

CARROLLTON EXEMPTED
VILLAGE SCHOOL DISTRICT
CARROLL COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025





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Board of Education
Carrollton Exempted Village School District
205 Scio Road SW
Carrollton, Ohio 44615

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

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

KEITH FABER
Ohio Auditor of State

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

May 16, 2026

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Carroll County, Ohio
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Independent Auditor's Report

To the Board of Education
Carrollton Exempted Village School District
Carroll County, Ohio
205 Scio Road SW
Carrollton, OH 44615

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carrollton Exempted Village School District, Carroll County, Ohio, (the "School District") as of and for the 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and pension and other post-employment benefit schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which

consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2026 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
February 23, 2026

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Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

The discussion and analysis of the Carrollton 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. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2025 are as follows:

- Net position increased \$5,520,653 from 2024 balances.
- Capital assets increased \$5,815,785 during fiscal year 2025.
- During the fiscal year, outstanding debt decreased from \$31,950,000 to \$30,965,000.

Using this Annual Report

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

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Carrollton Exempted Village School District, the general fund, capital projects and classroom facilities fund are the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

Carrollton Exempted Village School District
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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

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

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non- instructional services, (i.e. food service operations.)

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, capital projects fund, and classroom facilities fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term 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 financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

Reporting the School District's Fiduciary Responsibilities The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in custodial funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2025 compared to 2024:

Table 1
Net Position

	Governmental Activities		
	2025	2024	Change
Assets			
Current & Other Assets	\$ 58,209,017	\$ 60,468,272	\$ (2,259,255)
Net OPEB Asset	1,561,012	1,662,262	(101,250)
Capital Assets	68,300,345	62,484,560	5,815,785
<i>Total Assets</i>	<u>128,070,374</u>	<u>124,615,094</u>	<u>3,455,280</u>
Deferred Outflows of Resources			
Pension & OPEB	<u>4,758,894</u>	<u>5,405,044</u>	<u>(646,150)</u>
Liabilities			
Current & Other Liabilities	4,877,537	5,711,852	(834,315)
Long-Term Liabilities:			
Due Within One Year	1,093,758	1,066,534	27,224
Due In More Than One Year:			
Pension & OPEB	20,506,859	23,976,078	(3,469,219)
Other Amounts	33,203,819	34,386,724	(1,182,905)
<i>Total Liabilities</i>	<u>59,681,973</u>	<u>65,141,188</u>	<u>(5,459,215)</u>
Deferred Inflows of Resources			
Property Taxes	14,072,242	12,452,803	1,619,439
Payments in Lieu of Taxes	1,298,707	1,298,792	(85)
Pension & OPEB	5,460,561	4,332,223	1,128,338
<i>Total Deferred Inflows of Resources</i>	<u>20,831,510</u>	<u>18,083,818</u>	<u>2,747,692</u>
Net Position			
Net Investment in Capital Assets	37,792,793	34,994,304	2,798,489
Restricted	3,976,890	9,821,806	(5,844,916)
Unrestricted	10,546,102	1,979,022	8,567,080
<i>Total Net Position</i>	<u>\$ 52,315,785</u>	<u>\$ 46,795,132</u>	<u>\$ 5,520,653</u>

Carrollton Exempted Village School District
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Collectively, the net pension liability (NPL), reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27* and the net OPEB liability, pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, are significant liabilities reported by the School District at June 30, 2025. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability/asset (NOL) to the reported net position and subtracting the net OPEB asset (NOA) and deferred outflows related to pension and OPEB.

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

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

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

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

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

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

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

Capital assets include land, construction in progress, land improvements, buildings and building improvements, improvements other than buildings, furniture and fixtures, machinery and equipment, and vehicles. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position was a deficit balance.

The significant decrease in current and other assets was primarily caused by two factors. There was a large decrease in intergovernmental receivable for the state committed portion of the new elementary building. Additionally, cash and investments also saw a significant decrease as cash was spent for the completion of the elementary. Current and other liabilities decreased as a result of a decrease in contracts payable and retainage payable from the completion of the elementary building.

There was a significant change in net pension/OPEB liability/asset for the School District. These fluctuations are due to changes in the retirement systems unfunded liabilities that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

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Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2025 and 2024.

Table 2
Changes in Net Position

	Governmental Activities		
	2025	2024	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$ 934,270	\$ 958,181	\$ (23,911)
Operating Grants	2,472,933	3,255,735	(782,802)
<i>Total Program Revenues</i>	<u>3,407,203</u>	<u>4,213,916</u>	<u>(806,713)</u>
General Revenues			
Property Taxes	17,540,388	15,249,143	2,291,245
Grants & Entitlements	12,628,887	12,607,895	20,992
Grants & Entitlements - OFCC	-	808,594	(808,594)
Payments in Lieu of Taxes	1,298,707	1,298,792	(85)
Other	2,179,550	2,440,971	(261,421)
<i>Total General Revenues</i>	<u>33,647,532</u>	<u>32,405,395</u>	<u>1,242,137</u>
<i>Total Revenues</i>	<u>37,054,735</u>	<u>36,619,311</u>	<u>435,424</u>
Program Expenses			
Instruction:			
Regular	11,557,705	11,349,401	208,304
Special	4,445,593	4,765,732	(320,139)
Vocational	219,385	334,390	(115,005)
Student Intervention Services	141,226	14,364	126,862
Other	4,203	382,558	(378,355)
Support Services:			
Pupils	2,303,796	2,409,561	(105,765)
Instructional Staff	610,111	272,125	337,986
Board of Education	22,116	19,673	2,443
Administration	2,042,373	2,088,375	(46,002)
Fiscal	901,996	843,368	58,628
Business	159,422	1,555,708	(1,396,286)
Operation and Maintenance of Plant	2,752,703	2,406,958	345,745
Pupil Transportation	1,937,886	2,195,100	(257,214)
Central	87,321	75,890	11,431
Operation of Non-Instructional/Shared Services:			
Food Service Operations	1,756,677	1,654,850	101,827
Community Services	135,015	10,173	124,842
Other	-	41,408	(41,408)
Extracurricular Activities	1,329,561	1,322,740	6,821
Capital Outlay	246,519	-	246,519
Interest and Fiscal Charges	880,474	1,002,282	(121,808)
<i>Total Expenses</i>	<u>31,534,082</u>	<u>32,744,656</u>	<u>(1,210,574)</u>
<i>Change in Net Position</i>	<u>5,520,653</u>	<u>3,874,655</u>	<u>1,645,998</u>
<i>Net Position Beginning of Year</i>	<u>46,795,132</u>	<u>42,920,477</u>	<u>3,874,655</u>
<i>Net Position End of Year</i>	<u>\$ 52,315,785</u>	<u>\$ 46,795,132</u>	<u>\$ 5,520,653</u>

Carrollton Exempted Village School District
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Management's Discussion and Analysis
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The decrease in operating grants is due to the completion of the ESSER grant.

The increase in investment income is the result of improving market conditions. The School District received a bonus payment related to an oil and gas lease during the fiscal year, increasing miscellaneous revenue. Grants and entitlements – OFCC decreased during the fiscal year due to decreased receipts from the Ohio Facilities Construction Commission for the completion of the new elementary.

Overall, program expenses increased. The change in program expenses can mainly be attributable to changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes. The decrease in support services for business was caused by a loss on the disposal of the CNG fueling infrastructure capital asset recorded in a prior year.

Governmental Funds

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

	Fund Balance 6/30/2025	Fund Balance 6/30/2024	Increase (Decrease)
General	\$ 11,074,211	\$ 16,962,150	\$ (5,887,939)
Capital Projects	7,950,000	-	7,950,000
Classroom Facilities	2,916,695	8,648,074	(5,731,379)

The general fund's net change in fund balance decreased primarily due to increases in transfers out for the establishment of the capital projects fund.

The capital projects fund balance increased as a result of transfers from the general fund for establishment of the fund.

The classroom facilities fund decreased as a result of completion of the Ohio Facilities Construction Commission construction projects, as previously discussed.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Original Budget Compared to Final Budget During the course of fiscal year 2025, the School District increased estimated expenditures and other financing uses, primarily for transfers out for the establishment of the capital projects fund, terminations benefits fund, and the workers compensation fund. There was no need to adjust estimated revenues and other financing sources.

Carrollton Exempted Village School District
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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Final Budget Compared to Actual Results Actual revenues and other financing sources were higher than final budgeted revenues and financing sources primarily due to an increase in property and other local tax receipts, as previously discussed. Final budgeted appropriations and other financing sources were higher than the actual expenditures and other financing uses, primarily due to an overestimation of transfers out and advances out.

Capital Assets and Debt Administration

Capital Assets

During the fiscal year, the School District completed construction of the new elementary. See Note 7 for more information on the School District's capital assets.

Debt

The primary changes to outstanding debt was from principal retirement. See Note 12 for more information on the School District's debt.

Current Issues

The Carrollton Exempted Village School District does not receive strong support from the residents of the District in the form of local taxes. The last operating levy passed by the residents was in 1977. Numerous tax issues (bond issues, permanent improvement, and emergency) have been attempted from the late 90's to November 2013. All ended in a similar 60 percent margin of defeat.

In 2015, the School District began to receive significant increases in local tax revenue due to the oil and gas production that came with new drilling technology and the discovery of oil and gas reserves in Eastern Ohio that were previously unreachable. Local revenue has soared from \$6.8 million in fiscal year 2014 to over \$13 million in fiscal year 2020. Revenue from oil and gas production is not consistent and will begin to decline over time; it has begun to show signs of waning. However, that reduction has been masked by the addition of pipeline revenue that began in fiscal year 2019. The Burgettstown Lateral section of the Rover pipeline that crosses a portion of the District has been put into service. Midway through fiscal year 2020 however, Rover pipeline petitioned the State to reduce pipeline taxable valuation by over 40 percent. Early July 2020, the Ohio Tax Commission denied the request and Rover has filed an appeal. Rover is paying on the appealed amount. Rover lost the case in the Ohio Supreme Court, but the district has not seen an increase yet this year. We hope in 2026 we see the restitution amounts from the Rover Pipeline.

Also in 2015, the School District received its first of 30 payments in lieu of taxes from Carroll County Energy, as a result of their natural gas fueled electric generating plant being erected in the District. The remaining 29 payments were dedicated to retiring the debt used to cover the local portion of an OFCC 6-12 building project that was completed July, 2019.

Prior to the end of fiscal year 2021, the Board of Education took action to move 2 inside mills to the Permanent Improvement Fund. Since the School District is at the 20 mill floor, which is the lowest tax rate allowed by Ohio law, this move will create an unvoted tax increase. This increase in local funding is being used to finance the final segment of our OFCC plan, which is to construct an elementary attached to the high school/middle school complex. The project has been completed.

Carrollton Exempted Village School District
Carroll County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Unrestricted state aid has remained stagnant since 2012. Since that time, with each State budget cycle, the School District has been held harmless against State aid losses due to steadily decreasing enrollment. Current, the School District remains level in State aid (Guarantee).

Several Ohio House and Senate bills currently pose significant impacts on school districts, particularly concerning funding and financial policy. Key pieces of legislation, including budget bills like House Bill 96 and other property tax proposals such as HB 129, have been hotly debated for their provisions that affect the school funding formula, the limit on cash reserves districts can carry over, and the potential for property tax cuts that could strip revenue from local schools.

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 show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Denise Ketchum, Treasurer of Carrollton Exempted Village School District, 205 Scio Road SW, Carrollton, Ohio 44615 or email denise.ketchum@carrollttonschoools.org.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 31,378,683
Cash and Cash Equivalents with Fiscal Agents	4,040,017
Cash and Cash Equivalents with Escrow Agents	278,027
Intergovernmental Receivable	606,190
Property Taxes Receivable	20,607,393
Payment in Lieu of Taxes Receivable	1,298,707
Net OPEB Asset	1,561,012
Non-Depreciable Capital Assets	359,190
Depreciable Capital Assets, net	67,941,155
Total Assets	128,070,374
Deferred Outflows of Resources	
Pension	4,052,976
OPEB	705,918
Total Deferred Outflows of Resources	4,758,894
Liabilities	
Accounts Payable	157,177
Accrued Wages and Benefits	2,773,237
Retainage Payable	278,027
Intergovernmental Payable	738,138
Claims Payable	468,335
Unearned Revenue	462,623
Long-Term Liabilities:	
Due Within One Year	1,093,758
Due In More Than One Year:	
Net Pension Liability	19,719,938
Net OPEB Liability	786,921
Other Amounts Due in More Than One Year	33,203,819
Total Liabilities	59,681,973
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	14,072,242
Payments in Lieu of Taxes	1,298,707
Pension	3,073,624
OPEB	2,386,937
Total Deferred Inflows of Resources	20,831,510
Net Position	
Net Investment in Capital Assets	37,792,793
Restricted for:	
Capital Outlay	2,209,892
OPEB Asset	1,561,012
Other Purposes	205,986
Unrestricted	10,546,102
Total Net Position	\$ 52,315,785

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2025

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 11,557,705	\$ 84,838	\$ 24,757	\$ (11,448,110)
Special	4,445,593	153,845	937,771	(3,353,977)
Vocational	219,385	-	30,354	(189,031)
Student Intervention Services	141,226	-	-	(141,226)
Other	4,203	-	-	(4,203)
Support Services:				
Pupils	2,303,796	-	-	(2,303,796)
Instructional Staff	610,111	-	82,922	(527,189)
Board of Education	22,116	-	-	(22,116)
Administration	2,042,373	-	44,008	(1,998,365)
Fiscal	901,996	-	-	(901,996)
Business	159,422	-	-	(159,422)
Operation and Maintenance of Plant	2,752,703	-	93,848	(2,658,855)
Pupil Transportation	1,937,886	-	-	(1,937,886)
Central	87,321	-	-	(87,321)
Operation of Non-Instructional/Shared Services:				
Food Service Operations	1,756,677	381,079	1,198,300	(177,298)
Community Services	135,015	20,041	10,621	(104,353)
Extracurricular Activities	1,329,561	294,467	50,352	(984,742)
Capital Outlay	246,519	-	-	(246,519)
Interest and Fiscal Charges	880,474	-	-	(880,474)
Total	\$ 31,534,082	\$ 934,270	\$ 2,472,933	(28,126,879)

General Revenues

Property Taxes Levied for:	
General Purposes	16,195,261
Capital Outlay	1,345,127
Grants and Entitlements not Restricted to Specific Programs	12,628,887
Payments in Lieu of Taxes	1,298,707
Gain on Sale of Capital Assets	59,973
Investment Earnings	1,642,658
Miscellaneous	476,919
Total General Revenues	33,647,532
 <i>Change in Net Position</i>	 5,520,653
 <i>Net Position Beginning of Year</i>	 46,795,132
 <i>Net Position End of Year</i>	 \$ 52,315,785

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Balance Sheet
Governmental Funds
June 30, 2025

	General	Classroom Facilities	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	\$ 12,898,115	\$ 2,916,695	\$ 7,950,000	\$ 6,413,873	\$ 30,178,683
Cash and Cash Equivalents with Escrow Agents	-	278,027	-	-	278,027
Interfund Receivable	478,847	-	-	-	478,847
Intergovernmental Receivable	-	-	-	606,190	606,190
Property Taxes Receivable	19,018,646	-	-	1,588,747	20,607,393
Payments in Lieu of Taxes Receivable	-	-	-	1,298,707	1,298,707
Total Assets	\$ 32,395,608	\$ 3,194,722	\$ 7,950,000	\$ 9,907,517	\$ 53,447,847
Liabilities					
Accounts Payable	\$ 70,189	\$ -	\$ -	\$ 86,988	\$ 157,177
Accrued Wages and Benefits	2,544,494	-	-	228,743	2,773,237
Retainage Payable	-	278,027	-	-	278,027
Intergovernmental Payable	715,826	-	-	22,312	738,138
Interfund Payable	-	-	-	478,847	478,847
Total Liabilities	3,330,509	278,027	-	816,890	4,425,426
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	12,872,242	-	-	1,200,000	14,072,242
Payments in Lieu of Taxes	-	-	-	1,298,707	1,298,707
Unavailable Revenue	5,118,646	-	-	994,937	6,113,583
Total Deferred Inflows of Resources	17,990,888	-	-	3,493,644	21,484,532
Fund Balances					
Restricted	-	2,916,695	-	2,693,739	5,610,434
Committed	1,600,000	-	7,950,000	2,899,658	12,449,658
Assigned	2,506,598	-	-	731,247	3,237,845
Unassigned	6,967,613	-	-	(727,661)	6,239,952
Total Fund Balance	11,074,211	2,916,695	7,950,000	5,596,983	27,537,889
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 32,395,608	\$ 3,194,722	\$ 7,950,000	\$ 9,907,517	\$ 53,447,847

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2025

Total Governmental Fund Balances		\$ 27,537,889
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		68,300,345
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	\$ 606,190	
Delinquent Property Taxes	<u>5,507,393</u>	6,113,583
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets, liabilities, deferred outflows/inflows of resources of the internal service fund are included in governmental activities in the statement of net position.		4,309,059
The net pension liability and net OPEB asset/liability are not due and payable in the current period, therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	1,561,012	
Deferred Outflows - Pension	4,052,976	
Deferred Outflows - OPEB	705,918	
Net Pension Liability	(19,719,938)	
Net OPEB Liability	(786,921)	
Deferred Inflows - Pension	(3,073,624)	
Deferred Inflows - OPEB	<u>(2,386,937)</u>	(19,647,514)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(8,160,000)	
Certificates of Participation	(22,805,000)	
Certificates of Participation Discount	225,682	
Unamortized Bond Premium	(2,091,887)	
Compensated Absences	<u>(1,466,372)</u>	(34,297,577)
<i>Net Position of Governmental Activities</i>		<u><u>\$ 52,315,785</u></u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Classroom Facilities	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	\$ 15,031,524	\$ -	\$ -	\$ 1,259,859	\$ 16,291,383
Intergovernmental	12,493,910	920,385	-	2,158,617	15,572,912
Investment Income	1,017,880	451,785	-	-	1,469,665
Tuition and Fees	206,795	-	-	-	206,795
Extracurricular Activities	20,041	-	-	294,467	314,508
Charges for Services	2,379	-	-	381,079	383,458
Rent	29,509	-	-	-	29,509
Contributions and Donations	43,175	-	-	106,314	149,489
Payments in Lieu of Taxes	-	-	-	1,298,707	1,298,707
Miscellaneous	410,437	-	-	66,482	476,919
Total Revenues	29,255,650	1,372,170	-	5,565,525	36,193,345
Expenditures					
Current					
Instruction:					
Regular	10,256,379	-	-	35,957	10,292,336
Special	3,490,941	-	-	912,579	4,403,520
Vocational	179,565	-	-	27,503	207,068
Student Intervention Services	140,651	-	-	575	141,226
Other	21,333	-	-	-	21,333
Support Services:					
Pupils	2,204,436	-	-	52,872	2,257,308
Instructional Staff	503,308	-	-	97,014	600,322
Board of Education	22,116	-	-	-	22,116
Administration	1,990,692	-	-	43,798	2,034,490
Fiscal	876,572	3,325	-	32,897	912,794
Business	159,422	-	-	-	159,422
Operation and Maintenance of Plant	2,398,124	9,714	-	125,291	2,533,129
Pupil Transportation	2,156,164	-	-	-	2,156,164
Central	87,321	-	-	-	87,321
Operation of Non-Instructional/Shared Services:					
Food Service Operations	16	-	-	1,715,526	1,715,542
Community Services	116,968	-	-	10,534	127,502
Extracurricular Activities	818,242	-	-	363,261	1,181,503
Capital Outlay	3,056	7,090,510	-	588,241	7,681,807
Debt Service					
Principal Retirement	-	-	-	985,000	985,000
Interest and Fiscal Charges	-	-	-	1,086,075	1,086,075
Total Expenditures	25,425,306	7,103,549	-	6,077,123	38,605,978
Excess of Revenues Over (Under) Expenditures	3,830,344	(5,731,379)	-	(511,598)	(2,412,633)
Other Financing Sources (Uses)					
Proceeds from Sale of Assets	2,217	-	-	57,756	59,973
Transfers In	-	-	7,950,000	1,352,050	9,302,050
Transfers Out	(9,720,500)	-	-	(781,550)	(10,502,050)
Total Other Financing Sources (Uses)	(9,718,283)	-	7,950,000	628,256	(1,140,027)
Net Change in Fund Balances	(5,887,939)	(5,731,379)	7,950,000	116,658	(3,552,660)
Fund Balances Beginning of Year	16,962,150	8,648,074	-	5,480,325	31,090,549
Fund Balances End of Year	\$ 11,074,211	\$ 2,916,695	\$ 7,950,000	\$ 5,596,983	\$ 27,537,889

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds		\$ (3,552,660)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 8,379,125	
Current Year Depreciation	<u>(1,839,878)</u>	6,539,247
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(723,462)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	(620,581)	
Property Taxes	<u>1,249,005</u>	628,424
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	585,000	
Certificates of Participation	<u>400,000</u>	985,000
In the statement of activities, interest is accrued on outstanding bonds, and bond premiums/discounts are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	87,253	
Amortization of Premium on Bonds	129,632	
Amortization of Discount on Bonds	<u>(11,284)</u>	205,601
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,115,258	
OPEB	<u>58,639</u>	2,173,897
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,014,708)	
OPEB	<u>434,292</u>	(580,416)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(265,144)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued Vacation Leave Payable	57,833	
Compensated Absences	<u>52,333</u>	110,166
Change in Net Position of Governmental Activities		<u>\$ 5,520,653</u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues and Other Financing Sources	\$ 30,147,832	30,147,832	31,260,597	\$ 1,112,765
Expenditures and Other Financing Uses	<u>28,239,535</u>	<u>39,597,894</u>	<u>39,155,671</u>	<u>442,223</u>
Net Change in Fund Balance	1,908,297	(9,450,062)	(7,895,074)	1,554,988
<i>Fund Balance Beginning of Year</i>	17,890,284	17,890,284	17,890,284	-
Prior Year Encumbrances Appropriated	<u>597,878</u>	<u>597,878</u>	<u>597,878</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 20,396,459</u>	<u>\$ 9,038,100</u>	<u>\$ 10,593,088</u>	<u>\$ 1,554,988</u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Fund Net Position
Proprietary Funds
June 30, 2025

	Governmental Activities
	Internal Service Funds
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,200,000
Cash and Cash Equivalents with Fiscal Agents	4,040,017
<i>Total Current Assets</i>	5,240,017
 Liabilities	
<i>Current Liabilities:</i>	
Unearned Revenue	462,623
Claims Payable	468,335
<i>Total Current Liabilities</i>	930,958
 Net Position	
Unrestricted	4,309,059
<i>Total Net Position</i>	\$ 4,309,059

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2025

	Governmental Activities
	Internal Service Funds
Operating Revenues	
Charges for Services	\$ 4,026,360
Other	124,896
<i>Total Operating Revenues</i>	<u>4,151,256</u>
Operating Expenses	
Purchased Services	1,278,770
Claims	4,510,623
<i>Total Operating Expenses</i>	<u>5,789,393</u>
<i>Operating Income (Loss)</i>	<u>(1,638,137)</u>
Non-Operating Revenues (Expenses)	
Interest	172,993
<i>Income (Loss) Before Transfers</i>	(1,465,144)
Transfers In	1,200,000
<i>Change in Net Position</i>	(265,144)
<i>Net Position Beginning of Year</i>	<u>4,574,203</u>
<i>Net Position End of Year</i>	<u><u>\$ 4,309,059</u></u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2025

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 4,043,591
Cash Received from Other Operating Receipts	124,896
Cash Payments to Employees for Services and Benefits	(1,278,770)
Cash Payments for Claims	(4,691,939)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(1,802,222)</u>
Cash Flows from Noncapital Financing Activities	
Transfers In	<u>1,200,000</u>
Cash Flows from Investing Activities	
Interest	<u>172,993</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(429,229)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>5,669,246</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$ 5,240,017</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$ (1,638,137)
Adjustments:	
Increase (Decrease) in Liabilities and Deferred Inflows:	
Claims Payable	(181,316)
Unearned Revenue	<u>17,231</u>
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u><u>\$ (1,802,222)</u></u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2025

	<u>Custodial</u>
Additions	
Extracurricular Amounts Collected for Other Governments	<u>\$ 5,224</u>
 Deductions	
Extracurricular Distributions to Other Governments	<u>5,224</u>
 <i>Change in Net Position</i>	 -
 <i>Net Position Beginning of Year</i>	 <u>-</u>
 <i>Net Position End of Year</i>	 <u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Carrollton Exempted Village School District (the “School District”) is organized under Article VI, Section 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/or federal guidelines.

The School District was established in 1867 with the construction of a six-room school house. The School District serves an area of approximately 289 square miles. It is located in Carroll County and includes all of the Village of Carrollton. The School District currently operates two instructional buildings, one administrative building, and one bus garage.

Reporting Entity

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

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

The School District is associated with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) and the Buckeye Career Center which are defined as jointly governed organizations.

Ohio Mid-Eastern Regional Education Service Agency Information Technology Center Council of Governments (OME-RESA) Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an educational management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating counties, a career center representative and a representative from the fiscal advisory committee. Merideth Valkosky of OME-RESA serves as the fiscal officer. The majority of revenue comes from fees of the services provided to member entities. In addition, some funding comes from the State Department of Education and Workforce. The continued existence of OME-RESA is not dependent on the School District's continued participation. In the event of liquidation, after all obligations are paid, any surplus would be divided among participating members. OME-RESA has no outstanding debt. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Missy Valkosky, 2230 Sunset Blvd; Suite 2, Steubenville, Ohio 43952.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Buckeye Career Center The Buckeye Career Center (the Career Center), a joint vocational school established by the Ohio Revised Code, is a jointly governed organization providing vocational services to its eleven-member school districts. The Career Center is governed by a board of education comprised of eleven members appointed by the participating schools. The board controls the financial activity of the Career Center and reports to the Ohio Department of Education and Workforce and the Auditor of State of Ohio. The continued existence of the Career Center is not dependent on the School District's continued participation and no measurable equity interest exists.

The School District also participates in the Jefferson Health Plan, a public entity risk management, insurance and claims servicing pool. This organization is presented in Note 8.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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. Funds are classified into three categories: governmental, proprietary and fiduciary.

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

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

Classroom Facilities Fund – The classroom facilities fund accounts for monies received and expended in connection with contracts entered into by the School District and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities.

Capital Projects Fund The capital projects fund accounts for monies accumulated for the acquisition, construction, and improvement of fixed assets throughout the School District

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

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District's only proprietary funds are an internal service funds.

Internal Service Fund The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

The School District's internal service funds accounts for a self-insurance program for employee medical and prescription benefits and workers compensation.

Fiduciary Fund Type Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. The School District's fiduciary fund is a custodial fund. The custodial fund is used to account for assets held by the School District for Ohio High School Athletics Association.

Measurement Focus

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

Like the government-wide statements, the proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the fund are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

The statement of changes in fiduciary net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of changes in fiduciary net position reports additions to and deductions from custodial funds.

Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Carrollton Exempted Village School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, grants and entitlements and intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 9 and 10).

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

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

Budgetary Process

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

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

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements. The School District participates in the Jefferson Health Plan insurance consortium for self-insurance. These monies are held separate from the School District's central bank account and are reflected in the financial statement as "Cash and Cash Equivalents with Fiscal Agent."

For the current fiscal year, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

For presentation on the financial statements, investments of the cash management pool and investments with 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.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the current fiscal year amounted to \$1,017,880, which includes \$444,367 assigned from other School District funds.

Capital Assets

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	15 - 50 Years
Buildings and Building Improvements	10 - 45 Years
Improvements Other Than Buildings	5 - 50 Years
Furniture and Fixtures	10 Years
Machinery and Equipment	5 - 20 Years
Vehicles	5 - 10 Years

Carrollton Exempted Village School District
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For the Fiscal Year Ended June 30, 2025

Compensated Absences

The School District recognizes a liability for compensated absences for the leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment under the last-in-first-out (LIFO) flow assumption. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements.

Pensions and Other Postemployment Benefits (OPEB)

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

Accrued Liabilities and Long-Term Obligations

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

Interfund Balances

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

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

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

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

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. There is no net position restricted by enabling legislation for the current fiscal year.

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Interfund Activity

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

Operating Revenues and Expenses

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The School District did not report an extraordinary or special item in the current fiscal year.

Estimates

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual is presented on the budgetary basis for the general fund. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as an assignment or commitment of fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

Carrollton Exempted Village School District
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Notes to the Basic Financial Statements
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The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund:

GAAP Basis	\$ (5,887,939)
Net Adjustment for Revenue Accruals	807,314
Net Adjustment for Expenditure Accruals	(397,361)
Funds Budgeted Elsewhere	(1,568,608)
Adjustment for Encumbrances	(848,480)
Budget Basis	<u>\$ (7,895,074)</u>

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Type Fund Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support and termination benefits funds.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statute classifies 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 School District's 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.

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 institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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;

Carrollton Exempted Village School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits – Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$7,705,170 of the School District's bank balance of \$8,205,170 was exposed to custodial credit risk because it was uninsured and collateralized. The School District's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

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

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Investments

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

S&P Global Ratings	Investment Type	Measurement Value	Investment Maturities			Percent of Total
			12 Months or Less	12 to 36 Months	More Than 36 Months	
	Net Asset Value (NAV):					
AA+	STAR Ohio	\$ 1,315,450	\$ 1,315,450	\$ -	\$ -	5.49%
AAA	Money Market	84,815	84,815	-	-	0.35%
	Fair Value:					
AA+	Federal Agency Securities	6,613,921	1,836,581	2,868,427	1,908,913	27.61%
A1	Commercial Paper	344,147	344,147	-	-	1.44%
AA+	US Treasury Notes	13,198,812	962,192	5,753,636	6,482,984	55.09%
N/A	Negotiable Certificates of Deposit	2,400,171	809,086	776,379	814,706	10.02%
	Total Investments	\$ 23,957,316	\$ 5,352,271	\$ 9,398,442	\$ 9,206,603	100.00%

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2025. The School District's fair value investments are Level 2 since valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk. The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2025, is 30 days and carries a rating of AAAM by S&P Global Ratings.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. Investments of the School District are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity; a specific issue or a specific class of securities, strategies to achieve this are determined and revised periodically.

Funds Held by Fiscal Agent

The School District participates in the Jefferson Health Plan for employee benefits. The amount held at fiscal year end for the employee benefit self-insurance fund was \$4,040,017. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

Carrollton Exempted Village School District
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For the Fiscal Year Ended June 30, 2025

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. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien December 31, 2022, were levied after April 1, 2024 and are collected in 2025 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Carroll County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2025 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.

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

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

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

	2024 Second- Half Collections		2025 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 527,176,400	73%	\$ 533,539,990	72%
Public Utility Personal Property	198,385,990	27%	211,567,720	28%
Total Assessed Values	<u>\$ 725,562,390</u>	<u>100%</u>	<u>\$ 745,107,710</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$ 29.40</u>		<u>\$ 29.40</u>	

Carrollton Exempted Village School District
Carroll County, Ohio
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NOTE 6 - RECEIVABLES

Receivables at year-end consisted of property taxes, interfund, payments in lieu of taxes and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal Funds. All receivables are expected to be collected within one year.

In fiscal year 2015, an enterprise zone agreement was entered into between Carroll County Energy, LLC, Carroll County, Washington Township, and the School District to provide Carroll County Energy with a 30-year, 100 percent property tax exemption for the increase in the assessed value of real property and for new personal property created due to the construction of a new electric generating facility. In return for real property and personal property tax exemptions provided under the agreement, Carroll County Energy will provide annual compensation to the School District in the amount of \$1,298,707. The receivable has been recorded in the bond retirement fund for the amount the School District will receive in the subsequent fiscal year.

NOTE 7 - CAPITAL ASSETS

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

	Balance 6/30/2024	Additions	Deletions	Balance 6/30/2025
Governmental Activities				
<i>Capital Assets not being depreciated</i>				
Land	\$ 359,190	\$ -	\$ -	\$ 359,190
Construction in Progress	14,344,923	7,440,016	(21,784,939)	-
<i>Total Capital Assets not being Depreciated</i>	<u>14,704,113</u>	<u>7,440,016</u>	<u>(21,784,939)</u>	<u>359,190</u>
<i>Capital Assets being depreciated</i>				
Land Improvements	6,713,774	41,619	(95,251)	6,660,142
Buildings and Building Improvements	47,259,499	21,784,939	(227,209)	68,817,229
Improvements Other Than Buildings	97,816	-	(17,988)	79,828
Furniture and Fixtures	494,129	68,354	(180,187)	382,296
Machinery and Equipment	2,720,284	157,697	(662,402)	2,215,579
Vehicles	3,012,053	671,439	(523,180)	3,160,312
<i>Total Capital Assets Being Depreciated</i>	<u>60,297,555</u>	<u>22,724,048</u>	<u>(1,706,217)</u>	<u>81,315,386</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(1,917,177)	(153,315)	34,104	(2,036,388)
Buildings and Building Improvements	(7,260,945)	(1,381,298)	148,547	(8,493,696)
Improvements Other Than Buildings	(63,272)	(2,129)	10,996	(54,405)
Furniture and Fixtures	(237,161)	(17,963)	96,908	(158,216)
Machinery and Equipment	(1,548,552)	(123,987)	434,064	(1,238,475)
Vehicles	(1,490,001)	(161,186)	258,136	(1,393,051)
<i>Total Accumulated Depreciation</i>	<u>(12,517,108)</u>	<u>(1,839,878) *</u>	<u>982,755</u>	<u>(13,374,231)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>47,780,447</u>	<u>20,884,170</u>	<u>(723,462)</u>	<u>67,941,155</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 62,484,560</u>	<u>\$ 28,324,186</u>	<u>\$ (22,508,401)</u>	<u>\$ 68,300,345</u>

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* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,368,460
Special	1,806
Support Services:	
Pupils	31,383
Operation and Maintenance of Plant	114,001
Pupil Transportation	161,997
Operation of Non-Instructional Services:	
Food Service Operations	5,308
Community Services	652
Extracurricular Activities	156,271
Total Depreciation	\$ 1,839,878

NOTE 8 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

B. Employee Medical Benefits

Medical, surgical, dental, and vision insurance is offered to all employees through a self-insurance internal service fund. The School District is a member of the Jefferson Health Plan, a public entity risk management, insurance, and claims servicing pool, consisting of school districts and other public entities across the state, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability reported in the internal service fund is based on an estimate provided by the third-party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2024	\$ 389,436	\$ 4,408,233	\$ 4,148,018	\$ 649,651
2025	\$ 649,651	\$ 4,510,623	\$ 4,691,939	\$ 468,335

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

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Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. 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 \$472,195 for fiscal year 2025.

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Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2 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 their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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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 2025 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2025, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,643,063 for fiscal year 2025.

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

The net pension liability (asset) 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 and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0759387%	0.08229673%	
Prior Measurement Date	0.0771265%	0.08546943%	
Change in Proportionate Share	<u>-0.0011878%</u>	<u>-0.00317270%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 3,884,717	\$ 15,835,221	\$ 19,719,938
Pension Expense	\$ 248,796	\$ 765,912	\$ 1,014,708

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

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

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 148,315	\$ 997,206	\$ 1,145,521
Changes of Assumptions	34,752	729,774	764,526
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	-	27,671	27,671
School District Contributions Subsequent to the Measurement Date	472,195	1,643,063	2,115,258
Total Deferred Outflows of Resources	<u>\$ 655,262</u>	<u>\$ 3,397,714</u>	<u>\$ 4,052,976</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 8,672	\$ 8,672
Net Difference between Projected and Actual Earnings on Pension Plan Investments	242,988	1,361,506	1,604,494
Changes of Assumptions	-	549,310	549,310
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	93,008	818,140	911,148
Total Deferred Inflows of Resources	<u>\$ 335,996</u>	<u>\$ 2,737,628</u>	<u>\$ 3,073,624</u>

\$2,115,258 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2026	\$ (234,397)	\$ (1,107,496)	\$ (1,341,893)
2027	203,388	1,220,390	1,423,778
2028	(50,468)	(634,989)	(685,457)
2029	(71,452)	(460,882)	(532,334)
Total	<u>\$ (152,929)</u>	<u>\$ (982,977)</u>	<u>\$ (1,135,906)</u>

Actuarial Assumptions - SERS

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

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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, are presented below:

Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. ORC 3309.15 and the SERS Board-adopted Investment Policy govern investment activity. 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:

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 5,943,080	\$ 3,884,717	\$ 2,151,687

Actuarial Assumptions – STRS

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

Inflation	2.50 percent
Salary Increases	From 2.5 percent to 8.5 percent, based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017

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

Actuarial assumptions used in the June 30, 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:

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

**Final target weights reflected at October 1, 2022.*

***10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.*

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 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 rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2024.

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

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	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 25,544,986	\$ 15,835,221	\$ 7,622,427

NOTE 10 – DEFINED BENEFIT OPEB PLANS

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. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$58,639, which is reported as an intergovernmental payable.

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The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2025.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. 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 percent of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (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 and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.0772631%	0.08229673%	
Prior Measurement Date	0.0794352%	0.08546943%	
Change in Proportionate Share	<u>-0.0021721%</u>	<u>-0.00317270%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 786,921	\$ (1,561,012)	
OPEB Expense	\$ (116,823)	\$ (317,469)	\$ (434,292)

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in OPEB expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 67,860	\$ 67,860
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	3,843	-	3,843
Changes of Assumptions	337,744	192,139	529,883
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	20,177	25,516	45,693
School District Contributions Subsequent to the Measurement Date	58,639	-	58,639
Total Deferred Outflows of Resources	<u>\$ 420,403</u>	<u>\$ 285,515</u>	<u>\$ 705,918</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 848,507	\$ 168,228	\$ 1,016,735
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	67,026	67,026
Changes of Assumptions	361,483	704,009	1,065,492
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	227,884	9,800	237,684
Total Deferred Inflows of Resources	<u>\$ 1,437,874</u>	<u>\$ 949,063</u>	<u>\$ 2,386,937</u>

\$58,639 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	\$ (251,068)	\$ (243,962)	\$ (495,030)
2027	(185,562)	(101,205)	(286,767)
2028	(150,709)	(130,951)	(281,660)
2029	(132,941)	(121,576)	(254,517)
2030	(131,785)	(97,753)	(229,538)
Thereafter	(224,045)	31,899	(192,146)
Total	<u>\$ (1,076,110)</u>	<u>\$ (663,548)</u>	<u>\$ (1,739,658)</u>

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Actuarial Assumptions - SERS

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

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

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

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

	<u>June 30, 2024</u>
Inflation	2.40 percent
Future Salary Increases, including Inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2059
Municipal Bond Index Rate	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates

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for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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

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 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 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 percent at June 30, 2024, and 3.86 percent at June 30, 2023.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 1,049,331	\$ 786,921	\$ 578,401

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 531,929	\$ 786,921	\$ 1,122,087

Actuarial Assumptions – STRS

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

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	7.50 percent initial 4.14 percent ultimate
Medicare	-112.22 percent initial 3.94 percent ultimate	-10.94 percent initial 4.14 percent ultimate
Prescription Drug		
Pre-Medicare	8.00 percent initial 3.94 percent ultimate	-11.95 percent initial 4.14 percent ultimate
Medicare	-15.14 percent initial 3.94 percent ultimate	1.33 percent initial 4.14 percent ultimate

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

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

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

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

Asset Class	Target Allocation *	Long-Term Expected 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 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.*

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent 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 these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

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

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	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB (Asset)	\$ (1,269,288)	\$ (1,561,012)	\$ (1,814,947)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB (Asset)	\$ (1,832,100)	\$ (1,561,012)	\$ (1,234,993)

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 240 days for 9, 10 and 11 month classified employees; 260 for 12 month classified employees; and 260 days for certified employees. Upon retirement, payment is made for 50 percent of total sick leave accumulated; to a maximum of 75 days for classified employees, 30 percent to a maximum of 78 days for certificated employees. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to contracted employees through the Jefferson Health Plan. The Board pays the cost of the monthly premium, \$7.25 for Treasurer and Superintendent, \$6.53 per certificated employee, and \$5.80 per classified employee.

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NOTE 12 - LONG-TERM OBLIGATIONS

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

	Outstanding 06/30/2024	Additions	Deductions	Outstanding 06/30/2025	Amounts Due Within One Year
<i>Governmental Activities</i>					
General Obligation Bonds					
Classroom Facilities Bond, Series 2016					
Term Bonds	\$ 8,745,000	\$ -	\$ (585,000)	\$ 8,160,000	\$ 610,000
Unamortized Premium	794,510	-	(66,209)	728,301	-
Total General Obligation Bonds	9,539,510	-	(651,209)	8,888,301	610,000
Direct Borrowings and Direct Placements					
Certificates of Participation, Series 2016	10,930,000	-	(60,000)	10,870,000	60,000
Discount	(236,966)	-	11,284	(225,682)	-
Certificates of Participation, Series 2021	12,275,000	-	(340,000)	11,935,000	350,000
Unamortized Premium	1,427,009	-	(63,423)	1,363,586	-
Total Direct Borrowings and Direct Placements	24,395,043	-	(452,139)	23,942,904	410,000
Net Pension & OPEB Liability					
Pension	22,667,427	-	(2,947,489)	19,719,938	-
OPEB	1,308,651	-	(521,730)	786,921	-
Total Net Pension & OPEB Liability	23,976,078	-	(3,469,219)	20,506,859	-
Compensated Absences*	1,518,705	-	(52,333)	1,466,372	73,758
Total Governmental Activities					
Long-Term Obligations	\$ 59,429,336	\$ -	\$ (4,624,900)	\$ 54,804,436	\$ 1,093,758

*The change in compensated absences above is a net change for the year

Certificates of Participation

On July 20, 2016, the School District issued \$11,355,000 in certificates of participation for the purpose of school facilities construction in the OFCC program. The maturity date for the certificates is December 1, 2044 with an interest rate of 2.00 percent. The proceeds of the certificates issued were reported in the classroom facilities and building funds. These certificates were issued with a premium of \$17,414, which was recorded as revenue in the year of issuance. The discount of \$327,238 is being reported as a decrease to bonds payable and is being amortized to interest expense over the life of the certificates using the straight-line method, which approximates the effective interest method. The certificates maturing on or after December 1, 2025 are subject to optional prior redemption beginning December 1, 2024. The repayment will be made from the bond retirement fund.

The Certificates of Participation evidence a proportionate interest in the base rent to be paid by the School District under the ground lease agreement. Base rent payments will be recorded as expenditures in the bond retirement fund. The payments in the amortization table represent the future base rent payments for the certificates of participation. The initial lease term commenced on September 19, 2016 and expired June 30, 2017. Each renewal of the lease will be for a renewal lease term beginning July 1 and ending June 30 of the subsequent year, except that the final renewal term will end on December 1, 2044.

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In the event of default, as defined by the lease agreement, the amounts payable by the School District may become due. If payments are not made, the lessor may retake possession of the leased property and may sell, sublease the leased property or demand all remaining sums of the project fund be returned. The lessor may exercise any other rights, remedy or privilege that may be available under the State laws to enforce the terms of the lease or recover damages for the breach of the contract. The School District will be held liable for amounts payable.

On December 21, 2021, the School District issued \$13,525,000 in certificates of participation for the purpose of school facilities construction in the OFCC program. The maturity date for the certificates is October 1, 2046 with an average interest rate of 3.51 percent. The proceeds of the certificates issued were reported in the classroom facilities and building funds. These certificates were issued with a premium of \$1,585,567, which is being reported as an increase to bonds payable and is being amortized to interest expense over the life of the certificates using the straight-line method, which approximates the effective interest method. The repayment will be made from the bond retirement fund.

2016 Classroom Facilities School Improvement Bonds

In July 2016, the School District issued \$13,170,000 of general obligation bonds. The bonds were issued for a twenty year period with final maturity on December 1, 2035.

These improvement bonds were issued with a premium of \$1,324,182, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method, which approximates the effective interest method. The discount of \$29,510 was recorded as interest expense in the year of issuance. The term bonds were issued with varying interest rates of 1.25 to 4.00 percent. The repayment will be made from the bond retirement fund.

Principal and interest requirements to retire the General Obligation Bonds and the Certificates of Participation outstanding at June 30, 2025 are as follows:

Fiscal Year Ending June 30,	Classroom Facilities Bond		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 610,000	\$ 289,938	\$ 410,000	\$ 752,950	\$ 1,020,000	\$ 1,042,888
2027	635,000	265,038	425,000	736,850	1,060,000	1,001,888
2028	660,000	239,138	445,000	720,075	1,105,000	959,213
2029	685,000	212,238	460,000	702,625	1,145,000	914,863
2030	715,000	184,238	475,000	684,575	1,190,000	868,813
2031-2035	3,965,000	518,900	2,680,000	3,125,575	6,645,000	3,644,475
2036-2040	890,000	11,681	7,060,000	2,330,750	7,950,000	2,342,431
2041-2045	-	-	9,345,000	946,600	9,345,000	946,600
2046-2047	-	-	1,505,000	41,700	1,505,000	41,700
	<u>\$ 8,160,000</u>	<u>\$ 1,721,169</u>	<u>\$22,805,000</u>	<u>\$ 10,041,700</u>	<u>\$30,965,000</u>	<u>\$ 11,762,869</u>

Compensated absences will be paid from the general and food service funds. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 9 and 10.

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For the Fiscal Year Ended June 30, 2025

NOTE 13 – INTERFUND TRANSACTIONS

Interfund Balances

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

Fund:	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 478,847	\$ -
<i>Other Governmental:</i>		
Food Services	-	2,618
Title VI-B	-	201,781
Title I	-	206,133
IDEA Preschool	-	7,760
Title II-A	-	27,520
Miscellaneous Federal	-	33,035
Totals	<u><u>\$ 478,847</u></u>	<u><u>\$ 478,847</u></u>

The primary purpose of the interfund loan is to cover costs in specific funds where revenues were not received by June 30. This interfund loan will be repaid once the anticipated revenues are received. Interfund loans are expected to be repaid within one year.

Interfund Transfers

During the year, the School District had the following transfers:

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ 9,720,500	\$ -
Capital Projects	-	7,950,000
<i>Nonmajor Governmental Funds:</i>		
Bond Retirement	-	781,550
Classroom Facilities Maintenance	-	319,500
Permanent Improvement	781,550	-
Education Foundation	-	250,000
Student Activities	-	1,000
Worker's Compensation	-	1,200,000
Total	<u><u>\$ 10,502,050</u></u>	<u><u>\$ 10,502,050</u></u>

During the fiscal year, the general fund transferred money to the classroom facilities maintenance fund to comply with the School District's agreement with the Ohio Facilities Construction Commission that requires the School District to annually contribute to the classroom facilities maintenance fund (a non-major governmental fund). The general fund also transferred money to the capital projects fund, the educational foundation fund, and student activities fund to provide additional resources and to the worker's compensation fund to establish the fund. The permanent improvement fund transferred money to the debt service fund for retirement of debt.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 14 – FUND BALANCE AND ACCOUNTABILITY

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Classroom Facilities	Capital Projects	Other Governmental Funds	Total
Restricted for:					
Debt Service	\$ -	\$ -	\$ -	\$ 28,129	\$ 28,129
Maintenance	-	-	-	2,065,812	2,065,812
State Funded Programs	-	-	-	34,133	34,133
Extracurricular Activities	-	-	-	24,697	24,697
Local Grants	-	-	-	3,818	3,818
Student Activities	-	-	-	59,122	59,122
Capital Outlay	-	2,916,695	-	457,448	3,374,143
Scholarships	-	-	-	20,580	20,580
Total Restricted	-	2,916,695	-	2,693,739	5,610,434
Committed for:					
Severance	1,600,000	-	-	-	1,600,000
Capital Outlay	-	-	7,950,000	2,649,658	10,599,658
Scholarships	-	-	-	250,000	250,000
Total Committed	1,600,000	-	7,950,000	2,899,658	12,449,658
Assigned for:					
Instruction	241,064	-	-	-	241,064
Support Services	593,890	-	-	-	593,890
Capital Outlay	1,644	-	-	-	1,644
Subsequent Year Appropriations	1,670,000	-	-	-	1,670,000
Capital Improvements	-	-	-	731,247	731,247
Total Assigned	2,506,598	-	-	731,247	3,237,845
Unassigned	6,967,613	-	-	(727,661)	6,239,952
Total Fund Balance	\$ 11,074,211	\$ 2,916,695	\$ 7,950,000	\$ 5,596,983	\$ 27,537,889

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

	Deficit
Non-Major Governmental Funds	
Lunch Room	\$ 151,287
Student Wellness & Success	3
Title VI-B	247,154
Title I	284,886
Preschool	8,880
Title II-A	31,011
Misc Federal Grants	4,440
Total	<u>\$ 727,661</u>

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

NOTE 15 - SET-ASIDES

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 year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

During fiscal year 2017 the School District issued \$24,525,000 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition to zero in future years. The School District is responsible for tracking the amount of the bond and note proceeds that may be used as an offset in future periods, which was \$21,577,020 at June 30, 2025.

The following cash basis information describes the change in the set aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	Capital Improvement Reserve
Set Aside Restricted Balance June 30, 2024	\$ -
Current Year Set-Aside Requirement	423,473
Prior Year Offset from Bond Proceeds	(423,473)
Total	<u>\$ -</u>
Balance Carried Forward to Fiscal Year 2026	<u>\$ -</u>
Set Aside Balance June 30, 2025	<u>\$ -</u>

NOTE 16 – CONTINGENCIES AND COMMITMENTS

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

Litigation

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

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Encumbrance Commitments

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

Fund	Amount
General	\$ 836,598
Classroom Facilities	549,899
Nonmajor Governmental	132,959
	<u>\$ 1,519,456</u>

NOTE 17 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2025, the School District has implemented GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*.

GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences to promote consistency and better meet the information needs of financial statement users. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. These changes were incorporated into the School District's fiscal year 2025 financial statements; however, there was no effect on beginning net position

GASB Statement No. 102 provides users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints as concentrations and constraints may limit a government's ability to acquire resources or control spending. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the School District. statements.

NOTE 18 – SUBSEQUENT EVENTS

On February 10, 2026, the School District auctioned off the land where the former elementary and high school were located. Eight parcels of land were sold for total proceeds of \$210,000.

Carrollton Exempted Village School District
Carroll County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

Year	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<i>School Employees Retirement System (SERS)</i>					
2025	0.0759387%	\$ 3,884,717	\$ 3,175,879	122.32%	78.52%
2024	0.0771265%	4,261,639	3,075,221	138.58%	76.06%
2023	0.0789660%	4,271,095	2,968,471	143.88%	75.82%
2022	0.0818650%	3,020,581	2,827,821	106.82%	82.86%
2021	0.0830966%	5,496,184	2,924,143	187.96%	68.55%
2020	0.0794761%	4,755,194	2,729,059	174.24%	70.85%
2019	0.0813034%	4,656,396	2,605,600	178.71%	71.36%
2018	0.0750987%	4,486,981	2,517,614	178.22%	69.50%
2017	0.0804047%	5,884,882	2,913,271	202.00%	62.98%
2016	0.0862503%	4,921,526	3,087,064	159.42%	69.16%
<i>State Teachers Retirement System (STRS)</i>					
2025	0.08229673%	\$ 15,835,221	\$ 11,447,836	138.33%	82.55%
2024	0.08546943%	18,405,788	11,545,607	159.42%	80.02%
2023	0.08701866%	19,344,358	11,234,479	172.19%	78.90%
2022	0.08611235%	11,010,238	10,842,871	101.54%	87.80%
2021	0.08596000%	20,801,439	10,366,714	200.66%	75.50%
2020	0.08438262%	18,660,709	10,027,929	186.09%	77.40%
2019	0.08341965%	18,342,108	9,695,950	189.17%	77.31%
2018	0.07869445%	18,694,035	8,637,800	216.42%	75.30%
2017	0.07621288%	25,510,748	8,493,607	300.35%	66.80%
2016	0.07820888%	21,614,647	8,206,914	263.37%	72.10%

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Carrollton Exempted Village School District
Carroll County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Nine Fiscal Years (1)

Year	School District's Proportion of the Net OPEB Liability (Asset)	School District's Proportionate Share of the Net OPEB Liability (Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
<i>School Employees Retirement System (SERS)</i>					
2025	0.0772631%	\$ 786,921	\$ 3,175,879	24.78%	44.50%
2024	0.0794352%	1,308,651	3,075,221	42.55%	30.02%
2023	0.0810148%	1,137,924	2,968,471	38.33%	30.34%
2022	0.0847010%	1,603,032	2,827,821	56.69%	24.08%
2021	0.0843660%	1,833,538	2,924,143	62.70%	18.17%
2020	0.0817260%	2,055,232	2,729,059	75.31%	15.57%
2019	0.0824530%	2,287,472	2,605,600	87.79%	13.57%
2018	0.0764546%	2,051,841	2,517,614	81.50%	12.46%
2017	0.0815502%	2,324,482	2,913,271	79.79%	11.49%
2016	n/a	n/a	n/a	n/a	n/a
<i>State Teachers Retirement System (STRS)</i>					
2025	0.08229673%	\$ (1,561,012)	\$ 11,447,836	-13.64%	158.01%
2024	0.08546943%	(1,662,262)	11,545,607	-14.40%	Not Found
2023	0.08701866%	(2,253,203)	11,234,479	-20.06%	Not Found
2022	0.08611200%	(1,815,601)	10,842,871	-16.74%	Not Found
2021	0.08596900%	(1,510,903)	10,366,714	-14.57%	Not Found
2020	0.08438300%	(1,397,585)	10,027,929	-13.94%	Not Found
2019	0.08342000%	(1,340,469)	9,695,950	-13.83%	Not Found
2018	0.07869445%	3,070,367	8,637,800	35.55%	Not Found
2017	0.07621288%	4,075,885	8,493,607	47.99%	Not Found
2016	n/a	n/a	n/a	n/a	n/a

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

(1) Information prior to 2017 is not available.

See accompanying notes to the required supplementary information.

Carrollton Exempted Village School District
Carroll County, Ohio
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

Year	Contractually Required Contribution - Pension (1)	Contractually Required Contribution - OPEB (1)(2)	School District's Covered Payroll	Pension Contributions as a Percentage of Covered Payroll	OPEB Contributions as a Percentage of Covered Payroll (2)
<i>School Employees Retirement System (SERS)</i>					
2025	\$ 472,195	\$ 58,639	\$ 3,372,821	14.00%	1.74%
2024	444,623	54,863	3,175,879	14.00%	1.73%
2023	430,531	58,456	3,075,221	14.00%	1.90%
2022	415,586	54,487	2,968,471	14.00%	1.84%
2021	395,895	55,739	2,827,821	14.00%	1.97%
2020	409,380	42,750	2,924,143	14.00%	1.46%
2019	368,423	53,395	2,729,059	13.50%	1.96%
2018	351,756	53,528	2,605,600	13.50%	2.05%
2017	352,466	41,560	2,517,614	14.00%	1.65%
2016	407,858	41,560	2,913,271	14.00%	1.43%
<i>State Teachers Retirement System (STRS)</i>					
2025	\$ 1,643,063	\$ -	\$ 11,736,164	14.00%	0.00%
2024	1,602,697	-	11,447,836	14.00%	0.00%
2023	1,616,385	-	11,545,607	14.00%	0.00%
2022	1,572,827	-	11,234,479	14.00%	0.00%
2021	1,518,002	-	10,842,871	14.00%	0.00%
2020	1,451,340	-	10,366,714	14.00%	0.00%
2019	1,403,910	-	10,027,929	14.00%	0.00%
2018	1,357,433	-	9,695,950	14.00%	0.00%
2017	1,209,292	-	8,637,800	14.00%	0.00%
2016	1,189,105	-	8,493,607	14.00%	0.00%

(1) The contributions in relation to the contractually required contributions are equal to the contractually required contributions, resulting in zero contribution deficiency/excess.

(2) SERS contributions include surcharge

See accompanying notes to the required supplementary information.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions - SERS

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented as follows:

	<u>Fiscal Years 2025-2022</u>	<u>Fiscal Years 2021-2017</u>	<u>Fiscal Years 2016 and Prior</u>
Wage Inflation	2.40%	3.00%	3.25%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%	4.00% to 22.00%
Investment Rate of Return	7.00% net of system expenses	7.50% net of investment expenses, including inflation	7.75% net of investment expenses, including inflation

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP2020 projection scale generationally.

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Benefit Terms - SERS

For fiscal year 2022, COLA was increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, COLA was reduced from 2.50 percent to 2.00 percent.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Changes in Assumptions – STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented as follows:

	<u>Fiscal Years 2025-2022</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Years 2017 and Prior</u>
Inflation	2.50%	2.50%	2.75%
	Varies by service from	From 12.50% at age 20 to	From 12.25% at age 20 to
Projected Salary Increases	2.50% 8.50%	2.50% at age 65	2.75% at age 70
Investment Rate of Return, net of investment	7.00%	7.45%	7.75%
Payroll Increases	3.00%	3.00%	3.50%

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Changes in Benefit Terms - STRS

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

For fiscal year 2018, the COLA was reduced to zero.

Fiscal year 2017 and prior, COLA was 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013 or later, 2 percent COLA commences on fifth anniversary of retirement date.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

Amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	<u>Fiscal Years 2025-2022</u>	<u>Fiscal Years 2021-2017</u>
Inflation	2.40%	3.00%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%
Investment Rate of Return, net of investment expenses, including inflation	7.00%	7.50%

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

	Fiscal Year								
<u>Assumption</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Municipal Bond Index Rate	3.93%	3.86%	3.69%	1.92%	2.45%	3.13%	3.62%	3.56%	2.92%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	4.88%	4.27%	4.08%	2.27%	2.63%	3.22%	3.70%	3.63%	2.98%

Changes in Assumptions – STRS

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent).

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Changes in Benefit Terms – STRS

For fiscal year 2025, healthcare trends were updated to reflect emerging claims and recoveries experience.

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

For fiscal year 2023, health care trends were updated to reflect emerging claims and recoveries experience

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

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

To the Board of Education
Carrollton Exempted Village School District
Carroll County, Ohio
205 Scio Road SW
Carrollton, OH 44615

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carrollton Exempted Village School District, Carroll County, Ohio (the “School District”) as of and for the 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 February 23, 2026.

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 entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2025-001 and 2025-002 that we consider to be significant deficiencies.

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 and Questioned Costs as item 2025-003.

School District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
February 23, 2026

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance required by the Uniform Guidance

To the Board of Education
Carrollton Exempted Village School District
Carroll County, Ohio
205 Scio Road SW
Carrollton, OH 44615

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program

We have audited Carrollton Exempted Village School District's, Carroll County, Ohio (the "School District") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the School District's major federal program for the year ended June 30, 2025. The School District's major federal program is identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2025-004. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not

subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-004 to be significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
February 23, 2026

Carrollton Exempted Village School District
Carroll County, Ohio
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor Program Title	Grant Year/ Direct Award No.	ALN	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education and Workforce:</i>				
Title I Grants to Local Educational Agencies	2024	84.010A	\$ 74,005	\$ 0
Title I Grants to Local Educational Agencies	2025	84.010A	467,789	0
Total Title I Grants to Local Educational Agencies			541,794	0
<i>Special Education Cluster:</i>				
Special Education - Grants to States	2024	84.027A	40,950	0
Special Education - Grants to States	2025	84.027A	344,823	0
Total Special Education - Grants to States			385,773	0
Special Education - Preschool Grants	2024	84.173A	2,954	0
Special Education - Preschool Grants	2025	84.173A	19,155	0
Total Special Education - Preschool Grants			22,109	0
<i>Total Special Education Cluster</i>			407,882	0
McKinney-Vento Homeless Assistance Program	2025	84.196A	11,416	0
<i>Consortium Amount Passed/Transferred to the Stark County Educational Service Center</i>				
Title III Language Instruction for English Learners	2025	84.365A	2,983	0
Improving Teacher Quality State Grants	2024	84.367A	27,923	0
Improving Teacher Quality State Grants	2025	84.367A	68,800	0
Total Improving Teacher Quality State Grants			96,723	0
COVID-19: Education Stabilization Fund - ESSER ARP	2024	84.425U	200,150	0
Total U.S. Department of Education			1,260,948	0
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education and Workforce:</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program (D)	2025	10.553	329,830	0
National School Lunch Program (D)	2025	10.555	737,448	0
National School Lunch Program (Non-Cash) (E)	2025	10.555	75,232	0
Total National School Lunch Program			812,680	0
<i>Total Child Nutrition Cluster</i>			1,142,510	0
National School Lunch Program Equipment Grant	2023	10.579	28,998	0
<i>Passed Through Action for Healthy Kids:</i>				
Child Nutrition Discretionary Grants - Healthy Meals Incentives	2024	10.579	74,594	0
Total Child Nutrition Discretionary Grants Limited Availability			103,592	0
Total U.S. Department of Agriculture			1,246,102	0
TOTAL FEDERAL ASSISTANCE			\$ 2,507,050	\$ 0

See accompanying notes to the Schedule of Expenditures of Federal Awards

Carrollton Exempted Village School District
Carroll County, Ohio
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2025

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

Carrollton Exempted Village School District
Carroll County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2025

1. SUMMARY OF AUDITOR'S RESULTS

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

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

Finding Number 2025-001

Significant Deficiency – Former Treasurer Tuition Reimbursements

Criteria: Management and the Board of Education are responsible for establishing and maintaining effective internal controls to ensure the safeguarding of assets and prevent or detect fraud. Controls should be designed to prevent and individual from both initiating and concealing unauthorized transactions.

Condition: On October 7, 2025, the former Treasurer of the School District plead guilty to felony theft in office. An investigation by the Auditor of State's Special Investigation Unit determined she had fabricated records to receive improper tuition reimbursements.

Carrollton Exempted Village School District
Carroll County, Ohio
Schedule of Findings and Questioned Costs (Continued)
2 CFR Section 200.515
June 30, 2025

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

Finding Number 2025-001 (Continued)

Significant Deficiency – Former Treasurer Tuition Reimbursements (Continued)

Cause: The former Treasurer was able to circumvent internal controls by creating fraudulent supporting documentation to receive tuition reimbursements for classes she did not attend.

Effect: By creating fictitious enrollment records, the former Treasurer received improper tuition reimbursements. She was ordered to pay restitution in the amount of \$22,620 and sentenced to 18 months in prison.

Recommendation: The School District should consider implementing additional internal controls over tuition reimbursements to include proof of attendance from the college/university registrar as well as proof of payment. Obtaining attendance documentation directly from the college/university will help reduce the risk of improper payments in the future.

Management's Response: See corrective action plan.

Finding Number 2025-002

Significant Deficiency – Internal Control Over Financial Reporting

Criteria: The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. AU-C 265 establishes standards, responsibilities, and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This standard requires the audit to report in writing to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, AU-C 265 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Condition: There were audit adjustments made to the financial statements presented for audit. Misstatements identified during the audit and posted to the financial statements presented for audit include:

- Transfers in and transfers out were overstated by \$1,600,000 in the General Fund.
- Miscellaneous revenue and expenditures were overstated by \$1,280,992 in the General Fund.
- Miscellaneous revenue and expenditures were overstated by \$62,092 in Other Governmental Funds.
- Cash and cash equivalents with escrow agent and retainage payable were understated by \$278,027 in the Classroom Facilities Fund.
- Intergovernmental receivables and deferred inflows of resources were overstated by \$47,738 in Other Governmental Funds.
- Claims payable and claims expense were overstated by \$342,593 in the Self-Insurance Fund.

Carrollton Exempted Village School District
Carroll County, Ohio
Schedule of Findings and Questioned Costs (Continued)
2 CFR Section 200.515
June 30, 2025

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

Finding Number 2025-002 (Continued)

Significant Deficiency – Internal Control Over Financial Reporting (Continued)

Cause: The following issues were noted that caused the audit adjustments noted above;

- Intra-fund transfers were not properly identified and eliminated.
- Insurance moratoriums were improperly recorded as refund of prior year expenditure and funds were still charged expenses despite no premium payment required.
- The School District's retainage escrow account was not included in monthly bank reconciliations or provided to the financial statement preparer to ensure it was reported on the financial statements.
- There was an error in the calculation of unreimbursed expenses for the special education grant that resulted in an overstatement of intergovernmental receivables.
- There was a large claims reimbursement received subsequent to year end that should have been factored into the calculation of claims payable but was omitted from the calculation.

Effect: The audit adjustments described above were necessary to properly present the financial statements in accordance with generally accepted accounting principles (GAAP).

Recommendation: To ensure the School District's financial statements and notes to the financial statements are complete and accurate, the School District should adopt policies and procedures, including a final review of the statements and notes by the Treasurer to identify and correct errors and omissions.

Management's Response: See corrective action plan.

Finding Number 2025-003

Material Non-Compliance – Ohio Revised Code Section 5705.39

Criteria: Ohio Rev. Code section 5705.39 states that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official certificate or amended official certificate. When the appropriation does not exceed such official certificate, the county auditor shall give such certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure. Appropriations shall be made from each fund only for the purposes for which such fund is established.

Condition: The School District had final appropriations exceeding the certified estimated resources within the Classroom Facilities fund by \$7,867,973.

Carrollton Exempted Village School District
Carroll County, Ohio
Schedule of Findings and Questioned Costs (Continued)
2 CFR Section 200.515
June 30, 2025

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

Finding Number 2025-003 (Continued)

Material Non-Compliance – Ohio Revised Code Section 5705.39 (Continued)

Cause: The School District did not have controls in place to monitor appropriations to estimated resources in all funds.

Potential Effect: Failure to monitor budgetary expenditures and appropriations could result in unauthorized expenditures.

Recommendation: We recommend the School District monitor appropriations to estimated resources in all funds which are legally required to be budgeted, to ensure compliance with the above requirement. This comparison should be compared on a regular basis and any time either certificate of estimated resources or appropriations are modified.

Management's Response/ Corrective Action: See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

Finding Number: 2025-004

Federal Program: Title I

Federal Award Identification Number and Year: 2025

Assistance Listing Number (ALN): 84.010A

Federal Awarding Agency: U.S. Department of Education

Pass-through Entity: Ohio Department of Education and Workforce

Compliance Requirements: Allowable Costs/Allowable Activities

Repeat Finding: No

Significant Deficiency/ Noncompliance – Time & Effort

Criteria: 2 CFR § 3474.1 gives regulatory effect to the Office of Management Budget guidance in 2 CFR § 200 for the Department of Education. 2 CFR § 200 Subpart E which states, in part, costs must be adequately documented in order to be considered allowable. 2 CFR § 200.430(g)(1)(i) states, in part, charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

The Ohio Department of Education and Workforce's Grants Manual states, in part, semi-annual certifications are allowed when an employee's compensation is funded by only one federal grant and works solely on a single cost objective. An employee funded by a federal grant and the general fund would fall under this category.

Carrollton Exempted Village School District
Carroll County, Ohio
Schedule of Findings and Questioned Costs (Continued)
2 CFR Section 200.515
June 30, 2025

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

Finding Number: 2025-004 (Continued)

Significant Deficiency/ Noncompliance – Time & Effort (Continued)

Criteria (continued): The Ohio Department of Education and Workforce’s Grants Management Guidance 2014-002 states, in part, employees who meet [the criteria to use semi-annual certifications] are not required to maintain time and-effort records if their job description clearly shows the employee is assigned 100% to the program or single cost objective. Each employee must certify in writing, at least semi-annually, that he/she worked solely on the program or single cost objective for the period covered by the certification. The certification is signed by the employee or by the supervisor having first-hand knowledge. Charges to the grant must be supported by these semi-annual certifications. The semi-annual certification is executed after the work has been completed, and not before.

Condition: We performed a test of controls and compliance over allowable costs/cost principles for payroll expenditures charged during fiscal year 2025. Semi-annual certifications were not completed for one semi-annual period for two employees.

Cause: Error when completing the semi-annual certifications.

Effect: Although we did not identify any unallowable costs, the lack of controls over the time and effort documentation subjects the School District to an increased risk of unallowable costs being charged to the federal programs.

Recommendation: We recommend the School District review the individuals paid out of the federal funds to ensure the amounts are allowable. After this review, the School District should ensure the proper time and effort documentation exists in accordance with the requirements above.

Views of Responsible Officials and Corrective Action Plan: See Corrective Action Plan.



CARROLLTON EXEMPTED
VILLAGE SCHOOL DISTRICT

Carrollton Exempted Village School District
Carroll County, Ohio
Corrective Action Plan
2 CFR Section 200.511(c)
For the Fiscal Year Ended June 30, 2025

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2025-001	The District is implementing additional procedures regarding tuition reimbursements to ensure issue does not occur in the future.	6/30/26	Treasurer, Denise Ketchum
2025-002	The District will implement additional final review procedures over the financial statements to ensure any necessary corrections are made prior to filing in the Hinkle system.	6/30/26	Treasurer, Denise Ketchum
2025-003	The District will implement additional procedures to ensure appropriations do not exceed estimated resources in the future.	6/30/26	Treasurer, Denise Ketchum
2025-004	All required semi-annual certifications and or time and effort documentation will be completed and retained.	6/30/26	Treasurer, Denise Ketchum

205 Scio Road S.W.
Carrollton, Ohio 44615
P: (330) 627-2181 F: (330) 627-5210

Superintendent: Mr. David L. Davis
Treasurer: Mrs. Denise Ketchum

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OHIO AUDITOR OF STATE KEITH FABER



CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT

CARROLL 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 5/28/2026

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