18,683,275. The decrease in net cash position was primarily a result of the District spending down the federal grant funding provided through the American Rescue Plan Act for COVID-19 relief.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

The primary sources of receipts for governmental activities are derived from taxes and unrestricted grants and entitlements. These receipt sources represent 76.77% of total governmental receipts. Real estate property is reappraised every six years. Property taxes decreased in fiscal year 2025 due to the timing of tax advances taken in fiscal year 2024 and 2025. General receipts increased \$1.2 million during fiscal year 2025, primarily from intergovernmental revenue (state foundation revenue). Program cash receipts decreased \$1.2 million, primarily operating grants and contributions. This was due to the federal grant funding provided from Coronavirus Relief and Elementary and Secondary School Emergency, which was received in prior years and spent down in fiscal year 2025. The School District received \$9,905 in capital grants and contributions during fiscal year 2025 from the safety grant program.

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 disbursements:				
Instruction:				
Regular	\$ 12,956,148	\$ 11,841,813	\$ 12,470,810	\$ 11,312,689
Special	5,470,713	2,456,958	5,115,001	1,954,026
Vocational	256,414	184,788	372,198	307,932
Support services:				
Pupil	2,309,327	1,804,747	2,200,790	2,048,174
Instructional staff	657,783	586,004	645,737	472,607
Board of education	518,970	518,970	378,473	378,473
Administration	2,427,385	2,423,410	2,276,016	2,256,326
Fiscal	608,891	608,891	551,411	551,411
Business	236,891	236,891	227,038	227,038
Operations and maintenance	2,739,127	2,322,546	2,864,859	2,055,639
Pupil transportation	1,277,707	1,178,540	1,095,706	629,382
Central	825,015	822,501	1,400,460	681,759
Operation of non-instructional services:				
Food service operations	1,170,979	70,533	1,253,284	251,276
Community services	42,016	(12,996)	38,058	3,263
Extracurricular activities	791,862	333,290	771,091	356,547
Facilities acquisition and construction	2,307	2,307		
Debt service	<u>1,451,811</u>	<u>1,451,811</u>	<u>1,433,906</u>	<u>1,433,906</u>
Total disbursements	<u>\$ 33,743,346</u>	<u>\$ 26,831,004</u>	<u>\$ 33,094,838</u>	<u>\$ 24,920,448</u>

The dependence upon general cash receipts for governmental activities is apparent; with only 20.49% of cash disbursements supported through program cash receipts during 2025, compared to 24.70% in fiscal year 2024.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

Financial Analysis of the Government's Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The School District's governmental funds are accounted for using the cash basis of accounting.

The School District's governmental funds reported a combined fund cash balance of \$11,000,358, which is \$558,749 lower than last year's total of \$11,559,107. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2025 and June 30, 2024, for all major and nonmajor governmental funds.

	Fund Cash Balance <u>June 30, 2025</u>	Fund Cash Balance <u>June 30, 2024</u>	Increase (Decrease)
Funds			
General	\$ 7,126,387	\$ 7,599,684	\$ (473,297)
Classroom Facilities Maintenance	1,385,530	1,393,160	(7,630)
Bond Retirement	893,480	1,433,356	(539,876)
Other Nonmajor Governmental	<u>1,594,961</u>	<u>1,132,907</u>	<u>462,054</u>
Total	<u>\$ 11,000,358</u>	<u>\$ 11,559,107</u>	<u>\$ (558,749)</u>

The General Fund had cash receipts of \$28,111,650, cash disbursements of \$27,989,947, other financing sources of \$10,000, and other financing uses of \$605,000 in 2025. The General Fund's cash balance decreased \$473,297 or 6.23% from 2024 to 2025.

The table that follows assists in illustrating the cash receipts of the General Fund.

	2025 <u>Amount</u>	2024 <u>Amount</u>	Percentage <u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 10,638,371	\$ 10,318,603	3.10 %
Intergovernmental	16,223,109	16,475,401	(1.53) %
Tuition and fees	412,892	310,871	32.82 %
Investment earnings	447,541	370,683	20.73 %
Extracurricular	36,511	53,856	(32.21) %
Other receipts	89,146	128,321	(30.53) %
Miscellaneous	<u>264,080</u>	<u>346,993</u>	(23.89) %
Total	<u>\$ 28,111,650</u>	<u>\$ 28,004,728</u>	0.38 %

Overall, General Fund cash receipts increased from prior year by 0.38%. Higher interest rates on investments resulted in an increase in investment earnings. Other receipts decreased from fewer contributions and donations received in fiscal 2025. Miscellaneous receipts decreased from fewer reimbursements and rebates received in fiscal 2025, as compared to the prior year. Extracurricular receipts decreased from sales, admissions and fees from music, public service and sports related activities. Tuition and fees increased due to changes in the state foundation funding model.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

The table that follows assists in illustrating the disbursements of the General Fund.

	<u>2025</u> <u>Amount</u>	<u>2024</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements</u>			
Instruction	\$ 16,790,025	\$ 16,910,530	(0.71) %
Support services	10,798,295	10,435,111	3.48 %
Operation of non-instructional	5,000	5,000	- %
Extracurricular	<u>396,627</u>	<u>397,739</u>	(0.28) %
Total	<u>\$ 27,989,947</u>	<u>\$ 27,748,380</u>	0.87 %

Cash disbursements increased by 0.87% overall from the prior year and were comparable to prior year.

Classroom Facilities Maintenance Fund

The Classroom Facilities Maintenance Fund is a special revenue fund that accounts for a property tax levied for the maintenance of the School District's facilities. During fiscal year 2025, the fund received cash receipts of \$192,985 and made \$200,615 in cash disbursements for facilities maintenance.

Bond Retirement Fund

During fiscal year 2025, the Bond Retirement Fund had cash receipts of \$932,157 from property taxes and homestead and rollback and cash disbursements of \$1,472,033 for fiscal fees and debt service payments.

Budgeting Highlights - General Fund

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

For the General Fund, original and final budgetary basis receipts and other financing sources were \$27,564,100. Actual cash receipts and other financing sources of \$28,038,852 came in higher than final budget estimates by \$274,752.

The final and original budgetary basis disbursements and other financing uses were \$28,614,744 and \$29,603,479, respectively. The actual budgetary basis disbursements and other financing uses of \$28,583,533 were \$31,211 less than the final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The School District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The School District had \$2,307 in facilities acquisition and construction disbursements during fiscal year 2025.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

Debt Administration

At June 30, 2025, the School District had \$14,020,000 in general obligation bonds outstanding. Of this total \$1,125,000 is due within one year and \$12,895,000 is due in more than one year. The following table summarizes the obligations outstanding.

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
<u>General Obligation Bonds:</u>		
2005 Refunding	\$ 1,210,000	\$ 1,765,000
2016 Refunding	4,170,000	4,170,000
2020 Refunding	<u>8,640,000</u>	<u>9,140,000</u>
Total Debt Obligations	<u>\$ 14,020,000</u>	<u>\$ 15,075,000</u>

Refer to Note 10 to the basic financial statements for further detail.

Current Financial Related Activities

The School District is located in Logan County. Property tax revenue estimates are based on historical collection levels. Since 2004, the School District has realized an annual decrease in its assessed valuation due to the phase out of the personal tangible property taxes. However, since the phase out period has expired, the School District anticipates small increases in its assessed valuation in future years. Over the past couple years, the School District has realized a fairly significant increase in assessed valuation. This is reflected in the figures used in the five-year forecast. 2019 was the last scheduled sexennial reassessment year for the School District. 2025 was the most recent sexennial reassessment year for the School District.

The biennial State budget covers the State funding cycle July 1, 2022 through June 30, 2024. With the new biennial State budget, the State adopted the Fair School Funding Plan. While the new funding plan reduced State Foundation revenues for the School District, it also reduced open enrollment charges. The overall effect in the first year was a slightly positive net effect. It is still too early to determine with certainty how the new funding plan will effect school districts on a long-term basis.

The School District placed a 10 year, 6.2 mill Emergency Operating Levy on the May 7, 2019 ballot. District voters approved the issue by a 67% margin. The School District began collecting revenue from the new levy effective January 1, 2020. The phase out of the tangible personal property tax continues to be an ongoing funding concern for school districts. Under the current State Budget, it appears the School District will not receive any additional Tangible Personal Property (TPP) tax replacement payments. This is important information that should not get lost in discussions about this and future budgets.

The Board continues to closely scrutinize disbursements to keep them in line with estimated receipts. Pupil teacher ratios and class sizes will continue to be closely monitored. The result of this analysis will help determine future staffing needs for the School District.

As a result of previous decreases in State funding and loss of personal tangible property taxes, the School District has continued to make budget cuts since the 2006 fiscal year. The majority of the cuts have been personnel related and made through attrition where possible. When implementing the above actions, the School District has been able to stabilize its five-year forecast. Due to the most recent budget cuts in the Summer of 2019, the School District has been able to realize a budget surplus. However, continued diligence will need to occur to maintain this trend. The most recent five-year forecast shows deficit spending over the next several years. This is of particular concern and steps should be taken to reduce expenses.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Joshua Wasson, Treasurer, Bellefontaine City School District, 820 Ludlow Road, Bellefontaine, Ohio 43311.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

**STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2025**

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	<u><u>\$ 14,266,100</u></u>
Net position:	
Restricted for:	
Capital projects	127,970
Debt service	893,480
Classroom facilities maintenance	1,385,530
Food service operations	666,929
Student activities	440,936
Federally funded programs	117,248
State funded programs	45,405
Locally funded programs	74,701
Miscellaneous grant projects	126,272
Unrestricted	<u>10,387,629</u>
Total net position	<u><u>\$ 14,266,100</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

		Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 12,956,148	\$ 375,993	\$ 738,342	\$ (11,841,813)
Special	5,470,713	62,618	2,951,137	(2,456,958)
Vocational	256,414	-	71,626	(184,788)
Support services:				
Pupil	2,309,327	5,035	499,545	(1,804,747)
Instructional staff	657,783	143	71,636	(586,004)
Board of education	518,970	-	-	(518,970)
Administration	2,427,385	2,657	1,318	(2,423,410)
Fiscal	608,891	-	-	(608,891)
Business	236,891	-	-	(236,891)
Operations and maintenance	2,739,127	91,558	325,023	(2,322,546)
Pupil transportation	1,277,707	-	99,167	(1,178,540)
Central	825,015	611	1,903	(822,501)
Operation of non-instructional services:				
Food service operations	1,170,979	220,605	879,841	(70,533)
Community services	42,016	-	55,012	12,996
Extracurricular activities	791,862	341,866	116,706	(333,290)
Facilities acquisition and construction	2,307	-	-	(2,307)
Debt service:				
Principal retirement	1,055,000	-	-	(1,055,000)
Interest	396,811	-	-	(396,811)
Total governmental activities	\$ 33,743,346	\$ 1,101,086	\$ 5,811,256	(26,831,004)
General receipts:				
Property taxes levied for:				
General purposes				10,638,371
Debt service				819,291
Capital outlay				180,321
Classroom facilities maintenance				122,420
Payment in lieu of taxes				10,394
Grants and entitlements not restricted to specific programs				13,835,864
Investment earnings				556,518
Miscellaneous				263,991
Total general receipts				26,427,170
Change in net position				(403,834)
Net position at beginning of year				14,669,934
Net position at end of year				\$ 14,266,100

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Classroom Facilities Maintenance	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 7,126,387	\$ 1,385,530	\$ 893,480	\$ 1,594,961	\$ 11,000,358
Fund balances:					
Restricted:					
Capital improvements	-	-	-	127,970	127,970
Debt service	-	-	893,480	-	893,480
Classroom facilities maintenance	-	1,385,530	-	-	1,385,530
Food service operations	-	-	-	666,929	666,929
Student activities	-	-	-	440,936	440,936
Federally funded programs	-	-	-	158,429	158,429
State funded programs	-	-	-	45,405	45,405
Locally funded programs	-	-	-	74,701	74,701
Miscellaneous grant projects	-	-	-	85,091	85,091
Assigned:					
Student instruction	75,888	-	-	-	75,888
Student and staff support	223,553	-	-	-	223,553
Subsequent year appropriations	3,384,431	-	-	-	3,384,431
Unassigned (deficit)	3,442,515	-	-	(4,500)	3,438,015
Total fund balances	\$ 7,126,387	\$ 1,385,530	\$ 893,480	\$ 1,594,961	\$ 11,000,358

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

Total governmental fund balances	\$ 11,000,358
<i>Amounts reported for governmental activities on the statement of net position are difference because:</i>	
An internal service fund is used by management to charge the costs of insurance to individual funds.	
The assets of the internal service fund are included in governmental activities on the statement of net position.	
	<u>3,265,742</u>
Net position of governmental activities	<u><u>\$ 14,266,100</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General	Classroom Facilities Maintenance	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:					
Property taxes	\$ 10,638,371	\$ 122,420	\$ 819,291	\$ 180,321	\$ 11,760,403
Intergovernmental	16,223,109	70,565	112,866	2,698,611	19,105,151
Investment earnings	447,541	-	-	6,910	454,451
Tuition and fees	412,892	-	-	-	412,892
Extracurricular	36,511	-	-	339,520	376,031
Rental income	67,018	-	-	-	67,018
Charges for services	-	-	-	245,145	245,145
Contributions and donations	11,734	-	-	474,821	486,555
Payment in lieu of taxes	10,394	-	-	-	10,394
Miscellaneous	264,080	-	-	48,415	312,495
Total receipts	<u>28,111,650</u>	<u>192,985</u>	<u>932,157</u>	<u>3,993,743</u>	<u>33,230,535</u>
Disbursements:					
Current:					
Instruction:					
Regular	12,175,044	-	-	803,246	12,978,290
Special	4,358,314	-	-	1,119,680	5,477,994
Vocational	256,667	-	-	-	256,667
Support services:					
Pupil	2,248,839	-	-	64,568	2,313,407
Instructional staff	598,385	-	-	60,470	658,855
Board of education	518,970	-	-	-	518,970
Administration	2,431,025	-	-	507	2,431,532
Fiscal	581,415	3,052	20,222	4,480	609,169
Business	237,290	-	-	-	237,290
Operations and maintenance	2,078,390	197,563	-	465,738	2,741,691
Pupil transportation	1,278,733	-	-	-	1,278,733
Central	825,248	-	-	949	826,197
Operation of non-instructional services:					
Food service operations	-	-	-	1,172,431	1,172,431
Other non-instructional services	5,000	-	-	37,078	42,078
Extracurricular activities	396,627	-	-	395,235	791,862
Facilities acquisition and construction	-	-	-	2,307	2,307
Debt service:					
Principal retirement	-	-	1,055,000	-	1,055,000
Interest and fiscal charges	-	-	396,811	-	396,811
Total disbursements	<u>27,989,947</u>	<u>200,615</u>	<u>1,472,033</u>	<u>4,126,689</u>	<u>33,789,284</u>
Excess (deficiency) of receipts over (under) disbursements	<u>121,703</u>	<u>(7,630)</u>	<u>(539,876)</u>	<u>(132,946)</u>	<u>(558,749)</u>
Other financing sources (uses):					
Advances in	10,000	-	-	605,000	615,000
Advances (out)	(605,000)	-	-	(10,000)	(615,000)
Total other financing sources	<u>(595,000)</u>	<u>-</u>	<u>-</u>	<u>595,000</u>	<u>-</u>
Net change in fund balances	(473,297)	(7,630)	(539,876)	462,054	(558,749)
Fund balances at beginning of year	<u>7,599,684</u>	<u>1,393,160</u>	<u>1,433,356</u>	<u>1,132,907</u>	<u>11,559,107</u>
Fund balances at end of year	<u>\$ 7,126,387</u>	<u>\$ 1,385,530</u>	<u>\$ 893,480</u>	<u>\$ 1,594,961</u>	<u>\$ 11,000,358</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

**RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Net change in fund balances - total governmental funds	\$ (558,749)
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Amounts reported for governmental activities in the statement of activities are different because:

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

154,915

Change in net position of governmental activities	<u>\$ (403,834)</u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

**STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUND
JUNE 30, 2025**

	Governmental Activities - Internal Service Fund
Assets:	
Equity in pooled cash and investments	<u><u>\$ 3,265,742</u></u>
Net position:	
Unrestricted	<u><u>\$ 3,265,742</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGE IN NET POSITION - CASH BASIS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Governmental Activities - Internal Service Fund
Operating receipts:	
Charges for services	\$ 5,669,561
Other	260,189
Total operating receipts	<u>5,929,750</u>
Operating disbursements:	
Administrative fees	726,888
Claims	5,156,924
Total operating disbursements	<u>5,883,812</u>
Operating income	45,938
Nonoperating receipts:	
Interest receipts	<u>108,977</u>
Change in net position	154,915
Net position at beginning of year	<u>3,110,827</u>
Net position at end of year	<u><u>\$ 3,265,742</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2025

	<u>Custodial</u>
Assets:	
Equity in pooled cash and investments	<u>\$ 20,171</u>
Net position:	
Held for scholarships	<u>\$ 20,171</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Custodial</u>
Additions:	
Extracurricular collections for OHSAA	\$ 4,866
Earnings on investments	<u>63</u>
Total additions	<u>4,929</u>
Deductions:	
Extracurricular distributions to OHSAA	<u>4,866</u>
Change in net position	63
Net position at beginning of year	<u>20,108</u>
Net position at end of year	<u><u>\$ 20,171</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Bellefontaine City School District (the “School District”) is organized under Sections 2 and 3, Article VI of the Constitution of the state of Ohio to provide educational services to the students and other community members of the School District. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms by the voters of the School District.

The School District serves an area of approximately 31 square miles in Logan County, including all of the City of Bellefontaine, Ohio, and portions of surrounding townships.

The School District currently operates two elementary schools, one middle school and one comprehensive high school. The School District is staffed by 129 non-certified employees, 191 certified employees, and 26 administrators to provide services to 2,164 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with three jointly governed organizations, one joint venture, and one insurance purchasing pool. These organizations include the Ohio Hi-Point Joint Vocational School District, State Support Team Region 6, the Logan County Education Foundation, the Joint Recreation District (Blue Jacket Park) and the Sedgwick Worker's Compensation Group Rating Plan. These organizations are presented in Notes 12, 13 and 14 to the basic financial statements.

As discussed further in Note 2.B., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

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

B. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the School District's financial report to follow generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. The School District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and deferred inflows of resources and their related expenses (such as accounts payable and expenses for goods or services received, but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

The School District also reports investments as assets, valued at cost basis.

Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary disbursements result from encumbrances outstanding at the beginning and end of the fiscal year.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

C. Basis of Presentation

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

Government-Wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Proprietary and fiduciary funds are reported by type.

A fund is considered major if it is the primary operating fund of the School District or meets the following criteria:

1. Total assets, receipts or disbursements of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and,

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

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

2. Total assets, receipts or disbursements of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

D. Fund Accounting

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the School District are financed. The following are the School District's major governmental funds:

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

Classroom Facilities Maintenance Fund - The Classroom Facilities Maintenance Fund is used to account for the proceeds of a levy for the maintenance of facilities.

Bond Retirement Fund - The Bond Retirement Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for payment.

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

PROPRIETARY FUND

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The internal service fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the School District, or to other governmental units, on a cost-reimbursement basis. The School District has one proprietary fund, an Internal Service Fund. The internal service fund is used to account for the operation of providing health and dental coverage to the employees of the School District. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The Net Position of the internal service fund is included with unrestricted net position on the government-wide statement.

FIDUCIARY FUNDS

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 cash assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's only fiduciary fund type is custodial, where the School District acts as a fiscal agent for individuals or other organizations. The School District's custodial funds account for programs that provide college scholarships for students for which the School District has no administrative involvement and collections and collections of athletic tournament ticket sales on behalf of the Ohio High School Athletic Association.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

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

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The primary level of budgetary control selected by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the object and function level within all funds are made by the Treasurer.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than assigned or restricted fund balance (cash basis).

Tax Budget

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 disbursements and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected receipt of each fund. Prior to June 30, the School District must revise its budget so that total contemplated disbursements 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 the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in receipt are identified by the School District's Treasurer.

Appropriations

Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying a new certificate is not necessary, the annual Appropriation Resolution Report must be legally enacted by the Board of Education at the fund level of disbursements, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary disbursements of the School District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of disbursements and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN 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 Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of disbursements on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Disbursements plus encumbrances may not legally exceed appropriations. Encumbrances outstanding at fiscal year-end are reported as a restricted or assigned fund balance for subsequent-year disbursements for governmental funds.

Lapsing of Appropriations

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

F. Cash and Investments

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

During fiscal year 2025 investments were limited to STAR Ohio, U.S. government money market, commercial paper, federal agency securities, U.S Treasury Notes, and negotiable certificates of deposit (negotiable CDs). In accordance with the cash basis of accounting, all School District investments are reported at cost.

The School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures 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 hours 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.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2025 were \$447,541 which includes \$154,646 of interest assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments". Investments with an initial maturity of more than three months that were not purchased from the cash management pool are reported as investments.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

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

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

School District employees earn sick, vacation and personal time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave.

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

I. Leases and Subscription Based Information Technology Arrangements (SBITAs)

The School District is the lessee (as defined by GASB 87) in several leases related to equipment under noncancelable leases. Leases payable are not reflected under the School District's cash basis of accounting. Lease disbursements are recognized when they are paid.

The School District has entered into noncancelable SBITA contracts (as defined by GASB 96) for several types of software including contracts related to financial systems, scheduling, grading systems and various other software. Subscription liabilities are not reflected under the School District's cash basis of accounting. Subscription disbursements are recognized when they are paid.

J. Long-Term Debt

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease or SBITA is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

K. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants for the acquisition or construction of capital assets are recorded as receipts when the grant is received.

L. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

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

M. Pensions/Other Postemployment Benefits (OPEB)

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

N. Equity Classifications

Government-Wide Financial Statements

Equity is classified as net position and is displayed in separate components:

1. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation adopted by the school district. At June 30, 2025, there were no net positions restricted by enabling legislation.
2. Unrestricted net position - All other net positions that do not meet the definition of "restricted."

The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Financial Statements

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

Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

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

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. The Board of Education has by resolution authorized the Treasurer to assign fund balance.

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 used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

O. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

During the course of normal operations, the School District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources to be expended are recorded as transfers.
2. Reimbursements from one fund to another are treated as disbursements/expenses in the reimbursing fund and a reduction in disbursements/expense in the reimbursed fund.

P. Receipts and Disbursements

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for services and sales, operating and capital grants, contributions and interest.

All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

Disbursements

Governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

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

Q. Interfund Balances

The School District also reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. The fund statements report interfund loans as advances when made or repaid.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2025, the School 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. The implementation of GASB Statement No. 101 did not have an effect on the financial statements of the School District.

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 School District.

B. Compliance

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

C. Deficit Fund Balances

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

<u>Nonmajor governmental fund</u>	<u>Deficit</u>
<i>Special Revenue:</i>	
Elementary and Secondary School Emergency Relief	\$ 4,500

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above; provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations or political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificate of deposit or savings or deposit accounts including, but not limited to passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, in an amount not to exceed forty percent of the interim moneys available for investment at any one time.

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

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

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School 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 School District 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 reduced rate set by the Treasurer of State.

At fiscal year-end, the carrying amount of the School District's deposits was \$10,248,257 and the bank balance was \$10,361,492. Of the School District's bank balance, \$5,325,076 was covered by federal depository insurance and \$5,036,416 was covered by the OPCS.

As of June 30, 2025, the School District has \$60 deposited in cash on hand. This amount is included in equity in pooled cash and investments.

B. Investments

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

<u>Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
STAR Ohio	\$ 828,293	\$ 828,293	\$ -	\$ -	\$ -	\$ -
U.S. government money market	23,702	23,702	-	-	-	-
Commercial paper	542,694	436,199	106,495	-	-	-
FHLB	224,995	-	-	-	124,995	100,000
FFCB	522,585	-	-	-	-	522,585
FHLMC	150,000	150,000	-	-	-	-
U.S. treasury notes	1,226,415	-	-	-	-	1,226,415
Negotiable CDs	519,270	119,880	-	-	-	399,390
Total	<u>\$ 4,037,954</u>	<u>\$ 1,558,074</u>	<u>\$ 106,495</u>	<u>\$ -</u>	<u>\$ 124,995</u>	<u>\$ 2,248,390</u>

Interest Rate Risk: The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 270 days from the date of purchase.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal securities and negotiable CD's are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. The School 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.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN 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 School District's investments at June 30, 2025, in STAR Ohio and the U.S. government money market fund are rated AAAm by Standard & Poor's. STAR Ohio is an investment pool operated by the Ohio State Treasurer. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The investments in commercial paper are rated A-1+/A-1 by Standard & Poor's and P-1 by Moody's. The Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (FHLMC) securities and U.S. treasury notes are rated AA+ and Aa1 by Standard & Poor's and Moody's, respectively. The negotiable CDs are not rated. The negotiable CD's are fully covered by the FDIC. The weighted average of maturity of the investment portfolio held the School District as of June 30, 2025 is 2.20 years.

Concentration of Credit Risk: The School District places no limit on the amount the School District may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 40 percent of the interim monies available for investment at any one time.

The following table includes the percentage of each investment type held by the District at June 30, 2025:

<u>Investment Type</u>	<u>Measurement</u>	
	<u>Value</u>	<u>% of Total</u>
STAR Ohio	\$ 828,293	20.51
U.S. government money market	23,702	0.59
Commercial paper	542,694	13.44
FHLB	224,995	5.57
FFCB	522,585	12.94
FHLMC	150,000	3.72
U.S. treasury notes	1,226,415	30.37
Negotiable CDs	519,270	12.86
Total	<u>\$ 4,037,954</u>	<u>100.00</u>

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**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 5 - INTERFUND TRANSACTIONS

Interfund advances for the year ended June 30, 2025, consisted of the following, as reported on the fund financial statements:

<u>Advances from General Fund to:</u>	<u>Amount</u>
<i>Nonmajor Special Revenue Funds:</i>	
Other Grants	\$ 240,000
21st Century Grant	20,000
IDEA, Part B	180,000
School Improvement	20,000
Title I, Disadvantaged Children	85,000
Improving Teacher Quality	20,000
Student Support and Enrichment	40,000
Total	<u>605,000</u>
 <u>Advances to General Fund from:</u>	
<i>Nonmajor Special Revenue Funds:</i>	
Student Managed Activities	<u>10,000</u>
 Grand total advances	<u>\$ 615,000</u>

The Student Managed Activities nonmajor governmental special revenue fund advanced \$10,000 to the General Fund during fiscal year 2025 to repay an advance outstanding at June 30, 2024.

The advances outstanding at June 30, 2025, will be repaid once the anticipated funds are received. Interfund advances 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 School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised fair value. Real property taxes are payable annually or semi-annually. 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 revenue received in calendar 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien December 31, 2023, were levied after April 1, 2024 and are collected in 2025 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Logan County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2026 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES - (Continued)

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	\$ 372,815,840	95.50	\$ 371,660,680	95.00
Public utility personal	<u>17,566,100</u>	<u>4.50</u>	<u>19,545,180</u>	<u>5.00</u>
Total	<u>\$ 390,381,940</u>	<u>100.00</u>	<u>\$ 391,205,860</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$ 54.93		\$ 56.03

NOTE 7 - RISK MANAGEMENT

A. Public Liability

The School District is exposed to various risks related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District contracted with Tokio Marine for cyber liability insurance coverage and the Ohio School Plan for all other insurance as follows

Cyber Liability Coverage \$ 1,000,000

Property Coverage:

Property damage - per occurrence	131,927,970
Flood - per occurrence	1,000,000
Earthquake	5,000,000

Crime Coverage:

Employee theft - per coverage	100,000
Forgery or alteration	100,000
Inside the premises - theft of money and securities	10,000
Outside the premises - theft of money and securities	10,000
Computer fraud	100,000
Funds transfer fraud	100,000

Automobile Coverage:

Liability	5,000,000
Uninsured and underinsured motorists	1,000,000

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 7 - RISK MANAGEMENT - (Continued)

Liability Coverage:

General liability:	
Per occurrence	\$ 5,000,000
Aggregate	7,000,000
Employer's liability stop-gap:	
Bodily injury by accident	5,000,000
Bodily injury by disease	5,000,000
Fiduciary liability:	
Each fiduciary claim limit	5,000,000
Aggregate	7,000,000
Security and law enforcement liability	
Per occurrence	5,000,000
Aggregate	7,000,000
Education legal liability:	
Errors and omissions each wrongful act	5,000,000
Errors and omissions aggregate	7,000,000

Violent Act Injury and Death Benefit:

Aggregate limit	1,000,000
Death benefit limit - per member	25,000

Pollution Coverage:

Policy aggregate	5,000,000
Member aggregate	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

B. Workers' Compensation

The School District participates in the Sedgwick Workers' Compensation Group Retrospective Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan.

Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Sedgwick provides administrative, cost control and actuarial services to the Plan.

C. Self-Insurance

The School District has established a Self-Insurance Fund in the Internal Service Fund Type to account for and finance its uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$100,000 per claim per employee. The School District purchases commercial insurance for claims in excess of coverage provided by this fund and for other risks of loss including annual aggregate stop losses coverage for annual claims paid. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 7 - RISK MANAGEMENT - (Continued)

The School District is also self-insured for employee health care benefits. The Self Insurance Fund pays covered claims to service providers and recovers these costs from interfund rates that are charged based on claims approved by the claims administrator. A comparison of Self Insurance Fund cash balance and estimated liability as of June 30, 2025 and June 30, 2024 follows:

	2025	2024
Cash	\$ 3,265,742	\$ 3,110,827
Estimated Liabilities	698,492	493,227

NOTE 8 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

The net pension/net OPEB liability/asset are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024. In 2024, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2025.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the School District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 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 School District's contractually required contribution to SERS was \$565,489 for fiscal year 2025.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019 Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

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

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

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

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 School District's contractually required contribution to STRS was \$1,858,529 for fiscal year 2025.

Net Pension Liability

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

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.09630940%	0.10268453%	
Proportion of the net pension liability current measurement date	<u>0.09466940%</u>	<u>0.09974774%</u>	
Change in proportionate share	<u>-0.00164000%</u>	<u>-0.00293679%</u>	
Proportionate share of the net pension liability	\$ 4,842,905	\$ 19,193,077	\$ 24,035,982

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.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 8 - 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
Wage inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or ad hoc COLA	2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement	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
Discount rate	7.00%	7.00%
Actuarial cost method	Entry age normal	Entry age normal

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.

**BELLEFONTAINE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
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 of 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what each 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.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 7,408,973	\$ 4,842,905	\$ 2,682,413

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 8 - 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%	0.00%

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.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 8 - 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 School 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 as of June 30, 2023, 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
School District's proportionate share of the net pension liability	\$ 30,961,796	\$ 19,193,077	\$ 9,238,762

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.

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**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 8 for a description of the net OPEB liability/asset.

Plan Description - School Employees Retirement System (SERS)

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 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 School District's surcharge obligation was \$69,614.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$69,614 for fiscal year 2025.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 9 - 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.

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 Liability/Asset

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

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.09879520%	0.10268453%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.09650820%</u>	<u>0.09974774%</u>	
Change in proportionate share	<u>-0.00228700%</u>	<u>-0.00293679%</u>	
Proportionate share of the net OPEB liability	\$ 982,932	\$ -	\$ 982,932
Proportionate share of the net OPEB asset	\$ -	\$ (1,892,024)	\$ (1,892,024)

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.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Wage 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
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.

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.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as June 30, 2024 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
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 - 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 3.96% at June 30, 2023 and 3.86% at June 30, 2022.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the 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 (4.88%) 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
School District's proportionate share of the net OPEB liability	\$ 1,310,704	\$ 982,932	\$ 722,472

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 664,425	\$ 982,932	\$ 1,401,583

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	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		Varies by service from 2.50% to 8.50%	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
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%

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.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

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 fund 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 School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 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.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ 1,538,341	\$ 1,892,024	\$ 2,199,806

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ 2,220,596	\$ 1,892,024	\$ 1,496,873

NOTE 10 - DEBT OBLIGATIONS

The following is a description of the School District's bonds outstanding as of June 30, 2025:

	<u>Balance 06/30/2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/2025</u>	<u>Due Within One Year</u>
<u>General Obligation Bonds:</u>					
2005 Refunding Bonds, 5.0-5.5%	\$ 1,765,000	\$ -	\$ (555,000)	\$ 1,210,000	\$ 590,000
2016 Refunding Bonds, 1.00-4.00%	4,170,000	-	-	4,170,000	-
2020 Refunding Bonds, 0.903% - 2.107%	<u>9,140,000</u>	<u>-</u>	<u>(500,000)</u>	<u>8,640,000</u>	<u>535,000</u>
Total Debt Obligations	<u>\$ 15,075,000</u>	<u>\$ -</u>	<u>\$ (1,055,000)</u>	<u>\$ 14,020,000</u>	<u>\$ 1,125,000</u>

2005 General Obligation Advance Refunding Bonds - In April 2005, the School District issued \$7,475,000 in voted general obligation bonds for the purpose of refunding a portion of the 1999 School Improvement Bonds originally issued for the purpose of additions and renovations to the High School. The refunding bond issue consists of \$3,760,000 in serial bonds and \$3,715,000 in term bonds. The serial bonds have interest rates at 5.0 percent and yield rates from 2.45 to 4.22 percent. Term bonds have a 5.5 percent interest rate with final maturities on December 1, 2023 and December 1, 2026. The bonds will be retired from the Bond Retirement Fund. The source of payment is derived from the current 2.70 mill and current 2.60 mill bonded debt facilities tax levies.

The remaining serial bonds matured each year beginning in 2010 through 2019. Bonds maturing on December 1, 2016, 2017, 2018 and 2019 were subject to redemption at the option of the School District, in whole or in part, in such order as the School District shall determine, on any date on or after December 1, 2015, at the redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption.

The term bonds maturing on December 1, 2023 were 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, 2020 and each December 1 thereafter. The remaining principal amount of such Bonds (\$530,000) matured at stated maturity on December 1, 2023.

The term bonds maturing on December 1, 2026 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, 2024 and 2025. The remaining principal amount of such bonds (\$620,000) will mature at stated maturity on December 1, 2026.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 10 - DEBT OBLIGATIONS - (Continued)

Future debt service payments on the current interest bonds are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		
	2005 Refunding		
	Principal	Interest	Total
2026	\$ 590,000	\$ 50,325	\$ 640,325
2027	620,000	17,050	637,050
Total	<u>\$ 1,210,000</u>	<u>\$ 67,375</u>	<u>\$ 1,277,375</u>

Refunding Bonds, 2016 - On May 12, 2016, the School District issued \$4,255,000 in general obligation unlimited tax refunding bonds. The bonds advance refunded \$4,380,000 of outstanding 2010B Build America (BABs) General Obligation Bonds. The bonds were issued for a twenty-five year period with final maturities at June 1, 2041.

At the date of refunding, \$4,496,289 (including premium and after underwriting fees and other issuance costs) was received to pay off old debt. The advance refunding reduced cash flows required for debt service by \$551,503 over the next 24 years and resulted in an economic gain of \$375,988.

The bond issue consists of serial and term bonds. The serial bonds were issued with an interest rate of 1.00 percent. Interest payments on the current interest bonds are due on December 1 and June 1 of each year.

The term bonds maturing on December 1, 2037 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, 2036 (\$770,000). The remaining principal amount of such term bonds (\$800,000) will mature at stated maturity on December 1, 2037.

The term bonds maturing on December 1, 2040 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, 2038 (\$835,000) and December 1, 2039 (\$865,000). The remaining principal amount of such term bonds (\$900,000) will mature at stated maturity on December 1, 2040.

Future debt service payments on the current interest bonds are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		
	2016 Refunding		
	Principal	Interest	Total
2026	\$ -	\$ 160,300	\$ 160,300
2027	-	160,300	160,300
2028	-	160,300	160,300
2029	-	160,300	160,300
2030	-	160,300	160,300
2031-2035	-	801,500	801,500
2036-2040	3,270,000	550,513	3,820,513
2041	900,000	16,875	916,875
Total	<u>\$ 4,170,000</u>	<u>\$ 2,170,388</u>	<u>\$ 6,340,388</u>

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 10 - DEBT OBLIGATIONS - (Continued)

Refunding Bonds, Series 2020: On August 12, 2020, the School District issued \$9,459,428 in Series 2020 refunding bonds to advance refund \$9,460,000 of the Series 2014A refunding bonds. These bonds are unlimited tax obligation debt, which is voted general obligation debt of the School District, for which its full faith and credit is pledged for repayment. The bonds are paid from the Bond Retirement Fund.

The refunding issue was comprised of both current interest serial and term bonds, par value \$9,140,000, and capital appreciation bonds, par value \$319,428. The interest rates on the current interest bonds range from 0.903% to 2.1079%. Interest payments on the current interest bonds are due on December 1 and June 1 of each year. The capital appreciation bonds matured in fiscal year 2024.

The current interest term bonds maturing on December 1, 2035 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 the years of the respective principal amounts as follows:

<u>Year</u>	<u>Amount to be Redeemed</u>
2031	\$ 835,000
2032	780,000
2033	715,000
2034	680,000

The net present value savings of the refunding was \$1,293,711. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. The refunded bonds, which have a balance of \$8,610,000, were not included in the School District's outstanding debt obligations since the School District has in-substance satisfied its obligations through the advance refunding. \$9,971,740 was paid to the refunding escrow agent in fiscal year 2021 as part of the refunding transaction.

Future debt service payments on the bonds are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>General Obligation Bonds - Current Interest 2020 Refunding</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 535,000	\$ 149,124	\$ 684,124
2027	570,000	142,643	712,643
2028	945,000	132,429	1,077,429
2029	980,000	118,300	1,098,300
2030	1,020,000	102,167	1,122,167
2031-2035	3,895,000	265,672	4,160,672
2036	695,000	7,322	702,322
Total	<u>\$ 8,640,000</u>	<u>\$ 917,657</u>	<u>\$ 9,557,657</u>

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 11 - SET-ASIDE REQUIREMENTS

The School District is required by state law to set aside certain General Fund receipt amounts, as defined, into various reserves. For the fiscal year ended June 30, 2025, the reserve activity was as follows:

	<u>Capital Improvements</u>
Set-aside balance June 30, 2024	\$ -
Current year set-aside requirement	523,506
Current year offsets	<u>(523,506)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2026	<u>\$ -</u>
Set-aside balance June 30, 2025	<u>\$ -</u>

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

A. Ohio Hi-Point Joint Vocational School District

The Ohio Hi-Point Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Ohio Hi-Point Joint Vocational School District, Caleb Lang, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311-9594.

B. State Support Team Region 6

The State Support Team Region 6 ("SST6") is a special education service center, which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. The SST6 is governed by a board of 52 members made up of the 50 superintendents of the participating School Districts, one non-public school, and Wright State University whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Michele Bambauer, Director, at 1045 Dearbaugh Avenue Suite #1, Wapakoneta, Ohio 45895.

C. Logan County Education Foundation

The Logan County Education Foundation was established to secure and distribute contributions from individuals, corporations, and foundations for the benefit of students within the county. The Foundation promotes, sponsors, and encourages the pursuit of excellence in education for students. The Foundation is managed by a Board of Trustees composed of six trustees from each school district. These trustees are nominated by their local school boards including Bellefontaine City School District, Benjamin Logan Local School District, Indian Lake Local School District, and Riverside Local School District. The Executive Board is comprised of the Midwest Regional Educational Service Center Superintendent representing the three local school districts and the Bellefontaine City School District Superintendent representing the city school district. Financial information can be obtained by contacting Lois Stoll, who serves as Executive Director, 1973 St. Rt. 47 West, Bellefontaine, Ohio 43311.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 13 - JOINT VENTURE

The Joint Recreation District (Blue Jacket Park) - The Joint Recreation School District (JRD) was established June 25, 1984. The JRD is operated by a seven member Board consisting of three representatives from both the Bellefontaine City School District and the City of Bellefontaine.

The remaining member is selected by the six appointed Board members. The JRD operates the Blue Jacket Park which is adjacent to the Bellefontaine City School District and for which the School District owns the land. The operating budget for the JRD is passed by the City of Bellefontaine and is submitted to the JRD Board. To obtain financial information write to the City of Bellefontaine, Fred Brentlinger, who serves as Auditor, at 135 North Detroit Street, Bellefontaine, Ohio 43311.

NOTE 14 - INSURANCE PURCHASING POOL

The Sedgwick Workers' Compensation Group Retrospective Rating Plan - The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Sedgwick Workers' Compensation Group Retrospective Rating Plan (the "Plan") was established through Sedgwick as an insurance purchasing pool. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the Plan.

NOTE 15 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2025, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

NOTE 16 - ENCUMBRANCES

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

<u>Fund</u>	<u>Amount</u>
General	\$ 90,103
Classroom Facilities Maintenance	115,295
Nonmajor Governmental	<u>214,002</u>
Total	<u>\$ 419,400</u>

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 17 - TAX ABATEMENTS

The Ohio Enterprise Zone Program (EZ) is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. The tax being abated is real property tax. The tax incentives are negotiated at the local level and the enterprise zone agreement must be in place before the project begins. The EZ Program is part of Chapter 5709 of the Ohio Revised Code. The EZ's geographic area is determined by the local communities. Resolution number 90-80 and resolution number 519-90, passed by the City of Bellefontaine and Logan County, Ohio, sets forth the area of the City of Bellefontaine that can negotiate an EZ agreement. The taxes are abated by exempting certain assessed valuation of the property for a period of time.

The following company has entered into an EZ agreement with the City of Bellefontaine and Logan County that forgo real property taxes assessed to School District:

ISS America, Inc. - The City of Bellefontaine grants a tax exemption of 75% on all new property improvements as part of the project. Each project improvement will receive an exemption for a period of ten years. No exemption shall commence after December 31, 2005, nor extend beyond December 31, 2025. ISS America, Inc. has agreed to create 35 new full-time permanent jobs by July 31, 2018, which will net approximately \$1,050,000 of additional annual payroll in exchange for the abatement. The Tax Incentive Review Council meets annually to review the exemptions and to determine whether the company is maintaining their end of the agreement. If an agreement is terminated by the Review Council the assessed valuation of the property will be set at its fair market valuation with no additional exemption allowed. The gross dollar amount by which the taxes were reduced to the School District for fiscal year 2025 was \$2,250.

NOTE 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2025, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

SUPPLEMENTARY INFORMATION

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (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 receipts and other financing sources	\$ 27,564,100	\$ 27,764,100	\$ 28,038,852	\$ 274,752
Budgetary disbursements and other financing uses	<u>29,603,479</u>	<u>28,614,744</u>	<u>28,583,533</u>	<u>(31,211)</u>
Net change in fund balance	(2,039,379)	(850,644)	(544,681)	305,963
Budgetary fund balance at beginning of year	7,328,489	7,328,489	7,328,489	-
Prior year encumbrances appropriated	<u>43,138</u>	<u>43,138</u>	<u>43,138</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 5,332,248</u></u>	<u><u>\$ 6,520,983</u></u>	<u><u>\$ 6,826,946</u></u>	<u><u>\$ 305,963</u></u>

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
CLASSROOM FACILITIES MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget -</u>
			<u>Basis</u>	<u>Over (Under)</u>
				<u>Actual Amounts</u>
Budgetary receipts and other financing sources	\$ 187,000	\$ 187,000	\$ 192,985	\$ 5,985
Budgetary disbursements and other financing uses	<u>304,000</u>	<u>332,456</u>	<u>315,910</u>	<u>(16,546)</u>
Net change in fund balance	(117,000)	(145,456)	(122,925)	(10,561)
Budgetary fund balance at beginning of year	1,374,704	1,374,704	1,374,704	-
Prior year encumbrances appropriated	<u>18,456</u>	<u>18,456</u>	<u>18,456</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 1,276,160</u></u>	<u><u>\$ 1,247,704</u></u>	<u><u>\$ 1,270,235</u></u>	<u><u>\$ (10,561)</u></u>

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 1 - BUDGETARY PROCESS

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the general fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Some funds are included in the general fund (cash basis) but have separate legally adopted budgets (budgetary basis).

Adjustments necessary to convert the results of operations at the end of the year on the budgetary basis to the cash basis are as follows:

	<u>General</u>	<u>Classroom Facilities Maintenance</u>
Budgetary basis	\$ (544,681)	\$ (122,925)
Funds budgeted elsewhere	(16,944)	-
Encumbrances	<u>88,328</u>	<u>115,295</u>
Cash basis	<u><u>\$ (473,297)</u></u>	<u><u>\$ (7,630)</u></u>

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

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	2025	\$ 260,872
Total School Breakfast Program			<u>260,872</u>
National School Lunch Program	10.555	2025	594,242
National School Lunch Program - Food Donation	10.555	2025	74,827
Total National School Lunch Program			<u>669,069</u>
Total Child Nutrition Cluster			<u>929,941</u>
Total U.S. Department of Agriculture			<u>929,941</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2024	100,185
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2025	680,389
Title I Grants to Local Educational Agencies - Delinquent	84.010A	84.010A, 2024	776
Title I Grants to Local Educational Agencies - Expanding Opportunities for Each Child Non-competitive Grant	84.010A	84.010A, 2025	205
Title I Grants to Local Educational Agencies - Non-competitive, Supplemental School Improvement	84.010A	84.010A, 2025	63,160
Total Title I Grants to Local Educational Agencies			<u>844,715</u>
Special Education Cluster (IDEA):			
Special Education _Grants to States (IDEA, Part B)	84.027A	84.027A, 2024	57,047
Special Education _Grants to States (IDEA, Part B)	84.027A	84.027A, 2025	453,885
Total Special Education _Grants to States (IDEA, Part B)			<u>510,932</u>
Special Education _Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2025	1,742
Total Special Education Cluster (IDEA)			<u>512,674</u>
Twenty-First Century Community Learning Centers	84.287A	84.287A, 2024	41,783
Twenty-First Century Community Learning Centers	84.287A	84.287A, 2025	84,197
Total Twenty-First Century Community Learning Centers			<u>125,980</u>
<i>Consortium Amount Passed/Transferred to Montgomery County Educational Service Center</i>			
English Language Acquisition State Grants - Language Instruction for English Learners	84.365A	84.365A, 2025	7,066
Supporting Effective Instruction State Grants	84.367A	84.367A, 2024	773
Supporting Effective Instruction State Grants	84.367A	84.367A, 2025	64,461
Total Supporting Effective Instruction State Grants			<u>65,234</u>
Student Support and Academic Enrichment Program	84.424A	84.424A, 2024	2,240
Student Support and Academic Enrichment Program	84.424A	84.424A, 2025	59,246
Student Support and Academic Enrichment Program - Stronger Connections	84.424F	84.424F, 2024	279
Total Student Support and Academic Enrichment Program			<u>61,765</u>
COVID-19 - Elementary and Secondary School Emergency Relief Fund - ARP ESSER	84.425U	COVID-19, 84.425U, 2024	146,587
Total U.S. Department of Education			<u>1,764,021</u>
Total Federal Financial Assistance			<u>\$ 2,693,962</u>

The accompanying notes are an integral part of this schedule.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Bellefontaine City School District under programs of the federal government for the fiscal year ended June 30, 2025, and is prepared in accordance with the cash basis of accounting. 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 Bellefontaine City School District, it is not intended to and does not present the financial position or changes in net position of Bellefontaine City School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. Bellefontaine City School District has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - CHILD NUTRITION CLUSTER

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

NOTE 4 – FOOD DONATION PROGRAM

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

NOTE 5 - PASS-THROUGH FUNDS

Bellefontaine City School District was awarded federal program allocations to be administered on their behalf by Montgomery County Educational Service Center. For fiscal year 2025, Bellefontaine City School District's allocations were as follows:

English Language Acquisition State Grants (ALN 84.365A) \$7,066

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

Bellefontaine City School District
Logan County
820 Ludlow Road
Bellefontaine, OH 43311

To the Members of the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bellefontaine City School District, Logan County, Ohio, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Bellefontaine City School District's basic financial statements and have issued our report thereon dated December 23, 2025, wherein we noted Bellefontaine City School District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bellefontaine City School 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 Bellefontaine City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bellefontaine City School 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 Bellefontaine City School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Bellefontaine City School District

Logan County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bellefontaine City School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2025-001.

Bellefontaine City School District's Response to the Finding

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

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 Bellefontaine City School 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 Bellefontaine City School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.

December 23, 2025

**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Bellefontaine City School District
Logan County
820 Ludlow Road
Bellefontaine, OH 43311

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bellefontaine City School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Bellefontaine City School District's major federal programs for the fiscal year ended June 30, 2025. Bellefontaine City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, Bellefontaine City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Bellefontaine City School District
Logan County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bellefontaine City School 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 Bellefontaine City School 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 Bellefontaine City School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

Bellefontaine City School District
Logan County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 23, 2025

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	None Reported
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	None Reported
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program(s) (listed):</i>	Special Education Cluster (IDEA); and Title I Grants to Local Educational Agencies (ALN 84.010)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2025-001

Noncompliance - Annual Financial Report

Ohio Revised Code Section 117.38 provides each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38. Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP).

The School District prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This presentation differs from GAAP. There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time.

Failure to prepare proper GAAP financial statements may result in the School District being fined or other administrative remedies.

The School District should prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Client Response: See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2024-001	Unknown	<u>Noncompliance - Annual Financial Report</u> - Ohio Admin. Code § 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). However, the School District prepares its financial statements on a cash basis, which is a comprehensive basis of accounting other than GAAP.	Not Corrected	Finding repeated as 2025-001 as the School District did not prepare its annual financial report in accordance with GAAP.
2024-002	2022	<u>Noncompliance - Fund Balances</u> - Ohio Revised Code Section 5705.10(I) requires that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. At fiscal year end, the School District had negative fund balances in the Other Grants Fund, the Elementary and Secondary School Emergency Relief (ESSER) Fund, the 21 st Century Fund, the IDEA, Part B Fund, the Student Support and Academic Enrichment Programs Fund, and the Improving Teacher Quality Fund that did not meet the allowable exceptions under Ohio Revised Code Section 3315.20.	Corrective action taken and finding fully corrected.	N/A

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

Finding Number	Planned Corrective Action	Anticipation Completion Date	Responsible Contact Person
2025-001	Due to the extra costs associated with preparing and filing a GAAP report, the Bellefontaine City School District Board of Education has opted to have the School District file financial statements formatted similarly to those prescribed by Governmental Accounting Standards Board Statements Number 34 on the basis of cash receipts and cash disbursements, rather than GAAP.	Unknown	Joshua Wasson, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



BELLEFONTAINE CITY SCHOOL DISTRICT

LOGAN 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 4/21/2026

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