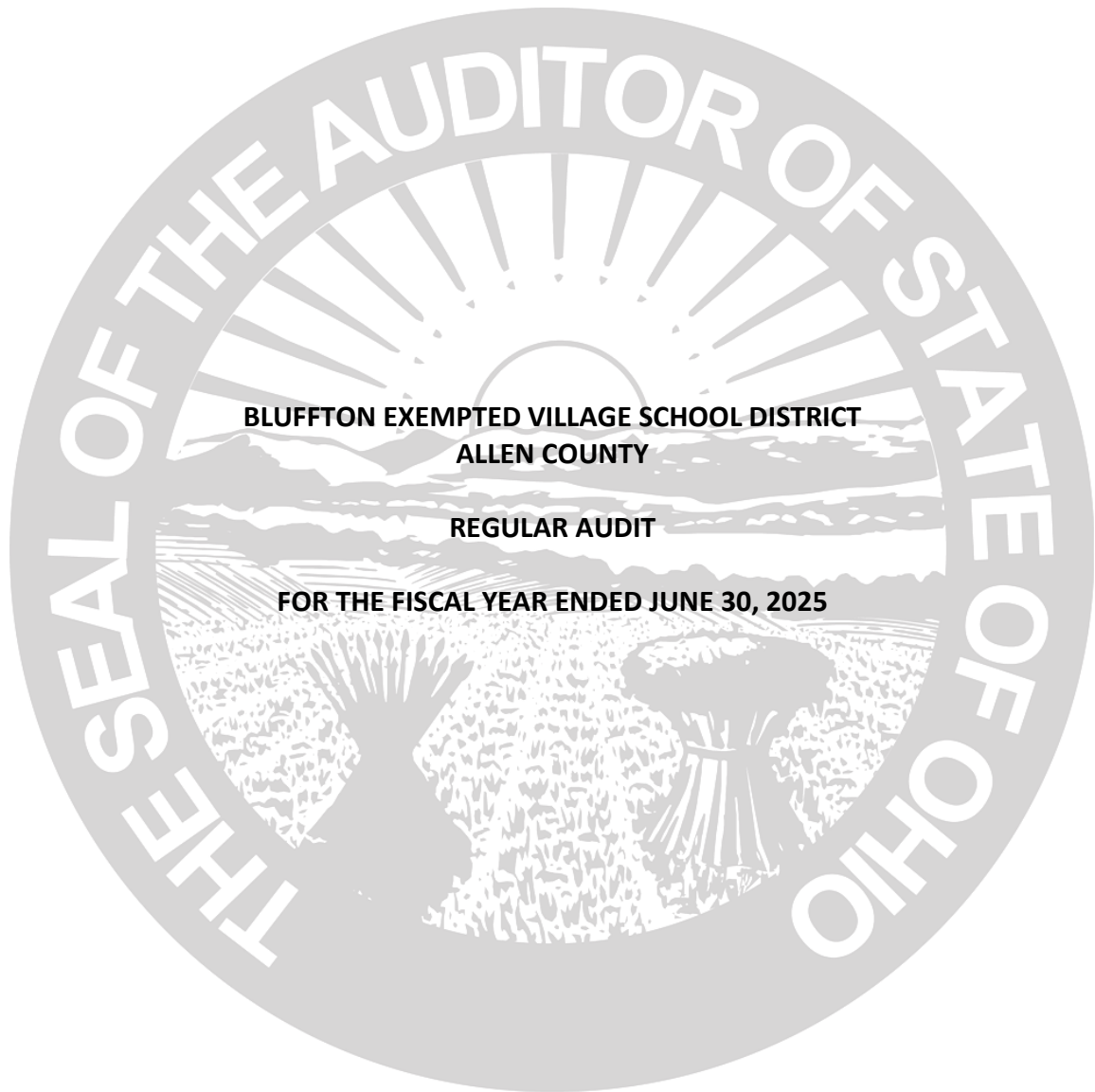




**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY
JUNE 30, 2025**

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Independent Auditor's Report

Bluffton Exempted Village School District
Allen County
102 S. Jackson Street
Bluffton, Ohio 45817

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bluffton Exempted Village 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 the cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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 - Accounting Basis

Ohio Administrative 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. 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 opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash-basis of accounting described in Note 2, and for determining that the cash-basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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 the School District's basic financial statements.

The Schedule of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) for the General Fund is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied 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, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

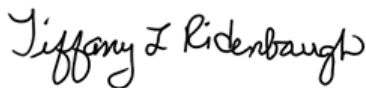
Management is responsible for the other information included in the annual financial report. The other information comprises the management's discussion and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 April 30, 2026, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the School District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

April 30, 2026

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

The discussion and analysis of the Bluffton Exempted Village 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 fiscal year 2025 are as follows:

- In total, net position decreased \$135,781, or a 1.32% change from the prior fiscal year. The School District's general receipts are primarily property taxes and unrestricted state entitlements, which make up 78.65% of the total cash received. Dependence on these two revenue sources is significant.

Using the Basic Financial Statements

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 School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and the related assets and liabilities. Under the School District's cash basis of accounting, receipts and disbursements are recorded when they result in cash transactions.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion with this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

The statement of net position and statement of activities 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 a greater 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. The School District's major funds for fiscal year 2025 were the General Fund and Debt Service Fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2025, within the limitations of cash basis accounting. The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year-end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible.

Program receipts include charges paid by the receipt of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identified how each governmental function draws from the School District's general receipts.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

These statements report the School District's net position and changes in the net position on a cash basis. Factors which contribute to these changes may also include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, mandated federal and state programs and other factors.

In the statement of net position and the statement of activities, all of the School District's activities are presented as governmental activities. All of the School District's programs and services are reported here including instructional services including food services, support services, non-instructional services including food services, and extracurricular activities disbursements.

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. The School District's funds consist of governmental funds and fiduciary funds.

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 and Debt Service Funds.

Governmental Funds

All 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. 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. Since the School District is reporting on the cash basis of accounting, there are no differences in the net position and fund balances or changes in net position and changes in fund balances. Therefore, no reconciliation is necessary between such financial statements.

The School District's budgetary process accounts for certain transactions on a cash basis. The budgetary schedule for the General Fund is presented to demonstrate the School District's compliance with annually adopted budgets.

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 is a custodial fund.

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.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's general fund budgetary information.

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the School District as a whole. The financial statements were prepared on cash-basis utilizing the GASB Statement No. 34 format.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

Table 1 provides a summary of the School District's net position for fiscal years 2025 and 2024.

	Table 1 - Net Position	
	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	<u>\$ 10,134,024</u>	<u>\$ 10,269,805</u>
<u>Net Position</u>		
Restricted	\$ 922,634	\$ 750,879
Unrestricted	<u>9,211,390</u>	<u>9,518,926</u>
Total net position	<u>\$ 10,134,024</u>	<u>\$ 10,269,805</u>

As mentioned previously, the total net position decreased \$135,781 or 1.32%.

Table 2 reflects the changes in net position for fiscal years 2025 and 2024.

	Table 2 - Change in Net Position	
	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Receipts:		
Program receipts:		
Charges for services and sales	\$ 855,775	\$ 917,444
Operating grants and contributions	<u>953,389</u>	<u>1,883,396</u>
Total program receipts	<u>1,809,164</u>	<u>2,800,840</u>
General receipts:		
Property taxes	5,304,488	4,691,814
Income taxes	1,144,841	1,123,920
Unrestricted grants	7,052,267	6,838,374
Investment earnings	385,042	380,918
Miscellaneous	<u>14,786</u>	<u>20,803</u>
Total general receipts	<u>13,901,424</u>	<u>13,055,829</u>
Total receipts	<u>15,710,588</u>	<u>15,856,669</u>

- (Continued)

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

Table 2 - Change in Net Position - Continued)

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Disbursements:		
Instruction:		
Regular	\$ 6,992,875	\$ 6,946,612
Special	1,467,118	1,214,855
Vocational	165,987	187,365
Other	241,643	181,351
Support services:		
Pupil	650,298	582,061
Instructional staff	317,027	257,537
Board of education	43,403	46,385
Administration	1,126,481	1,072,912
Fiscal	372,566	347,148
Operations and maintenance	1,854,102	1,939,120
Pupil transportation	634,636	573,497
Central	45,163	45,931
Operation of non-instructional services:		
Food service operations	687,281	719,538
Other non-instructional services	43,537	32,851
Extracurricular	582,491	569,682
Facilities acquisition and construction	487,198	-
Debt service	134,563	135,200
Total disbursements	<u>15,846,369</u>	<u>14,852,045</u>
Change in net position	(135,781)	1,004,624
Net position at beginning of year	<u>10,269,805</u>	<u>9,265,181</u>
Net position at end of year	<u>\$ 10,134,024</u>	<u>\$ 10,269,805</u>

Program receipts represent 11.52% of total receipts and are primarily represented by restricted intergovernmental receipts, charges for tuition and fees, extracurricular activities and food service sales. General receipts represent 88.48% of the School District's total receipts and are comprised of property taxes, income taxes, unrestricted grants and entitlements, investment earnings and miscellaneous. Unrestricted grants and entitlements, which primarily represent State resources for school funding are 44.89% of the School District's total receipts. Property taxes are 33.76% of the School District's total receipts. The permanent improvement income taxes make up 7.29% of the School District's total receipts. Other receipts are insignificant and somewhat unpredictable receipt sources.

The major program disbursements for governmental activities are instruction, which accounts for 55.96% of all governmental disbursements. Support services, which include pupil, instructional staff, board, administration, fiscal, operations and maintenance, pupil transportation and central, account for 31.83% of all governmental disbursements.

If you look at the statement of activities, you will see that the first column lists the major services provided by the School District. The next column identifies the costs of providing these services. The next columns of the statement of activities entitled program cash receipts identify amounts paid by people who are directly charged for the service and operating or capital grants and contributions received by the School District that must be used to provide a specific service. The net (disbursements) receipts column compares the program receipts to the cost of the service. This "net cost of services" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

Table 3 presents a comparison between the total cost of services and the net cost for fiscal years 2025 and 2024:

	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>
Instruction:				
Regular	\$ 6,992,875	\$ 6,643,458	\$ 6,946,612	\$ 6,018,141
Special	1,467,118	1,053,889	1,214,855	488,557
Vocational	165,987	165,987	187,365	187,365
Other	241,643	241,643	181,351	181,351
Support services:				
Pupil	650,298	416,812	582,061	347,793
Instructional staff	317,027	282,623	257,537	216,866
Board of education	43,403	43,403	46,385	46,385
Administration	1,126,481	1,126,481	1,072,912	1,072,912
Fiscal	372,566	372,566	347,148	347,148
Operations and maintenance	1,854,102	1,819,393	1,939,120	1,890,660
Pupil transportation	634,636	632,552	573,497	571,260
Central	45,163	45,163	45,931	45,931
Operation of non-instruction services:				
Food service operations	687,281	121,483	719,538	109,834
Other non-instructional services	43,537	41,748	32,851	31,318
Extracurricular	582,491	408,243	569,682	360,484
Facilities acquisition and construction	487,198	487,198	-	-
Debt service	134,563	134,563	135,200	135,200
Total	<u>\$ 15,846,369</u>	<u>\$ 14,037,205</u>	<u>\$ 14,852,045</u>	<u>\$ 12,051,205</u>

The dependence upon property taxes and other general receipts is apparent as 88.58% of governmental activities was supported through these general receipts in fiscal year 2025, compared to 81.14% in the prior year. Taxes and other general receipts supported instruction activities by 91.40% in fiscal year 2025 and 80.60% in fiscal year 2024. Operation of food services was funded 84.74% through program receipts in fiscal year 2024, compared to 82.32% in fiscal year 2025. In fiscal year 2025, 29.91% of extracurricular activities expenses was covered by program receipts and in fiscal year 2024, 36.72% was covered by program receipts. It is apparent that the community, as a whole, is the primary support for the School District.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. Total governmental funds had receipts of \$15,710,588 and disbursements of \$15,846,369, net of transfers. The change in total fund balances for fiscal year 2025 was a decrease of \$135,781.

General Fund Budgeting Highlights

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

Original and final budgeted receipts, including other financing sources, were budgeted at \$12,812,100 while actual receipts and other financing sources were \$13,505,667. The difference between final budgeted receipts and actual receipts was mostly due to increases in property tax collections, shared intergovernmental revenues from the state, and investment earnings as a result of higher interest rates.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

Original and final disbursements, including other financing uses, were budgeted at \$22,304,781 while actual disbursements, including other financing uses, were \$13,820,833. The School District was able to restrict spending below what was budgeted due to the District's policy to budget all available resources.

Debt Administration

At June 30, 2025, the School District's outstanding debt included \$485,000 in library construction bonds. There were no new additions to debt in fiscal year 2025, and principal retirement amounted to \$105,000. For further information regarding the School District's debt, refer to Note 11 to the basic financial statements.

Current Issues

The challenge for all school districts is to provide quality education to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts deficit spending for fiscal year 2027; therefore, the administration will continue to look for ways to delay the deficit by reducing disbursements through wise spending.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Paula M. Parish, Treasurer, Bluffton Exempted Village School District, 102 South Jackson St., Bluffton, Ohio 45817.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents	<u>\$ 10,134,024</u>
Net position:	
Restricted for:	
Capital projects	\$ 410,531
Debt service	210,607
Food service operations	115,721
Student activities	128,591
Scholarships - expendable	47,184
Scholarships - nonexpendable	10,000
Unrestricted	9,211,390
Total net position	<u><u>\$ 10,134,024</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN 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 and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 6,992,875	\$ 347,491	\$ 1,926	\$ (6,643,458)
Special	1,467,118	-	413,229	(1,053,889)
Vocational	165,987	-	-	(165,987)
Other	241,643	-	-	(241,643)
Support services:				
Pupil	650,298	-	233,486	(416,812)
Instructional staff	317,027	16	34,388	(282,623)
Board of education	43,403	-	-	(43,403)
Administration	1,126,481	-	-	(1,126,481)
Fiscal	372,566	-	-	(372,566)
Operations and maintenance	1,854,102	354	34,355	(1,819,393)
Pupil transportation	634,636	-	2,084	(632,552)
Central	45,163	-	-	(45,163)
Operation of non-instructional services:				
Food service operations	687,281	343,573	222,225	(121,483)
Other non-instructional services	43,537	76	1,713	(41,748)
Extracurricular activities	582,491	164,265	9,983	(408,243)
Facilities acquisition and construction	487,198	-	-	(487,198)
Debt service:				
Principal retirement	105,000	-	-	(105,000)
Interest and fiscal charges	29,563	-	-	(29,563)
Total governmental activities	\$ 15,846,369	\$ 855,775	\$ 953,389	(14,037,205)
General receipts:				
Property taxes levied for:				
General purposes				5,192,818
Debt service				111,670
Income taxes levied for:				
Capital purposes				1,144,841
Grants and entitlements not restricted				
to specific programs				7,052,267
Investment earnings				385,042
Miscellaneous				14,786
Total general receipts				13,901,424
Change in net position				(135,781)
Net position at beginning of year				10,269,805
Net position at end of year				\$ 10,134,024

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	<u>\$ 9,564,802</u>	<u>\$ 210,607</u>	<u>\$ 358,615</u>	<u>\$ 10,134,024</u>
Fund balances:				
Nonspendable:				
Scholarships	\$ -	\$ -	\$ 10,000	\$ 10,000
Restricted:				
Capital improvements	-	-	410,531	410,531
Debt service	-	210,607	-	210,607
Food service operations	-	-	115,721	115,721
Student activities	-	-	128,591	128,591
Scholarships	-	-	47,184	47,184
Assigned:				
Student instruction	215,739	-	-	215,739
Student and staff support	145,535	-	-	145,535
Subsequent year's appropriations	9,188,559	-	-	9,188,559
Unassigned (deficit)	<u>14,969</u>	<u>-</u>	<u>(353,412)</u>	<u>(338,443)</u>
Total fund balances	<u>\$ 9,564,802</u>	<u>\$ 210,607</u>	<u>\$ 358,615</u>	<u>\$ 10,134,024</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:				
Property taxes	\$ 5,192,818	\$ 111,670	\$ -	\$ 5,304,488
Income taxes	-	-	1,144,841	1,144,841
Intergovernmental	7,667,004	30,607	295,361	7,992,972
Investment earnings	338,033	5,523	43,187	386,743
Tuition and fees	313,102	-	-	313,102
Extracurricular	-	-	159,820	159,820
Rental income	-	-	4,445	4,445
Charges for services	33,139	-	344,019	377,158
Contributions and donations	1,250	-	9,983	11,233
Miscellaneous	14,786	-	1,000	15,786
Total receipts	<u>13,560,132</u>	<u>147,800</u>	<u>2,002,656</u>	<u>15,710,588</u>
Disbursements:				
Current:				
Instruction:				
Regular	6,541,627	-	451,248	6,992,875
Special	1,173,791	-	293,327	1,467,118
Vocational	165,987	-	-	165,987
Other	241,643	-	-	241,643
Support services:				
Pupil	650,298	-	-	650,298
Instructional staff	254,555	-	62,472	317,027
Board of education	43,403	-	-	43,403
Administration	1,126,481	-	-	1,126,481
Fiscal	353,482	2,037	17,047	372,566
Operations and maintenance	1,413,362	-	440,740	1,854,102
Pupil transportation	634,636	-	-	634,636
Central	45,163	-	-	45,163
Operation of non-instructional services:				
Food service operations	-	-	687,281	687,281
Other non-instructional services	-	-	43,537	43,537
Extracurricular activities	406,005	-	176,486	582,491
Facilities acquisition and construction	487,198	-	-	487,198
Debt service:				
Principal retirement	-	105,000	-	105,000
Interest and fiscal charges	-	29,563	-	29,563
Total disbursements	<u>13,537,631</u>	<u>136,600</u>	<u>2,172,138</u>	<u>15,846,369</u>
Excess (deficiency) of receipts over (under) disbursements	<u>22,501</u>	<u>11,200</u>	<u>(169,482)</u>	<u>(135,781)</u>
Other financing sources (uses):				
Transfers in	-	-	4,950	4,950
Transfers (out)	(4,950)	-	-	(4,950)
Total other financing sources (uses)	<u>(4,950)</u>	<u>-</u>	<u>4,950</u>	<u>-</u>
Net change in fund balances	17,551	11,200	(164,532)	(135,781)
Fund balances at beginning of year	9,547,251	199,407	523,147	10,269,805
Fund balances at end of year	<u>\$ 9,564,802</u>	<u>\$ 210,607</u>	<u>\$ 358,615</u>	<u>\$ 10,134,024</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

	<u>Custodial</u>
Additions:	
Extracurricular collections for OHSAA	\$ 5,141
Total additions	<u>5,141</u>
Deductions:	
Extracurricular distributions to OHSAA	<u>5,141</u>
Total deductions	<u>5,141</u>
Change in net position	-
Net position at beginning of year	<u>-</u>
Net position at end of year	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Bluffton Exempted Village School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally elected Board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by state statute and federal guidelines.

The School District was established in 1861 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 57.5 square miles. It is located in Allen and Hancock counties and includes the entire Village of Bluffton, all of Richland Township, and portions of Monroe and Orange Townships. The School District is staffed by 75 certified employees, 45 non-certified teaching personnel, and 6 administrative employees who provide services to 1,216 students and other community members. The School District currently operates three buildings.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading.

A. Primary Government

The primary government of the School District 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.

B. Component Units

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. The School District is also financially accountable for any 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. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the School District, are accessible to the School District and are significant in amount to the School District. The School District does not have any component units.

C. Jointly Governed Organizations

The School District participates in three jointly governed organizations and two public entity risk pools, and is associated with a related organization. These organizations are the Apollo Career Center, Northwest Ohio Area Computer Services Cooperative (NOACSC), Northwestern Ohio Educational Research Council, Inc., Council of Allen County Schools Health Benefits Consortium, Ohio School Boards Association Workers’ Compensation Group Rating Plan, and Bluffton Public Library. These organizations are presented in Notes 14, 15 and 16 to the basic financial statements.

The School District’s management believes these financial statements present all activities for which the School District is financially accountable.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, 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.

A. Basis of Presentation

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School District reports no business type activities.

The statement of net position presents the cash balance 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis 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. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The School District's funds consist of governmental funds and fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable resources are assigned to the various governmental funds according to the purposes for which they may or must be used.

The following are the School District's major governmental funds:

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Other governmental funds of the School District are used to account for:

Nonmajor special revenue funds- Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds- Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net cash position and changes in net cash position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for cash assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Custodial funds account for monies on behalf of others that do not meet the definition of a trust fund. The District's custodial fund accounts for athletic tournament ticket sales collected and distributed on behalf of the Ohio High School Athletics Association.

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the five year forecast, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The five year forecast demonstrates a need for existing or increased tax rates.

The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund, function, object, level for all funds.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary schedules reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedules reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN 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 appropriation resolution is subject to amendment throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

E. Cash and Investments

To improve cash management, cash received by the School District is pooled and invested. 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 Cash Equivalents".

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 cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

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 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.

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 was \$338,033, which includes \$3,054 assigned from other funds. Other School District funds had interest receipts of \$48,710.

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

F. Fund Balance

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

Nonspendable - The nonspendable fund cash balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

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

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

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

Assigned - Amounts in the assigned fund cash balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the General Fund, assigned fund cash balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. The School District Board of Education has also assigned fund balance to cover a gap between estimated resources and appropriations in the subsequent fiscal year's budget, as well as for various educational activities.

Unassigned - Unassigned fund cash balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund cash 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 restricted and unrestricted (committed, assigned, and unassigned) fund cash balance is available. Similarly, within unrestricted fund cash 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 cash balance classifications could be used.

G. Restricted Net Position

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District did not have any net cash position restricted by enabling legislation at June 30, 2025.

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 positions are available.

H. Interfund Transactions

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

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

I. Inventory and Prepaid Items

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

J. Capital Assets

Acquisition of property, plant, and equipment purchased are recorded as cash disbursements when paid. These items are not reflected as assets in the accompanying financial statements under the cash basis of accounting.

K. Interfund Receivables/Payables

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

L. 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.

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. Leases

The School District is the lessee in a lease related to copier equipment under a noncancelable lease. Lease payables are not reflected under the School District's cash basis of accounting. Lease disbursements are recognized when they are paid.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

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

O. Long-Term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal and interest payments. Since recording a capital asset (including the intangible right to use) when entering into a lease, financed purchase transaction, or Subscription Based Information Technology Arrangement (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, financed purchase payments, and SBITA payments are reported when paid.

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 deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
IDEA, Part B	\$ 242,068
Title I, Disadvantaged Children	75,735
IDEA Preschool Grant for the Handicapped	8,377
Supporting Effective Instruction	17,004
Miscellaneous Federal Grants	10,228

The deficit fund balances resulted from a lag between disbursements made by the School District and reimbursements from grantors and are allowable under Ohio Revised Code Section 3315.20.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, or legal governments;
5. Time certificates of deposit or savings or deposit accounts including but not limited to passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above 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 banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,

Protection of the School District's 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 institution's 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.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the School District had \$1,600 in undeposited cash on hand, which is included on the financial statements of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

B. Deposits with Financial Institutions

At June 30, 2025, the carrying amount of all School District deposits was \$9,281,142 and the bank balance was \$9,783,758. Of the bank balance, \$9,746,961 was covered by the FDIC and \$36,797 was covered by the OPCS.

C. Investments

As of June 30, 2025, the investment with Star Ohio was \$851,282.

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the School District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy does not address credit risk beyond the requirements of State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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 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.

Concentration of Credit Risk: The School District places no limit on the amount that may be invested in any one issuer.

NOTE 5 - 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. The amount available to be advanced can vary based on the date the tax bills are sent. Second half tax distributions occur in the first half of the following fiscal year.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 5 - PROPERTY TAXES - (Continued)

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

The School District receives property taxes from Allen and Hancock Counties. The respective 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 of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

	2024 Second Half Collections		2025 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real property:				
Agricultural/residential	\$ 149,224,050	73.95%	\$ 200,301,110	79.12%
Industrial/commercial	22,145,530	10.97%	24,050,780	9.50%
Tangible/utility personal property	<u>30,436,760</u>	<u>15.08%</u>	<u>28,806,480</u>	<u>11.38%</u>
Total	<u>\$ 201,806,340</u>	<u>100.00%</u>	<u>\$ 253,158,370</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 37.72		\$ 36.80	

NOTE 6 - INCOME TAXES

The School District levies a voted tax of one-half percent for permanent improvements on the income of residents and of estates. The tax was effective on January 1, 2008, and is renewed by the voters in three year increments through December 31, 2025. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the Permanent Improvement Fund.

NOTE 7 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2025, the School District contracted with Schools of Ohio Risk Sharing Authority for the following insurance coverage:

Building and business personal property - pool limit	\$350,000,000
Automobile liability	15,000,000
General liability:	
Per occurrence	15,000,000
Aggregate	17,000,000

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 7 - RISK MANAGEMENT - (Continued)

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.

The School District participates in the Council of Allen County Schools Health Benefits Consortium (Note 15.A), a public entity shared risk pool consisting of the local school districts within Allen County. The School District pays monthly premiums to the Plan for employee medical and dental benefits. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2025, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) (Note 15.B), an insurance purchasing pool. The intent of the GRP 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 GRP. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the GRP.

Each member pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each member's individual performance is compared to the overall savings of the GRP. A member will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each member share equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that meet GRP's selection criteria. Sedgwick provides administrative, cost control, and actuarial services to the GRP. The School District paid \$2,960 in administrative fees during fiscal year 2025.

NOTE 8 - TAX ABATEMENTS

The School District's property taxes were reduced as follows under enterprise zone agreements:

	<u>Amount of Fiscal Year 2025 Taxes Abated</u>
<u>Enterprise Zone Agreements</u>	
BTMS Investments LLC (Diamond Manufacturing)	\$ 3,273

NOTE 9 - 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.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The 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 10 for the required OPEB disclosures.

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

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

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 \$256,000 for fiscal year 2025.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers and other faculty members participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 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. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

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

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective 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.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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 \$885,406 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:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.036163600%	0.042528530%	
Proportion of the net pension liability current measurement date	<u>0.036958000%</u>	<u>0.042296900%</u>	
Change in proportionate share	<u>0.000794400%</u>	<u>-0.000231630%</u>	
Proportionate share of the net pension liability	\$ 1,890,620	\$ 8,138,607	\$ 10,029,227

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment 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.

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

	June 30, 2024	June 30, 2023
Inflation	2.40%	2.40%
Future salary increases, including inflation	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
Actuarial cost method	Entry age normal (level percent of payroll)	Entry age normal (level percent of payroll)

In 2024, mortality rates were based on the following:

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

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

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

As of June 30, 2024:

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	100.00 %	

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

Sensitivity of the 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 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.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 2,892,390	\$ 1,890,620	\$ 1,047,188

Actuarial Assumptions - STRS

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

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

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

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

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

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 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, 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	\$ 13,128,999	\$ 8,138,607	\$ 3,917,592

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.

Social Security System – Effective July 1, 1991, all employees not otherwise covered by STRS or SERS have an option to choose Social Security or STRS/SERS. As of June 30, 2025, one Board of Education member has elected Social Security. The School District's liability is 6.2 percent of wages paid.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 9 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, 2025, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$26,603.

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 \$26,603 for fiscal year 2025.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

Net OPEB Liability/Asset

The net OPEB liability/asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The 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	0.037369300%	0.042528530%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.037587300%</u>	<u>0.042296900%</u>	
Change in proportionate share	<u>0.000218000%</u>	<u>-0.000231630%</u>	
Proportionate share of the net OPEB liability	\$ 382,824	\$ -	\$ 382,824
Proportionate share of the net OPEB asset	\$ -	\$ (802,291)	\$ (802,291)

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.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 10 - 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:

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

In 2024, the following mortality assumptions were used:

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

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

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

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

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.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 10 - 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 actuarial five-year experience study. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

As of June 30, 2024:

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 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 10 - 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 (5.88%) than the current discount rate (4.88%). Also shown is what the proportionate share of the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 510,483	\$ 382,824	\$ 281,383

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 258,775	\$ 382,824	\$ 545,878

Actuarial Assumptions - STRS

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

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

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.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 10 - 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 plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ (652,316)	\$ (802,291)	\$ (932,803)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ (941,619)	\$ (802,291)	\$ (634,732)

NOTE 11 - LONG-TERM OBLIGATIONS

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

<u>Description</u>	<u>Balance 06/30/24</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/25</u>	<u>Amount Due in One Year</u>
2002 Library Construction and Improvement General Obligation Bonds, 5.5%	\$ 590,000	\$ -	\$ (105,000)	\$ 485,000	\$ 110,000
Total debt obligations	<u>\$ 590,000</u>	<u>\$ -</u>	<u>\$ (105,000)</u>	<u>\$ 485,000</u>	<u>\$ 110,000</u>

2002 Library Construction and Improvement Bonds - On February 1, 2002, Library Construction and Improvement General Obligation Bonds were issued in the amount of \$1,965,000 for the purpose of renovating, improving and constructing an addition to the Bluffton-Richland Public Library. These bonds are payable from a voted debt service tax levied on all taxable property in the School District.

Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2025 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Library Construction Bonds General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 110,000	\$ 23,650	\$ 133,650
2027	120,000	17,325	137,325
2028	125,000	10,588	135,588
2029	<u>130,000</u>	<u>3,575</u>	<u>133,575</u>
Total	<u>\$ 485,000</u>	<u>\$ 55,138</u>	<u>\$ 540,138</u>

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The Ohio Revised Code provides that voted net general obligation of the School District shall never exceed 9% of the total assessed valuation of the School District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District.

As of June 30, 2025, the School District had a voted debt margin of \$22,509,860 and an unvoted debt margin of \$253,158.

NOTE 12 - INTERFUND TRANSACTIONS

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

Transfers for fiscal year 2025, consisted of the following, as reported on the fund statements:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General fund	Nonmajor special revenue fund:	
	Student Managed Activity Fund	\$ 4,950
	Total	<u>\$ 4,950</u>

NOTE 13 - SET-ASIDE REQUIREMENTS

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

The following cash basis information identifies the changes in the fund balance reserve for capital improvements during fiscal year 2025.

	<u>Capital Improvements</u>
Set-aside reserve balance June 30, 2024	\$ -
Current year set-aside requirement	283,012
Current year offsets	<u>(283,012)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2026	<u>\$ -</u>

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

A. Apollo Career Center

The Apollo Career Center 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 Apollo Career Center, Maria Rellinger, who serves as Treasurer, at 3325 Shawnee Road, Lima, Ohio 45806.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS – (Continued)

B. Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Seneca, Van Wert, Wood, and Wyandot counties, and the cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. Financial information can be obtained from Ben Thaxton, Director or Brenda Core, Treasurer, at 4277 East Road, Elida Ohio 45807.

C. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training.

The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., 15714 Trenton Road, Sunbury, Ohio 43074.

NOTE 15 - PUBLIC ENTITY RISK POOLS

A. Council of Allen County Schools Health Benefits Consortium

The School District participates in the Council of Allen County Schools Health Benefits Consortium (Consortium), a public entity shared risk pool consisting of the school districts within Allen County and the Allen County Educational Service Center. The Consortium is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental benefits to the employees of the participants. Each participant's superintendent is appointed to a Board of Directors which advises the Trustee, Allen County Educational Service Center, concerning aspects of the administration of the Consortium.

Each school district decides which plan offered by the Board of Trustees will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Board of Trustees and payment of the monthly premiums. Financial information can be obtained from Craig Kupferberg, Superintendent, Allen County ESC and Chairman of the Council of Allen County Schools Health Benefits Consortium, 1920 Slabtown Road, Lima, Ohio 45801.

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY, OHIO**

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

NOTE 15 - PUBLIC ENTITY RISK POOLS - (Continued)

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

NOTE 16 - RELATED ORGANIZATION

Bluffton Public Library

The Bluffton Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies.

Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Bluffton Public Library, Svetlana Tatarkov, Fiscal Officer, at 145 S. Main Street, Bluffton, Ohio 45817.

NOTE 17 - 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2025.

B. Litigation

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

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. ODEW has finalized the impact of enrollment adjustments to the June 30, 2025 Foundation Funding for the School District, which did not result in material adjustments.

SUPPLEMENTARY INFORMATION

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN 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</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	\$ 12,812,100	\$ 12,812,100	\$ 13,505,667	\$ 693,567
Budgetary disbursements and other financing uses	<u>22,304,781</u>	<u>22,304,781</u>	<u>13,820,833</u>	<u>(8,483,948)</u>
Net change in fund balance	(9,492,681)	(9,492,681)	(315,166)	9,177,515
Budgetary fund balance at beginning of year	9,352,636	9,352,636	9,352,636	-
Prior year encumbrances appropriated	<u>140,045</u>	<u>140,045</u>	<u>140,045</u>	<u>-</u>
Budgetary fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,177,515</u>	<u>\$ 9,177,515</u>

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN 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 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>
Budgetary basis	\$ (315,166)
Funds budgeted elsewhere	16,853
Encumbrances	<u>315,864</u>
Cash basis	<u>\$ 17,551</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 uniform school supplies fund, the rotary fund, and the public school support fund.



65 East State Street
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Bluffton Exempted Village School District
Allen County
102 S. Jackson Street
Bluffton, Ohio 45817

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bluffton Exempted Village School District, Allen County, (the School District) as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 30, 2026, wherein we noted the 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 the 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 the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2025-001.

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the finding identified in our audit and described in the accompanying schedule of findings. The 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 the 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 the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



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

April 30, 2026

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2025**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2025-001

Noncompliance Citation

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

Ohio Admin. Code 117-2-03(B) requires the School District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

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

The School District does not file financial statements in accordance with GAAP due to cash basis being more cost efficient.

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

The School District should prepare and file its annual financial statements in accordance with generally accepted accounting principles (GAAP) to comply with Ohio Admin. Code 117-2-03(B) and Ohio Rev. Code § 117.38. Preparing GAAP-basis financial statements helps ensure the School District's financial reporting is complete, compliant, and provides users with a reliable basis for evaluating its overall financial position and results of operations.

Officials' Response

The Bluffton Exempted Village School District plans to continue reporting using the cash basis of accounting as directed by the Board of Education September 15, 2023. Financial Statements are prepared using the GASB 34/Other Comprehensive Basis of Accounting (OCBOA) format because the School District believes this to be more cost efficient.

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Bluffton Exempted Village Schools

102 S. Jackson Street, Bluffton, Ohio 45817-1293

(419)358-5901 FAX (419) 358-4871

Dr. Gregory J. Denecker, Superintendent

Paula M. Parish, Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001	Ohio Rev. Code § 117.38 and Ohio Admin Code § 117-2-03(B) – Failed to file annual financial reports using generally accepted accounting principles. First reported in fiscal year 2003.	Not Corrected	The School District acknowledges this requirement but will continue to report on the cash basis in order to save resources for the District Will be repeated as 2025-001.

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OHIO AUDITOR OF STATE KEITH FABER



BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT

ALLEN 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 5/21/2026

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