

**COPLEY-FAIRLAWN CITY
SCHOOL DISTRICT**
SUMMIT COUNTY, OHIO

SINGLE AUDIT

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



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Board of Education
Copley-Fairlawn City School District
3797 Ridgewood Road
Copley, Ohio 44321

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

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

KEITH FABER
Ohio Auditor of State

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

May 16, 2026

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**COPLEY-FAIRLAWN CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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Independent Auditor's Report

Copley-Fairlawn City School District
Summit County
3797 Ridgewood Road
Copley, Ohio 44321

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Copley-Fairlawn City School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the fiscal 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Copley-Fairlawn City School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Copley-Fairlawn City School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2026 on our consideration of Copley-Fairlawn City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Copley-Fairlawn City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Copley-Fairlawn City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
February 10, 2026

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Copley-Fairlawn City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

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

Financial Highlights

Key financial highlights for 2025 are as follows:

- General revenues accounted for \$48,503,890 or 91.25% of all revenues. Program specific revenues in the form of charges for services, operating and capital grants, contributions and interest accounted for \$4,652,229 or 8.75% of total revenues of \$53,156,119.
- Governmental expenses totaled \$51,807,952; program revenues offset only \$4,652,229 of these expenses. General revenues of \$48,503,890 were more than adequate to provide for these programs.
- Expenses directly related to the instruction of students totaled \$29,151,331 or 56.27% of all governmental expenses.

Using this Annual Financial Report

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

The statement of net position and statement of activities provide information about the activities of the whole 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 present 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.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While these statements contain information about a 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 helps answer the question, "How did we do financially during 2025?" The statement of net position and statement of activities are designed to answer this question. These statements include all non-fiduciary 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.

Copley-Fairlawn City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

These two statements report the School District's net position and changes in that 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 current property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the School District's activities are considered to be all governmental activities.

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. 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, permanent improvement fund, building fund and capital projects 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 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.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Over time, net position can serve as a useful indicator of a government's financial position. During fiscal year 2025, the School District had an increase in net position of \$1,348,167. Table 1 provides a summary of the School District's net position for 2025 compared to 2024.

Copley-Fairlawn City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

Table 1
Net Position - Governmental Activities

	<u>2025</u>	<u>2024</u>
Assets		
Current and other assets	\$ 98,383,971	\$ 125,408,692
Net OPEB asset	2,862,032	2,988,821
Capital assets, net of depreciation	<u>55,395,628</u>	<u>33,164,576</u>
Total assets	<u>156,641,631</u>	<u>161,562,089</u>
Deferred outflows of resources		
Pension	7,765,379	8,896,732
OPEB	<u>1,209,776</u>	<u>1,443,147</u>
Total deferred outflows of resources	<u>8,975,155</u>	<u>10,339,879</u>
Liabilities		
Current and other liabilities	5,293,899	7,115,739
Long-term liabilities:		
Due within one year	1,780,068	1,671,774
Due in more than one year:		
Net pension liability	35,263,833	39,991,811
Net OPEB liability	1,260,716	2,115,659
Other amounts	<u>53,547,757</u>	<u>55,121,833</u>
Total liabilities	<u>97,146,273</u>	<u>106,016,816</u>
Deferred inflows of resources		
Property taxes	37,368,857	37,439,508
Pension	4,745,780	3,012,260
OPEB	<u>4,072,128</u>	<u>4,497,803</u>
Total deferred inflows of resources	<u>46,186,765</u>	<u>44,949,571</u>
Net Position		
Net investment in capital assets	13,948,971	14,172,287
Restricted	11,876,597	10,721,134
Unrestricted	<u>(3,541,820)</u>	<u>(3,957,840)</u>
Total net position	<u>\$ 22,283,748</u>	<u>\$ 20,935,581</u>

Net investment in capital assets reported on the government-wide statements represents a large component of net position. Capital assets include land, construction in progress, land improvements, buildings, furniture and equipment, and vehicles, all of which 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, \$11,876,597, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net position, \$5,639,432 is restricted for capital projects, \$3,599,867 is restricted for debt service, \$1,139,956 is restricted for other post-employment benefits (OPEB) and \$1,497,342 is restricted for other purposes. The remaining balance of net position of \$(3,541,820) is a negative unrestricted (deficit) balance.

Copley-Fairlawn City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

Table 2 shows change in net position for fiscal years 2025 and 2024.

Table 2
Change in Net Position - Governmental Activities

	<u>2025</u>	<u>2024</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,892,233	\$ 1,693,876
Operating grants, contributions and interest	2,749,996	3,283,623
Capital grants and contributions	10,000	90,000
General revenues:		
Property taxes	39,054,274	31,871,566
Grants and entitlements	6,048,194	5,432,557
Investment earnings	3,251,083	3,588,670
Decrease in fair value of investments	-	921,652
Miscellaneous	150,339	129,952
Total revenues	<u>53,156,119</u>	<u>47,011,896</u>
Program Expenses		
Instruction:		
Regular	21,612,831	22,528,606
Special	6,911,580	6,500,229
Vocational	626,920	656,381
Support services:		
Pupils	3,703,252	3,312,027
Instructional staff	970,734	726,973
Board of education	271,971	190,789
Administration	2,233,103	2,389,469
Fiscal	1,574,165	1,305,902
Business	164,815	178,898
Operation and maintenance of plant	5,942,113	4,723,263
Pupil transportation	2,113,267	2,036,592
Central	474,362	466,063
Operation of non-instructional services:		
Food service operations	879,933	803,282
Community services	583,895	644,226
Extracurricular activities	1,691,247	1,347,735
Interest and fiscal charges	2,053,764	2,237,892
Total expenses	<u>51,807,952</u>	<u>50,048,327</u>
Increase/(decrease) in net position	1,348,167	(3,036,431)
Net position beginning of year	<u>20,935,581</u>	<u>23,972,012</u>
Net position end of year	<u>\$ 22,283,748</u>	<u>\$ 20,935,581</u>

The net pension liability is the second largest single liability reported by the School District at June 30, 2025.

Copley-Fairlawn City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

The School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual other postemployment benefits (OPEB) expense for their proportionate share of each plan's change in net pension liability and net OPEB liability or asset, respectively, not accounted for as deferred inflows/outflows.

Governmental Activities

Several revenue sources fund the School District's governmental activities with property taxes and State foundation revenues being the largest contributors. Property tax levies generated \$39 million in 2025. General revenues from grants and entitlements, such as the school foundation program, generated over \$6 million. With the combination of taxes and intergovernmental funding 84.8% of all revenues, School District management monitors both of these revenue sources very closely for fluctuations.

A review of Table 2 shows that the total cost of instructional services was \$29,151,331, or 56.27% of governmental program expenses. Instructional expenses include activities directly related to the teaching of pupils and the interaction between teacher and pupil.

Pupil services and instructional staff include the activities involved in assisting staff and the content and process of teaching to pupils. These expenses represent \$4,673,986, or 9.02%, of the total governmental program expenses.

The Board of Education, administration, fiscal and business classifications reflect expenses associated with establishing and administering school policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. The total cost was \$4,244,054, or 8.2%, of governmental program expenses.

Operation and maintenance of plant expenses refer to the care and upkeep of the buildings, grounds, equipment and the safety of School District operations. The total cost for the operation and maintenance services was \$5,942,113, or 11.47%, of governmental program expenses.

As a result of implementing the accounting standard for pension and OPEB, the School District is reporting a significant net pension liability, net OPEB liability, related deferred inflows of resources and an increase in pension expense for the fiscal year which have a negative effect on net position. In addition, the School District is reporting a net OPEB asset, deferred outflows of resources and a decrease in expenses related to OPEB, which have a positive impact on net position. The increase and decrease in pension and OPEB expense is the difference between the contractually required contributions and the pension and OPEB expense resulting from the change in the liability or asset that is not reported as deferred inflows or outflows. These amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities.

To further explain the impact of these accounting standards on the School District's net position, additional information is presented on the following page.

Copley-Fairlawn City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

Table 3
Impact of Pension and Other Post-employment Benefits Liabilities

	<u>2025</u>	<u>2024</u>
Net OPEB asset	\$ 2,862,032	\$ 2,988,821
Deferred outflows - pension	7,765,379	8,896,732
Deferred outflows - OPEB	1,209,776	1,443,147
Deferred inflows - pension	(4,745,780)	(3,012,260)
Deferred inflows - OPEB	(4,072,128)	(4,497,803)
Net pension liability	(35,263,833)	(39,991,811)
Net OPEB liability	<u>(1,260,716)</u>	<u>(2,115,659)</u>
Impact of GASB 68 and GASB 75 on net position	<u>\$ (33,505,270)</u>	<u>\$ (36,288,833)</u>

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues for governmental funds were \$53,183,978, and total expenditures were \$78,284,793. Table 4 shows fiscal year 2025 fund balances compared to fiscal year 2024.

Table 4
Fund Balances

	<u>Fund Balance</u> <u>June 30, 2025</u>	<u>Fund Balance</u> <u>June 30, 2024</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
General	\$ 21,989,771	\$ 34,267,011	\$ (12,277,240)	(35.83%)
Permanent improvement	1,481,953	2,238,945	(756,992)	(33.81%)
Building	15,612,914	38,480,125	(22,867,211)	(59.43%)
Capital projects	10,500,000	-	10,500,000	n/a
Other governmental	<u>5,247,304</u>	<u>4,946,676</u>	<u>300,628</u>	6.08%
Total	<u>\$ 54,831,942</u>	<u>\$ 79,932,757</u>	<u>\$ (25,100,815)</u>	

General Fund

The general fund is reporting a fund balance of \$21,989,771, a decrease of \$12,277,240 from 2024. The decrease in fund balance can be attributed to significant transfers out of \$10,573,650 as well as total current year expenditures exceeding current year revenues. Both revenues and expenditures increased when compared to the prior year, property taxes were the reason for the increased revenues and various support services increased spending as needed during the year.

The fund balance of the permanent improvement fund decreased by \$756,992. This decrease was not due to any specific transaction as this fund is limited to a property tax levy for resources and restricted debt service and capital outlay expenditures.

The fund balance of the building fund decreased by \$22,867,211. This decrease was from the continuing construction projects.

Copley-Fairlawn City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

Table 5 assists in illustrating the financial activities of the general fund.

Table 5
General Fund Changes in Revenues and Expenditures

	2025 Amount	2024 Amount	Increase (Decrease)	Percent Change
<u>Revenues:</u>				
Property taxes	\$ 34,154,366	\$ 29,235,556	\$ 4,918,810	16.82%
Intergovernmental	6,423,516	6,027,077	396,439	6.58%
Interest	1,916,782	1,898,951	17,831	0.94%
Tuition and fees	1,077,855	1,060,465	17,390	1.64%
Extracurricular activities	15,549	11,790	3,759	31.88%
Gifts and donations	2,500	6,290	(3,790)	(60.25%)
Customer services	14,011	40,560	(26,549)	(65.46%)
Rent	29,127	13,405	15,722	117.28%
Miscellaneous	222,879	222,455	424	0.19%
Total revenues	<u>43,856,585</u>	<u>38,516,549</u>	<u>5,340,036</u>	
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	21,664,480	21,248,216	416,264	1.96%
Special	6,404,361	5,879,570	524,791	8.93%
Vocational	689,077	652,433	36,644	5.62%
Support services:				
Pupils	3,771,357	3,002,993	768,364	25.59%
Instructional staff	1,018,606	715,272	303,334	42.41%
Board of education	273,474	192,563	80,911	42.02%
Administration	2,347,196	2,403,399	(56,203)	(2.34%)
Fiscal	1,500,016	1,251,502	248,514	19.86%
Business	210,129	192,774	17,355	9.00%
Operation and maintenance of plant	4,156,374	3,535,432	620,942	17.56%
Pupil transportation	1,861,747	1,920,668	(58,921)	(3.07%)
Central	483,695	470,261	13,434	2.86%
Operation of non-instructional services:				
Community service	44,084	43,766	318	0.73%
Extracurricular activities	1,102,805	1,035,570	67,235	6.49%
Capital outlay	10,240	2,000	8,240	412.00%
Debt service:				
Principal retirement	17,326	16,057	1,269	7.90%
Interest and fiscal charges	5,208	6,477	(1,269)	(19.59%)
Total expenditures	<u>\$ 45,560,175</u>	<u>\$ 42,568,953</u>	<u>\$ 2,991,222</u>	

Copley-Fairlawn City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

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. During fiscal year 2025, the School District amended its general fund revenue budget as more accurate property tax, State foundation and grant information became available. The School District amended its general fund expenditures budget several times during the year but none were significant. All budget revisions are presented to the Board of Education for approval.

For the general fund, the original budgeted revenue and other financing sources estimate was \$41,361,634. This amount was changed during the year, resulting in final budgeted revenue and other financing sources of \$41,376,246. Actual revenue and other financing sources reported was \$42,713,684. The estimated resources change was an increase of \$14,612 from the original budget. These changes were due primarily from intergovernmental revenues that were not known during the original budget process.

The original budgeted expenditures and other financing uses estimate for the fiscal year was \$47,369,689. The final budgeted expenditures and other financing uses estimate of \$58,687,882 was \$11,318,193 greater than original budgeted amounts. This significant increase was mainly from the transfers out. The actual expenditures and other financing uses; however, were \$58,290,942, \$396,940 lower than the final budgeted amount. This was the result of conservative spending by the School District.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025, the School District had \$55,395,628 invested in land, land improvements, buildings, furniture and equipment, vehicles. Table 6 shows fiscal year 2025 balances compared to fiscal year 2024.

Table 6
Capital Assets, at Fiscal Year End
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Land	\$ 1,209,729	\$ 1,209,729
Construction in progress	-	13,445,709
Land improvements	18,728,360	722,061
Buildings	31,756,060	16,292,412
Furniture and equipment	2,249,049	768,141
Vehicles	1,452,430	726,524
Total capital assets	<u>\$ 55,395,628</u>	<u>\$ 33,164,576</u>

The total increase in capital assets is mainly due to a significant increase of construction related activity and subsequent completion of buildings from the on-going school improvement projects. See Note 8 to the basic financial statements for detail on the School District's capital assets.

Copley-Fairlawn City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

Debt

At June 30, 2025 the School District had \$52,923,728 in bonds, notes and a lease purchase outstanding. Of this outstanding debt, \$1,458,696 is due within one year. Table 7 summarizes the debt outstanding:

Table 7
Outstanding Debt at Fiscal Year End

	Governmental Activities	
	<u>2025</u>	<u>2024</u>
2023 School Facilities Construction and Improvement Bonds	\$ 48,745,000	\$ 49,550,000
Premium	2,189,307	2,472,198
Discount	(519,337)	(540,527)
2019 Permanent Improvement Levy Tax Anticipation Notes	2,450,000	3,025,000
Lease purchase	<u>58,758</u>	<u>76,084</u>
Total outstanding	<u>\$ 52,923,728</u>	<u>\$ 54,582,755</u>

At June 30, 2025, the School District's overall legal debt limit (the ability to issue additional amounts of general obligation debt) was \$107,906,363, with an unvoted debt limit of \$1,198,960. The debt limit was determined without considering the balance in the debt service fund. The School District is rated Aaa by Moody's Investors Service. See Note 12 to the basic financial statements for detail on the School District's long-term obligations.

Current Issues Affecting Financial Condition

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the School District is not without its challenges though. These challenges stem from issues that are local and at the State level. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system. Although the School District relies heavily on its property taxpayers to support its operations, the community support for the School District is quite strong.

Due to the unsettled issues in school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In conclusion, the School District's system of budgeting and internal controls is well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Copley-Fairlawn City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

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 or need additional financial information, contact John Wheadon, Treasurer, at Copley-Fairlawn City School District, 3797 Ridgewood Road, Copley, OH 44321-1695.

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Copley-Fairlawn City School District
Statement of Net Position
June 30, 2025

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and investments	\$ 57,399,414
Inventory held for resale	3,939
Materials and supplies inventory	18,341
Receivables:	
Accounts	176,148
Intergovernmental	633,082
Accrued interest	301,198
Taxes	39,851,849
Net OPEB asset	2,862,032
Capital assets:	
Nondepreciable capital assets	1,209,729
Depreciable capital assets	91,945,407
Accumulated depreciation	(37,759,508)
Total capital assets	55,395,628
Total assets	156,641,631
<u>Deferred outflows of resources:</u>	
Pension	7,765,379
OPEB	1,209,776
Total deferred outflows of resources	8,975,155
<u>Liabilities:</u>	
Accounts payable	483,214
Accrued wages	3,129,208
Intergovernmental payable	1,452,626
Accrued interest payable	190,615
Matured compensated absences payable	5,822
Unearned revenue	32,414
Long-term liabilities:	
Due within one year	1,780,068
Due in more than one year:	
Net pension liability	35,263,833
Net OPEB liability	1,260,716
Other amounts due in more than one year	53,547,757
Total liabilities	97,146,273
<u>Deferred inflows of resources:</u>	
Property taxes	37,368,857
Pension	4,745,780
OPEB	4,072,128
Total deferred inflows of resources	46,186,765
<u>Net Position:</u>	
Net investment in capital assets	13,948,971
Restricted for:	
Capital projects	5,639,432
Debt service	3,599,867
OPEB	1,139,956
Other purposes	1,497,342
Unrestricted (deficit)	(3,541,820)
Total net position	\$ 22,283,748

See accompanying notes to the basic financial statements.

Copley-Fairlawn City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2025

			Program Revenues		Net (Expense)
			Operating Grants,		Revenues and
			Contributions		Changes in
			and Interest		Net Position
	Expenses	Charges for	Capital Grants	Governmental	
		Services	and Contributions	Activities	
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$ 21,612,831	\$ 929,285	\$ 56,762	\$ -	\$ (20,626,784)
Special	6,911,580	234,785	1,135,755	-	(5,541,040)
Vocational	626,920	14,799	324,226	-	(287,895)
Support services:					
Pupils	3,703,252	34,579	120,531	-	(3,548,142)
Instructional staff	970,734	-	-	-	(970,734)
Board of education	271,971	-	-	-	(271,971)
Administration	2,233,103	-	-	-	(2,233,103)
Fiscal	1,574,165	-	-	-	(1,574,165)
Business	164,815	-	-	-	(164,815)
Operation and maintenance of plant	5,942,113	30,762	19,282	-	(5,892,069)
Pupil transportation	2,113,267	-	-	-	(2,113,267)
Central	474,362	-	9,956	-	(464,406)
Operation of non-instructional services:					
Food service operations	879,933	330,621	521,766	-	(27,546)
Community services	583,895	-	561,718	-	(22,177)
Extracurricular activities	1,691,247	317,402	-	10,000	(1,363,845)
Interest	2,053,764	-	-	-	(2,053,764)
Total governmental activities	<u>\$ 51,807,952</u>	<u>\$ 1,892,233</u>	<u>\$ 2,749,996</u>	<u>\$ 10,000</u>	<u>(47,155,723)</u>
<u>General Revenues:</u>					
Property taxes levied for:					
General purposes					34,275,483
Debt service					3,151,746
Capital outlay					1,627,045
Grants and entitlements not restricted to specific programs					6,048,194
Investment earnings					3,251,083
Miscellaneous					150,339
Total general revenues					<u>48,503,890</u>
Change in net position					1,348,167
Net position beginning of year					<u>20,935,581</u>
Net position end of year					<u>\$ 22,283,748</u>

See accompanying notes to the basic financial statements.

Copley-Fairlawn City School District
Balance Sheet
Governmental Funds
June 30, 2025

	General	Permanent Improvement	Building	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>						
Equity in pooled cash and investments	\$ 24,386,670	\$ 1,399,620	\$ 15,846,049	\$ 10,500,000	\$ 5,095,076	\$ 57,227,415
Inventory held for resale	-	-	-	-	3,939	3,939
Materials and supplies inventory	18,341	-	-	-	-	18,341
Receivables:						
Accounts	168,724	-	-	-	7,424	176,148
Intergovernmental	314,022	-	-	-	319,060	633,082
Accrued interest	199,892	-	96,996	-	4,310	301,198
Interfund	84,226	-	-	-	-	84,226
Taxes	35,250,256	1,672,602	-	-	2,928,991	39,851,849
Total assets	<u>\$ 60,422,131</u>	<u>\$ 3,072,222</u>	<u>\$ 15,943,045</u>	<u>\$ 10,500,000</u>	<u>\$ 8,358,800</u>	<u>\$ 98,296,198</u>
<u>Liabilities, deferred inflows of resources and fund balances:</u>						
<u>Liabilities:</u>						
Accounts payable	\$ 148,067	\$ -	\$ 330,131	\$ -	\$ 4,767	\$ 482,965
Accrued wages	2,953,340	-	-	-	175,868	3,129,208
Interfund payable	-	-	-	-	84,226	84,226
Intergovernmental payable	1,419,318	-	-	-	33,308	1,452,626
Matured compensated absences payable	5,822	-	-	-	-	5,822
Unearned revenue	-	-	-	-	32,414	32,414
Total liabilities	<u>4,526,547</u>	<u>-</u>	<u>330,131</u>	<u>-</u>	<u>330,583</u>	<u>5,187,261</u>
<u>Deferred inflows of resources:</u>						
Property taxes	33,069,374	1,563,855	-	-	2,735,628	37,368,857
Unavailable revenue - other	303,684	-	-	-	-	303,684
Unavailable revenue - delinquent property tax	532,755	26,414	-	-	45,285	604,454
Total deferred inflows of resources	<u>33,905,813</u>	<u>1,590,269</u>	<u>-</u>	<u>-</u>	<u>2,780,913</u>	<u>38,276,995</u>
<u>Fund balances:</u>						
Nonspendable	18,341	-	-	-	-	18,341
Restricted	-	1,481,953	15,612,914	-	5,248,287	22,343,154
Committed	1,500,000	-	-	10,500,000	-	12,000,000
Assigned	4,234,544	-	-	-	-	4,234,544
Unassigned (deficit)	16,236,886	-	-	-	(983)	16,235,903
Total fund balances	<u>21,989,771</u>	<u>1,481,953</u>	<u>15,612,914</u>	<u>10,500,000</u>	<u>5,247,304</u>	<u>54,831,942</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 60,422,131</u>	<u>\$ 3,072,222</u>	<u>\$ 15,943,045</u>	<u>\$ 10,500,000</u>	<u>\$ 8,358,800</u>	<u>\$ 98,296,198</u>

See accompanying notes to the basic financial statements.

Copley-Fairlawn City School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2025

Total governmental fund balances	\$ 54,831,942
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	55,395,628
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Other long-term assets that are not available to pay for current-period expenditures and therefore are unavailable in the funds:	
Property taxes	\$ 604,454
Tuition and fees	303,684
Total	908,138

An internal service fund is used by management to charge the costs of insurance or other services. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	171,750
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The net pension liability and net OPEB liability/asset are not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows of resources are not reported in the funds:	
Deferred outflows - pension	\$ 7,765,379
Deferred inflows - pension	(4,745,780)
Net pension liability	(35,263,833)
Deferred outflows - OPEB	1,209,776
Deferred inflows - OPEB	(4,072,128)
Net OPEB liability	(1,260,716)
Net OPEB asset	2,862,032
Total	(33,505,270)

Long-term liabilities, such as bonds, notes, compensated absences, lease purchases and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:	
General obligation bonds:	
Serial and term	\$ (48,745,000)
Premium	(2,189,307)
Discount	519,337
Tax anticipation notes	(2,450,000)
Compensated absences	(2,404,097)
Lease purchase	(58,758)
Accrued interest payable	(190,615)
Total	(55,518,440)

Net position of governmental activities	\$ 22,283,748
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See accompanying notes to the basic financial statements.

Copley-Fairlawn City School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Permanent Improvement	Building	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>						
Property taxes	\$ 34,154,366	\$ 1,621,072	\$ -	\$ -	\$ 3,144,312	\$ 38,919,750
Intergovernmental	6,423,516	130,739	-	-	2,448,712	9,002,967
Interest	1,916,782	-	1,246,184	-	129,438	3,292,404
Tuition and fees	1,077,855	-	-	-	-	1,077,855
Extracurricular activities	15,549	-	-	-	235,535	251,084
Gifts and donations	2,500	10,000	-	-	-	12,500
Customer services	14,011	-	-	-	330,621	344,632
Rent	29,127	-	-	-	-	29,127
Miscellaneous	222,879	27,000	-	-	3,780	253,659
Total revenues	43,856,585	1,788,811	1,246,184	-	6,292,398	53,183,978
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	21,664,480	412,801	14,656	-	72,449	22,164,386
Special	6,404,361	-	-	-	971,218	7,375,579
Vocational	689,077	-	-	-	-	689,077
Support services:						
Pupils	3,771,357	-	-	-	34,163	3,805,520
Instructional staff	1,018,606	-	-	-	2,200	1,020,806
Board of education	273,474	-	260	-	-	273,734
Administration	2,347,196	-	-	-	-	2,347,196
Fiscal	1,500,016	43,760	-	-	73,193	1,616,969
Business	210,129	-	-	-	-	210,129
Operation and maintenance of plant	4,156,374	268,566	885,106	-	16,366	5,326,412
Pupil transportation	1,861,747	151,739	-	-	-	2,013,486
Central	483,695	-	-	-	9,956	493,651
Operation of non-instructional services:						
Food service operations	-	-	-	-	869,173	869,173
Community services	44,084	-	-	-	560,574	604,658
Extracurricular activities	1,102,805	-	-	-	324,503	1,427,308
Capital outlay	10,240	1,029,879	23,213,373	-	75,950	24,329,442
Debt service:						
Principal retirement	17,326	575,000	-	-	805,000	1,397,326
Interest	5,208	64,058	-	-	2,250,675	2,319,941
Total expenditures	45,560,175	2,545,803	24,113,395	-	6,065,420	78,284,793
Excess of revenues over (under) expenditures	(1,703,590)	(756,992)	(22,867,211)	-	226,978	(25,100,815)
<u>Other financing sources (uses):</u>						
Transfers in	-	-	-	10,500,000	73,650	10,573,650
Transfers out	(10,573,650)	-	-	-	-	(10,573,650)
Total other financing sources (uses)	(10,573,650)	-	-	10,500,000	73,650	-
Net change in fund balances	(12,277,240)	(756,992)	(22,867,211)	10,500,000	300,628	(25,100,815)
Fund balances at beginning of year	34,267,011	2,238,945	38,480,125	-	4,946,676	79,932,757
Fund balances at end of year	\$ 21,989,771	\$ 1,481,953	\$ 15,612,914	\$ 10,500,000	\$ 5,247,304	\$ 54,831,942

See accompanying notes to the basic financial statements.

Copley-Fairlawn City School District
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		\$ (25,100,815)
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 capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital asset additions	\$ 24,329,442	
Depreciation expense	(2,097,571)	
Excess of capital asset additions over depreciation expense		22,231,871
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		(819)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:		
Property taxes	\$ 134,524	
Intergovernmental	(248,598)	
Tuition and fees	86,215	
Net change in deferred inflows of resources during the year		(27,859)
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of activities reports these amounts as deferred outflows of resources.		
Pension		3,643,615
OPEB		94,295
Except for amounts reported as deferred inflows/outflows of resources, changes in the net pension, OPEB liability and OPEB asset are reported as pension/OPEB expense in the statement of activities.		
Pension		(1,780,510)
OPEB		826,163
Repayment of bonds, notes, and lease purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,397,326
Some items 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. These activities consist of:		
Increase in compensated absences	\$ (193,245)	
Decrease in accrued interest payable	4,476	
Amortization of premium	282,891	
Amortization of discount	(21,190)	
Total additional expenditures		72,932
The internal service fund used by management to charge the costs of insurance and other services to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.		(8,032)
Change in net position of governmental activities		<u><u>\$ 1,348,167</u></u>
See accompanying notes to the basic financial statements.		

Copley-Fairlawn City School District
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			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes	\$ 33,750,000	\$ 33,241,792	\$ 33,613,924	\$ 372,132
Intergovernmental	6,009,898	6,218,500	6,427,102	208,602
Interest	715,191	675,784	1,251,434	575,650
Tuition and fees	716,145	897,000	1,077,855	180,855
Rent	5,000	38,139	35,290	(2,849)
Extracurricular activities	5,000	5,000	14,734	9,734
Customer services	6,000	1,767	1,635	(132)
Miscellaneous	123,900	165,729	159,175	(6,554)
Total revenues	41,331,134	41,243,711	42,581,149	1,337,438
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	22,267,356	21,562,199	21,360,303	201,896
Special	6,707,809	6,707,809	6,835,504	(127,695)
Vocational	620,878	665,752	665,752	-
Support services:				
Pupils	3,725,343	3,725,343	3,725,344	(1)
Instructional staff	723,564	1,023,285	1,023,635	(350)
Board of education	663,280	337,779	337,779	-
Administration	2,491,099	2,401,426	2,404,576	(3,150)
Fiscal	1,526,092	1,526,092	1,526,092	-
Business	190,771	213,442	213,442	-
Operation and maintenance of plant	4,357,821	4,357,821	4,364,753	(6,932)
Pupil transportation	2,508,848	2,508,848	2,175,794	333,054
Central	478,904	481,231	481,127	104
Operation of non-instructional services:				
Community services	67,150	47,978	47,978	-
Extracurricular activities	1,040,774	1,055,227	1,055,213	14
Total expenditures	47,369,689	46,614,232	46,217,292	396,940
Excess of revenues over (under) expenditures	(6,038,555)	(5,370,521)	(3,636,143)	1,734,378
<u>Other financing sources (uses):</u>				
Proceeds from sale of capital assets	500	3,872	3,872	-
Refund of prior year expenditures	30,000	128,663	128,663	-
Transfers out	-	(12,073,650)	(12,073,650)	-
Total other financing sources (uses)	30,500	(11,941,115)	(11,941,115)	-
Net change in fund balance	(6,008,055)	(17,311,636)	(15,577,258)	1,734,378
Fund balance at beginning of year	35,007,016	35,007,016	35,007,016	-
Prior year encumbrances appropriated	2,001,723	2,001,723	2,001,723	-
Fund balance at end of year	\$ 31,000,684	\$ 19,697,103	\$ 21,431,481	\$ 1,734,378

See accompanying notes to the basic financial statements.

Copley-Fairlawn City School District
Statement of Fund Net Position
Internal Service Fund
June 30, 2025

	Self Insurance
<u>Assets:</u>	
Equity in pooled cash	\$ 171,999
<u>Liabilities:</u>	
Accounts payable	\$ 249
<u>Net position:</u>	
Unrestricted	171,750
Total liabilities and net position	\$ 171,999

See accompanying notes to the basic financial statements.

Copley-Fairlawn City School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2025

	Self
	Insurance
<u>Operating revenues</u>	
Charges for services	<u>\$ 98,984</u>
<u>Operating expenses:</u>	
Purchased services	12,690
Claims	93,930
Other	<u>396</u>
Total operating expenses	<u>107,016</u>
Change in net position	(8,032)
Net position beginning of year	179,782
Net position end of year	<u><u>\$ 171,750</u></u>

See accompanying notes to the basic financial statements.

Copley-Fairlawn City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2025

	Self Insurance
Cash flows from operating activities:	
Cash received for charges for services	\$ 98,984
Cash payments to suppliers for goods and services	(12,441)
Cash payments for claims	(93,930)
Cash payments for other operating expenses	(396)
Net cash used for operating activities	<u>(7,783)</u>
Net decrease in cash and cash equivalents	(7,783)
Cash and cash equivalents at beginning of year	<u>179,782</u>
Cash and cash equivalents at end of year	<u><u>\$ 171,999</u></u>
Reconciliation of operating loss to net cash <u>used for operating activities:</u>	
Operating loss	<u>\$ (8,032)</u>
Change in assets and liabilities:	
<u>Increase in liabilities:</u>	
Accounts payable	<u>249</u>
Net cash used for operating activities	<u><u>\$ (7,783)</u></u>

See accompanying notes to the basic financial statements.

Copley-Fairlawn City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Private Purpose Trust Scholarships	Custodial
<u>Assets:</u>		
Equity in pooled cash and investments	\$ 6,131	\$ -
Cash and investments in segregated accounts	-	2,254,020
Receivables:		
Accounts	-	2,046,257
Accrued interest	-	4,966
Total assets	<u>6,131</u>	<u>4,305,243</u>
<u>Liabilities:</u>		
Accounts payable	\$ -	\$ 3,552,632
Undistributed monies	-	752,611
Total liabilities	<u>-</u>	<u>4,305,243</u>
<u>Net position:</u>		
Held in trust for scholarships	<u>6,131</u>	<u>-</u>
Total net position	<u>\$ 6,131</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

Copley-Fairlawn City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2025

	Private Purpose Trust Scholarships	Custodial
<u>Additions:</u>		
Interest	\$ -	\$ 62,035
Amounts received as fiscal agent	-	66,046,529
Total additions	-	66,108,564
<u>Deductions:</u>		
Distributions as fiscal agent	-	66,108,564
Change in net position	-	-
Net position beginning of year	6,131	-
Net position end of year	<u>\$ 6,131</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Copley-Fairlawn City School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a School District as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's seven instructional/support facilities staffed by 183 non-certificated and 233 certificated full time teaching personnel, including sixteen administrators, who provide services to 2,621 students and other community members.

Reporting Entity

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Copley-Fairlawn City School District, this includes general operations, food service, preschool 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 organizations' 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 organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the School District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. The School District had no component units at year end.

The School District is associated with the Metropolitan Regional Service Council (MRSC) also known as Northeast Ohio Network for Educational Technology (NEOnet), the Four Cities Educational Compact, and the Ohio Schools Council, which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 14.

The following activities are included within the reporting entity as a custodial fund:

Summit Regional Health Care Consortium (SRHCC) - a separate body corporate and politic comprised of six member districts of Summit County for the purpose of obtaining benefits at a reduced premium for health, dental and vision care. The program for health care is administered by Anthem Blue Cross and Blue Shield. Payments are made to the SRHCC for the monthly attachment point, monthly stop-loss premiums, and administrative charges. The Copley-Fairlawn City School District is the fiscal agent of the SRHCC and pays Anthem weekly for the actual amount of claims processed, the stop-loss premium, and the administrative charges.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting policies.

A. 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, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses on the government-wide level.

The statement of net position presents the financial condition of the governmental activities of the School District at 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 and 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 that are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each 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 and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

Governmental Funds:

Governmental funds focus 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 liabilities and deferred inflows of resources is reported as fund balance. The general fund and the permanent improvement fund are the major funds of the School District:

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

Permanent Improvement Fund - The permanent improvement capital projects fund is used to account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

Building Fund - The building capital projects fund is used to account for all receipts and expenditures related to the construction and renovation of new school buildings.

Capital Projects Fund - The capital projects fund is used to account for the acquisition, construction, or improvement of capital assets.

The other governmental funds of the School District account for grants and other resources, whose uses are restricted, committed or assigned to a particular purpose.

Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund - The internal service fund accounts 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 fund accounts for activity related to insurance and a flexible spending program.

Fiduciary Fund Types:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust, which accounts for scholarship and alumni programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's custodial fund account for monies held in a fiscal agency capacity for SRHCC.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and 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.

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.

The private purpose trust fund and custodial fund are reported using the economic resources measurement focus.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all 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 present increases (i.e., revenues) and decreases (i.e., expenses) in total 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.

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or 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 fiscal year end.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 the 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, grants, investment earnings, tuition, and student fees.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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 other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Note 11.

In addition to liabilities, the statements of net 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 as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance year 2026 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, tuition, fees and intergovernmental grants. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Note 11.)

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The market value of donated commodities used during the year is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants, Contributions and Interest" program revenue account. Unused donated commodities are reported in the account "Inventory held for resale" within the basic financial statements.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

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

E. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The amounts reported as the original budgeted revenue in the budgetary statement reflects the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statement reflects the amounts in the final amended certificate issued during fiscal year 2025. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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

F. Cash and Investments

To improve cash management, most cash received by the School District is pooled in a primary bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented on the statement of net position in the account, "Equity in pooled cash and investments". During the current fiscal year, investments were limited to government sponsored enterprise securities, negotiable certificates of deposit, money market mutual funds, municipal bonds and notes, U.S. Treasury notes, and commercial paper. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market price. Nonparticipating investment contracts, such as repurchase agreements are reported at cost.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, earnings related to unspent bond proceeds, and other funds as specified by the Board.

The monies being reported in the custodial fund for the SRHCC are held separate from the School District's primary bank account and are reflected as "Cash and investments in segregated accounts".

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

For purposes of the statement of cash flows and for presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

G. Inventory

Inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of donated food, purchased food, and expendable supplies held for consumption. The cost of the governmental fund type inventories is recorded as expenditures when used (consumption method).

H. Capital Assets

General capital assets are those assets resulting 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 on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions 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 five thousand dollars. 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 capitalized. It is the policy of the School District to not capitalize interest costs incurred as part of construction.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	10-50 years
Buildings	25-50 years
Furniture and equipment	5-20 years
Vehicles	5-20 years

I. Interfund Balances

On the 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.

J. Pension and other postemployment benefits (OPEB)

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

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

The current accounting standard requires School District's to report their proportionate share of the net pension/OPEB liability or asset using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and postemployment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability or asset. Under the new standards, the net pension/OPEB liability or asset equals the School District's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. The unfunded portion of this benefit of exchange is a liability of the School District. However, the School District is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

There is no repayment schedule for the net pension liability or the net OPEB liability. The School District has no control over the changes in the benefits, contribution rates, and return on investments affecting the balance of the liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability and the OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

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. The estimated liability to be paid as severance is based on the School District's past experience of making termination payments.

The entire compensated absences liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In the event that unpaid compensated absences balances come due for payment at year end, these amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

L. Accrued Liabilities and Long-term Obligations

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

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

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 and 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 year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

Net pension/OPEB liability/asset should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Fund Balance

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

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.

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 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 fund balance classification includes amounts intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. The purpose constraint that represents the intended use is established by the Board of Education or by their designated official. 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 or by State statute. The Treasurer is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. 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 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

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

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.

N. Net Position

Net position represents the difference between all other elements in a statement of financial position. 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. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted net position related to the OPEB plan represents a component of the restricted asset amounts held in trust by the OPEB plan for future benefits. Net position restricted for other purposes include food service operations and extracurricular activities.

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

P. Interfund Transactions

Interfund transfers are reported as other financing sources/uses for governmental funds in the fund financial statements. All transfers between governmental funds have been eliminated within the governmental activities column of the statements of net position.

Q. Estimates

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

R. Premiums and Discounts

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the interest method. Premiums are presented as an addition to the face amount of the bonds and discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, premiums and discounts are recognized in the period in which these items are issued.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

NOTE 3 – FUND BALANCES

Fund balance is 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 the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Permanent Improvement	Building	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>						
Materials and supplies inventory	\$ 18,341	\$ -	\$ -	\$ -	\$ -	\$ 18,341
Prepays	-	-	-	-	-	-
Total nonspendable	18,341	-	-	-	-	18,341
<u>Restricted for</u>						
Food service	-	-	-	-	1,099,326	1,099,326
Auxiliary services	-	-	-	-	84,663	84,663
Various student activities	-	-	-	-	300,690	300,690
Instructional programs	-	-	-	-	17,015	17,015
Special education	-	-	-	-	6,174	6,174
Capital improvements	-	1,481,953	15,612,914	-	-	17,094,867
Debt service	-	-	-	-	3,740,419	3,740,419
Total restricted	-	1,481,953	15,612,914	-	5,248,287	22,343,154
<u>Committed</u>						
Termination benefits	1,500,000	-	-	-	-	1,500,000
Capital improvements	-	-	-	10,500,000	-	10,500,000
Total committed	1,500,000	-	-	10,500,000	-	12,000,000
<u>Assigned</u>						
Rotary	6,680	-	-	-	-	6,680
Public school support	73,078	-	-	-	-	73,078
Other local grants	9,931	-	-	-	-	9,931
Encumbrances	766,075	-	-	-	-	766,075
Next fiscal year budget	3,378,780	-	-	-	-	3,378,780
Total assigned	4,234,544	-	-	-	-	4,234,544
Unassigned (deficit)	16,236,886	-	-	-	(983)	16,235,903
Total fund balances	<u>\$21,989,771</u>	<u>\$ 1,481,953</u>	<u>\$15,612,914</u>	<u>\$10,500,000</u>	<u>\$ 5,247,304</u>	<u>\$54,831,942</u>

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law and described above 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 presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than assigned fund balance (GAAP basis).
5. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.
6. Investments are reported at fair value (GAAP basis) rather than cost (budget basis)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statement for the general fund.

Net Change in Fund Balance

	<u>General</u>
GAAP basis	\$ (12,277,240)
Revenue accruals	(1,043,562)
Expenditure accruals	805,410
Budgeted as part of special revenue funds:	
Revenues	(99,339)
Expenditures	100,542
Transfer in	(1,500,000)
Encumbrances (Budget Basis) outstanding at year end	<u>(1,563,069)</u>
Budget basis	<u><u>\$ (15,577,258)</u></u>

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the School District and the investment is not a commercial paper note, a banker's acceptance or a repurchase agreement:

1. United States Treasury bills, notes, bonds, or any other obligations 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, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

7. Commercial paper notes, limited to 40 percent (5 percent for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and
8. Bankers acceptances, limited to 40 percent of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits:

Custodial credit risk 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. According to state law, public depositories must provide security for the repayment of all public deposits. These institutions shall give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC). The security for these deposits will be made under an agreement using a surety bond and/or by means of pledging allowable securities as collateral to be held by a qualified trustee. The pledged collateral can be held for each public depositor or in a pool for multiple public depositors and must have a market value of at least 105 percent of the total value of public monies on deposit at the institution. If the institution participates in the Ohio Pooled Collateral System (OPCS), the total market value of the securities pledged can be 102 percent or lower if permitted by the Treasurer of State.

The School District's financial institution participates in the OPCS and was approved for a reduced collateral floor of 85 percent, however the collateral pledged exceeded the uninsured deposits as of June 30, 2025.

All interest is legally required to be placed in the general fund, the food service and auxiliary services special revenue funds. Due to these provisions, the general fund received \$1,916,782, of which \$239,338 was assigned from other School District funds.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

B. Investments:

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

<u>Investment Type</u>	<u>Investment Maturities</u>				<u>Percentage of Investments</u>
	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 - 2 Years</u>	<u>More Than 2 Years</u>	
Federal Home Loan Bank	\$ 2,649,494	\$ 977,405	\$ 672,049	\$ 1,000,040	4.97%
Federal Farm Credit Bank	2,307,918	1,422,906	-	885,012	4.32%
Federal National Mortgage Assn.	2,487,578	1,186,344	1,301,234	-	4.66%
Federal Home Loan Mortgage Corp.	845,629	845,629	-	-	1.58%
U.S. Treasury Notes	8,096,727	-	-	8,096,727	15.15%
Commercial paper	15,905,075	15,905,075	-	-	29.77%
Ohio municipal bonds	9,042,784	3,004,122	2,441,960	3,596,702	16.92%
Negotiable CDs	6,386,248	2,464,673	2,599,531	1,322,044	11.95%
First American Treasury Obligation	4,479,894	4,479,894	-	-	8.38%
Subtotal investments	<u>52,201,347</u>	<u>30,286,048</u>	<u>7,014,774</u>	<u>14,900,525</u>	
Investments reported in custodial fund:					
Federal Home Loan Bank	280,256	-	280,256	-	0.52%
Federal Home Loan Mortgage Corp.	113,967	113,967	-	-	0.21%
Negotiable CDs	143,843	44,919	-	98,924	0.27%
First American Treasury Obligation	694,406	694,406	-	-	1.30%
Total reported in custodial fund	<u>1,232,472</u>	<u>853,292</u>	<u>280,256</u>	<u>98,924</u>	
Total investments	<u>\$ 53,433,819</u>	<u>\$ 31,139,340</u>	<u>\$ 7,295,030</u>	<u>\$ 14,999,449</u>	<u>100.00%</u>

All of the School District's negotiable CD's were covered in full by FDIC insurance.

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 tables identify the School District's recurring fair value measurement as of June 30, 2025. Except for the First American Treasury Obligations which are valued using Level 1 inputs, all investments of the School District are valued using Level 2 inputs using valuation techniques that incorporate market data for similar investments, broker quotes and inactive transactions prices.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The securities, held by the counterparty and not in the School District's name, are Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (FHLMC), commercial paper, municipal bonds and the First American Treasury Obligation. The School District's negotiable certificates of deposit are registered securities and covered in full by FDIC insurance. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy limits unmatched investments to maturities of no more than five years.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. The School District's investment policy requires certain credit ratings for some investments as allowed by state law. Standard and Poor's has assigned the Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), and Federal National Mortgage Association (FNMA) securities an AA+ rating, commercial paper an A-1 / A-1+ rating, and the First American Treasury Obligation an AAAm rating. Several municipal bonds carried S&P ratings of AAA / AA+. Other municipal bonds carried a Moody's rating of Aaa / Aa2.

Concentration of credit risk is the possibility of loss attributed to the magnitude of the School District's investment in a single issuer. More than 5 percent of the School District's investments are in FHLB and FHLB Discounted Notes. The School District places no limit on the amount that may be invested in any one issuer. The investments in negotiable CD's and commercial paper are all individually below the 5 percent. The table on the previous page is the School District's allocation as of June 30, 2025.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District's 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, public utility and tangible personal property (used in public utilities) located in the School District. Real property tax revenue received in calendar 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 semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien December 31, 2023, were levied after April 1, 2024 and are collected 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.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

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

Accrued property taxes receivable includes real property and public utility 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 – property taxes.

The amount available as an advance at June 30, 2025, was \$1,648,127 in the general fund, \$148,078 in the bond retirement debt service fund (other governmental funds) and \$82,333 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2024, was \$1,107,685 in the general fund, \$107,842 in the bond retirement debt service fund (other governmental funds) and \$55,490 in the permanent improvement capital projects fund.

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

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

<u>Property Category</u>	<u>2024 Assessed Value</u>	<u>2023 Assessed Value</u>
<u>Real Property</u>		
Residential and Agricultural	\$ 757,871,690	\$ 755,752,730
Commercial and Industrial	358,895,190	363,108,720
Public Utilities	34,220	29,990
<u>Tangible Personal Property</u>		
Public Utilities	82,158,490	76,211,970
Total	<u>\$ 1,198,959,590</u>	<u>\$ 1,195,103,410</u>

NOTE 7 - RECEIVABLES

Receivables at year-end consisted of taxes, accounts, interest, interfund, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental activities</u>	<u>Amount</u>
General fund	\$ 314,022
Other governmental funds:	
Food service	86,744
IDEA, Part B special education	181,528
Title I	48,306
Title II-A	2,482
Total intergovernmental receivable	<u>\$ 633,082</u>

NOTE 8 - CAPITAL ASSETS

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

<u>Governmental activities</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2025</u>
Capital assets, not being depreciated:				
Land	\$ 1,209,729	\$ -	\$ -	\$ 1,209,729
Construction in progress	<u>13,445,709</u>	<u>23,154,571</u>	<u>(36,600,280)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>14,655,438</u>	<u>23,154,571</u>	<u>(36,600,280)</u>	<u>1,209,729</u>
Capital assets, being depreciated:				
Land improvements	2,298,624	18,412,549	(9,699)	20,701,474
Buildings	46,640,392	16,717,447	(28,232)	63,329,607
Furniture and equipment	2,885,815	1,688,088	(10,193)	4,563,710
Vehicles	<u>2,706,906</u>	<u>957,067</u>	<u>(313,357)</u>	<u>3,350,616</u>
Total capital assets, being depreciated	<u>54,531,737</u>	<u>37,775,151</u>	<u>(361,481)</u>	<u>91,945,407</u>
Less: Accumulated depreciation				
Land improvements	(1,576,563)	(406,250)	9,699	(1,973,114)
Buildings	(30,347,980)	(1,253,799)	28,232	(31,573,547)
Furniture and equipment	(2,117,674)	(206,361)	9,374	(2,314,661)
Vehicles	<u>(1,980,382)</u>	<u>(231,161)</u>	<u>313,357</u>	<u>(1,898,186)</u>
Total accumulated depreciation	<u>(36,022,599)</u>	<u>(2,097,571)</u>	<u>360,662</u>	<u>(37,759,508)</u>
Total capital assets being depreciated, net	<u>18,509,138</u>	<u>35,677,580</u>	<u>(819)</u>	<u>54,185,899</u>
Governmental activities capital assets, net	<u>\$ 33,164,576</u>	<u>\$ 58,832,151</u>	<u>\$ (36,601,099)</u>	<u>\$ 55,395,628</u>

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 633,079
Support services:	
Pupils	10,595
Administration	14,386
Operation and maintenance of plant	814,741
Pupil transportation	218,121
Operation of non-instructional services:	
Food service operations	43,612
Extracurricular activities	363,037
Total depreciation expense	<u>\$ 2,097,571</u>

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2025 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 84,226	\$ -
Nonmajor governmental funds	-	84,226
	<u>\$ 84,226</u>	<u>\$ 84,226</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services were provided or reimbursable expenditures occurred, (2) transactions were recorded in the accounting system, or (3) payments between funds were made.

Interfund transfers for the year ended June 30, 2025, consisted of the following:

Transfers from general fund to:	
Capital projects fund	\$ 10,500,000
Nonmajor governmental fund(s)	73,650
	<u>\$ 10,573,650</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

NOTE 10 - 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. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

B. Health Insurance

The School District is a participant in the Summit Regional Health Care Consortium (SRHCC) to provide medical/surgical, dental, vision, life insurance and accidental death and dismemberment insurance for its employees and their covered dependents. The SRHCC is a shared risk pool comprised of six Summit County school districts. The employer participants pay weekly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees and their covered dependents. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of \$200,000 per participant. The annual maximum specific stop-loss claims per covered person was unlimited for the year ending June 30, 2025. There is no aggregate stop loss maximum for 2025.

In the event of termination, all participating school districts' claims would be paid without regard to their individual account balances. The SRHCC Board of Directors has authority to return monies to an exiting school district subsequent to the settlement of all claims and expenditures.

C. Workers' Compensation

The School District participates in an insurance group rating program. The group rating program allows school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers. The School District pays the State Bureau of Worker's Compensation a premium based on a rate per \$100 of salaries.

NOTE 11 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

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.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

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

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 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.

A. DEFINED BENEFIT PENSION PLANS

School Employee 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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 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% and with a floor of 0%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5% cost-of- living adjustment (COLA) for calendar year 2024.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the School District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14%. 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 \$751,688 for fiscal year 2025. Of this amount \$29,452 is reported as an intergovernmental payable.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

State Teachers Retirement System (STRS)

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

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

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

The DC Plan allows members to place all of their member contributions and 11.09 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 Ohio. 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 goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

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

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

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

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

The School District's contractually required contribution to STRS was \$2,891,927 for fiscal year 2025. Of this amount \$406,388 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability - prior measurement date	0.124827800%	0.153677800%	
Proportion of the net pension liability - current measurement date	<u>0.121800100%</u>	<u>0.150886660%</u>	
Change in proportionate share	<u>-0.003027700%</u>	<u>-0.002791140%</u>	
Proportionate share of the net pension liability	\$6,230,802	\$29,033,031	\$35,263,833
Pension expense	\$275,263	\$1,505,247	\$1,780,510

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 237,887	\$ 1,828,322	\$ 2,066,209
Changes of assumptions	55,739	1,338,002	1,393,741
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	-	661,814	661,814
School District contributions subsequent to the measurement date	<u>751,688</u>	<u>2,891,927</u>	<u>3,643,615</u>
Total deferred outflows of resources	<u>\$ 1,045,314</u>	<u>\$ 6,720,065</u>	<u>\$ 7,765,379</u>
Deferred inflows of resources			
Net difference between expected and actual experience	\$ -	\$ 15,898	\$ 15,898
Changes of assumptions	-	1,007,131	1,007,131
Net difference between projected and actual earnings on pension plan investments	389,733	2,496,250	2,885,983
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>187,538</u>	<u>649,230</u>	<u>836,768</u>
Total deferred inflows of resources	<u>\$ 577,271</u>	<u>\$ 4,168,509</u>	<u>\$ 4,745,780</u>

\$3,643,615 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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			
<u>Year</u>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2026	\$ (388,336)	\$ (1,745,243)	\$ (2,133,579)
2027	312,961	2,749,669	3,062,630
2028	(93,667)	(652,065)	(745,732)
2029	<u>(114,603)</u>	<u>(692,732)</u>	<u>(807,335)</u>
Total	<u>\$ (283,645)</u>	<u>\$ (340,371)</u>	<u>\$ (624,016)</u>

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

Actuarial Assumptions - SERS

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

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

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

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

Wage inflation:	
Current measurement date	2.4 percent
Prior measurement date	2.4 percent
Future salary increases, including inflation:	
Current measurement date	3.25 percent to 13.58 percent
Prior measurement date	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA:	
Current measurement date	2.0 percent
Prior measurement date	2.0 percent
Investment rate of return:	
Current measurement date	7.0 percent net of system expense
Prior measurement date	7.0 percent net of system expense
Discount rate:	
Current measurement date	7.0 percent
Prior measurement date	7.0 percent
Actuarial cost method	Entry age normal

In 2024, mortality rates were based on the following:

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

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

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

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

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	3.00 %	0.97 %
US equity	22.00	4.68
International equity developed	12.00	4.96
International equity emerging	6.00	5.66
Fixed income/Global bonds	18.00	2.38
Private equity	14.00	7.10
Real estate/Real assets	13.00	3.64
Infrastructure	7.00	4.80
Private debt/Private credit	<u>5.00</u>	5.86
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2024 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate 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 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.

	<u>1% Decrease (6.00%)</u>	<u>Current discount rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net pension liability	\$ 9,532,264	\$6,230,802	\$3,451,148

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

Actuarial Assumptions - STRS

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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Inflation	2.5 percent	2.5 percent
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	7.0 percent, net of investment expenses, including inflation	7.0 percent, net of investment expenses, including inflation
Discount rate of return	7.0 percent	7.0 percent
Payroll increases	3.0 percent	3.0 percent
Cost-of-Living Adjustment (COLA)	0.0 percent	0.0 percent

For the June 30, 2024 actuarial valuation, 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.

For the prior measurement date, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

<u>Asset class</u>	<u>Target allocation *</u>	<u>Long term expected real 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	<u>1.00</u>	2.40
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

** 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40 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% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table 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:

	1% Decrease <u>(6.00%)</u>	Current discount rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
School District's proportionate share of the net pension liability	\$ 46,835,367	\$29,033,031	\$13,975,313

Assumption and Benefit Changes Since the Prior Measurement Date - The discount rate remained at 7.00% for June 30, 2024 valuation. Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

B. DEFINED BENEFIT OPEB PLANS

School Employee Retirement System

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2025, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was 94,295.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

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 \$94,295 for fiscal year 2025 and is reported as an intergovernmental payable.

State Teachers Retirement System

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

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

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

OPEB Liability or Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability or asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability or asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability or 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability or asset - prior measurement date	0.128420600%	0.153677800%	
Proportion of the net OPEB liability or asset - current measurement date	<u>0.123782200%</u>	<u>0.150886660%</u>	
Change in proportionate share	<u>-0.004638400%</u>	<u>-0.002791140%</u>	
Proportionate share of the net OPEB liability (asset)	\$1,260,716	(\$2,862,032)	(\$1,601,316)
OPEB expense	(\$226,351)	(\$599,812)	(\$826,163)

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 124,418	\$ 124,418
Changes of assumptions	541,099	352,277	893,376
Net difference between projected and actual earnings on OPEB plan investments	6,155	-	6,155
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	68,847	22,685	91,532
School District contributions subsequent to the measurement date	<u>94,295</u>	<u>-</u>	<u>94,295</u>
Total deferred outflows of resources	<u>\$ 710,396</u>	<u>\$ 499,380</u>	<u>\$ 1,209,776</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,359,379	\$ 308,429	\$ 1,667,808
Changes of assumptions	579,127	1,290,758	1,869,885
Net difference between projected and actual earnings on OPEB plan investments	-	122,888	122,888
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>389,742</u>	<u>21,805</u>	<u>411,547</u>
Total deferred inflows of resources	<u>\$ 2,328,248</u>	<u>\$ 1,743,880</u>	<u>\$ 4,072,128</u>

\$94,295 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the 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:

Fiscal Year	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2026	\$ (386,468)	\$ (434,496)	\$ (820,964)
2027	(311,504)	(193,247)	(504,751)
2028	(257,229)	(247,563)	(504,792)
2029	(216,930)	(230,383)	(447,313)
2030	(215,076)	(186,703)	(401,779)
Thereafter	<u>(324,940)</u>	<u>47,892</u>	<u>(277,048)</u>
Total	<u>\$ (1,712,147)</u>	<u>\$ (1,244,500)</u>	<u>\$ (2,956,647)</u>

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

Actuarial Assumptions - SERS

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

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

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

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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Inflation	2.4 percent	2.4 percent
Future salary increases, including inflation	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
Investment rate of return	7.0 percent, net of investment expenses, including inflation	7.0 percent, net of investment expenses, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)	Entry age normal (level percent of payroll)
Fiduciary net position is projected to be depleted	2059	2048
Municipal Bond Index Rate	3.93 percent	3.86 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	4.88 percent	4.27 percent
Medical Trend Assumption	7.00 percent to 4.40 percent	6.75 percent to 4.40 percent

In 2024, the following mortality assumptions were used:

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

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

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

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

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

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11 A.

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

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

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

	<u>1% Decrease</u>	<u>Current discount rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB liability	\$ 1,681,120	\$1,260,716	\$926,648

	<u>1% Decrease</u>	<u>Current trend rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB liability	\$ 852,197	\$1,260,716	\$1,797,681

Actuarial Assumptions – STRS

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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Inflation	2.50 percent	2.50 percent
Projected salary increases	Varies by service from 2.50 percent to 8.50 percent	Varies by service from 2.50 percent to 8.50 percent
Investment rate of return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Discount rate of return	7.00 percent	7.00 percent
Payroll increases	3.00 percent	3.00 percent
Health care cost trends		

	<u>Initial</u>	<u>Ultimate</u>	<u>Initial</u>	<u>Ultimate</u>
Medical				
Pre-Medicare	7.50 percent	3.94 percent	7.50 percent	4.14 percent
Medicare	-112.22 percent	3.94 percent	-10.94 percent	4.14 percent
Prescription Drug				
Pre-Medicare	8.00 percent	3.94 percent	-11.95 percent	4.14 percent
Medicare	-15.14 percent	3.94 percent	1.33 percent	4.14 percent

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

For the June 30, 2024 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11 A.

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

Sensitivity of the 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.

	<u>1% Decrease</u>	<u>Current discount rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ (2,327,021)	\$ (2,862,032)	\$ (3,327,608)

	<u>1% Decrease</u>	<u>Current trend rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ (3,359,057)	\$ (2,862,032)	\$ (2,264,294)

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

NOTE 12 - LONG-TERM OBLIGATIONS

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

	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>	<u>Due within one year</u>
<u>Governmental Long-term Obligations</u>					
<u>Bonds</u>					
2023 School Facilities Construction and Improvement Bonds, 4.00-5.00%	\$ 49,550,000	\$ -	\$ (805,000)	\$ 48,745,000	\$ 850,000
Premium	2,472,198	-	(282,891)	2,189,307	-
Discount	(540,527)	-	21,190	(519,337)	-
Total bonds	<u>51,481,671</u>	<u>-</u>	<u>(1,066,701)</u>	<u>50,414,970</u>	<u>850,000</u>
<u>Notes</u>					
2019 Permanent Improvement Levy Tax Anticipation Notes, 2.34%	\$ 3,025,000	\$ -	\$ (575,000)	\$ 2,450,000	\$ 590,000
<u>Other Long-term Obligations</u>					
Compensated absences	2,210,852	370,851	(177,606)	2,404,097	321,372
Lease purchase	76,084	-	(17,326)	58,758	18,696
Total other long-term obligations	<u>2,286,936</u>	<u>370,851</u>	<u>(194,932)</u>	<u>2,462,855</u>	<u>340,068</u>
<u>Net pension liability</u>					
STRS	33,094,419	-	(4,061,388)	29,033,031	-
SERS	6,897,392	-	(666,590)	6,230,802	-
Total net pension liability	<u>39,991,811</u>	<u>-</u>	<u>(4,727,978)</u>	<u>35,263,833</u>	<u>-</u>
<u>Net OPEB liability</u>					
SERS	<u>2,115,659</u>	<u>-</u>	<u>(854,943)</u>	<u>1,260,716</u>	<u>-</u>
Total governmental long-term obligations	<u>\$ 98,901,077</u>	<u>\$ 370,851</u>	<u>\$ (7,419,554)</u>	<u>\$ 91,852,374</u>	<u>\$ 1,780,068</u>

During November 2022, the School District issued bonds of \$50,000,000 with a premium on the bonds that come due through 2045 and for a discount for the remaining bonds that are final on December 1, 2052. The proceeds are to be used for various capital improvements throughout the district. The activity of these construction projects are reported in the building fund. The premium and discount on this debt was significant and is amortized over the life of the bonds using the interest method of amortization. The amortized expenses began in fiscal year 2024 when the first interest payment was made on the bonds. The bonds will be repaid from the bond retirement debt service fund (other governmental funds). At June 30, 2025, \$11,477,071 of the proceeds remain unspent.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

In a prior year, the School District issued \$5,700,000 in Permanent Improvement Levy Tax Anticipation Notes, with a maturity of December 2028 and an interest rate of 2.34 percent to pay the costs of remodeling, improving and rehabilitating School District buildings and improving school sites and furnishing and equipping School District buildings. These notes will be repaid from the proceeds received from a continuing 2.0 mill tax levy in the permanent improvement capital project fund.

Compensated absences will be paid from the fund from which the person is paid. In prior years this has primarily been the general fund.

There is no repayment schedule for the net pension liability and net OPEB liability; however, the School District pays pension and OPEB obligations related to employee compensation from the fund benefitting from their service.

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

Fiscal Year	<u>Bonds</u>		<u>Notes</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 850,000	\$ 2,208,800	\$ 590,000	\$ 50,427	\$ 1,440,000	\$ 2,259,227
2027	890,000	2,165,300	605,000	36,446	1,495,000	2,201,746
2028	935,000	2,119,675	620,000	22,113	1,555,000	2,141,788
2029	980,000	2,071,800	635,000	7,429	1,615,000	2,079,229
2030	1,030,000	2,021,550	-	-	1,030,000	2,021,550
2031-2035	5,975,000	9,261,375	-	-	5,975,000	9,261,375
2036-2040	7,630,000	7,569,000	-	-	7,630,000	7,569,000
2041-2045	9,735,000	5,408,375	-	-	9,735,000	5,408,375
2046-2050	12,180,000	2,964,000	-	-	12,180,000	2,964,000
2051-2053	8,540,000	521,400	-	-	8,540,000	521,400
Total	<u>\$ 48,745,000</u>	<u>\$ 36,311,275</u>	<u>\$ 2,450,000</u>	<u>\$ 116,415</u>	<u>\$ 51,195,000</u>	<u>\$ 36,427,690</u>

NOTE 13 – LEASE PURCHASE

During fiscal year 2023, the School District entered into a lease purchase agreement for the acquisition of copiers. Lease purchase payments have been reclassified in the financial statements and are reflected as debt service expenditures in the general fund. These expenditures are reflected as program/function expenditures on a budgetary basis.

The lease purchase is for a term of 60 months beginning on June 28, 2023. Payments are due monthly and the agreement matures on May 28, 2028. Capital assets acquired by the lease purchase have been capitalized as equipment in the amount of \$93,425. These amounts are equal to the present value of the future minimum lease purchase payments at the time of acquisition.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

Lease purchase principal payments in the current fiscal year totaled \$17,326 and interest of \$5,208 for a total payment of \$22,534. The remaining payments are presented below:

<u>Fiscal</u> <u>Year</u>	<u>Lease purchase</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 18,696	\$ 3,838
2027	20,173	2,361
2028	19,889	767
Total	<u>\$ 58,758</u>	<u>\$ 6,966</u>

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

The Metropolitan Regional Service Council (MRSC) is the computer service organization or Information Technology Center (ITC) used by the School District. MRSC is also known as Northeast Ohio Network for Educational Technology (NEOnet), which is the name used exclusively prior to their reorganization from a consortium to a council of governments. The superintendent from each member entity is appointed to the legislative body of MRSC known as the assembly. The assembly elects a board of directors consisting of nine members. These members comprise the managerial body of the council and meet at least five times yearly.

The operations of MRSC are under the control of the board of directors and the executive director. The purpose of the MRSC is to develop and employ a computer system efficiently and effectively for the needs of the member school districts. All members are required to pay fees, charges and assessments as charged. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. During the fiscal year, the School District contributed \$365,892 to MRSC. This contribution includes purchases of a new wireless network, software, phones and related items as well as payment for services. Financial information can be obtained by contacting the fiscal agent at 700 Graham Road, Cuyahoga Falls, Ohio 44221.

The Four Cities Educational Compact (Compact) is a jointly governed organization to provide for the vocational and special education needs of the students of four participating school districts. The four-member board consists of the superintendent from each of the participating school districts. Students may attend any vocational or special education class offered by any of the four districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district that offered the class. Wadsworth City School District serves as the fiscal agent for this Compact, collecting and distributing payments. The committee exercises total control over the operation of the Compact, including budgeting, appropriating, contracting and designating management. All revenues are generated from charges for services. During the fiscal year, the School District paid \$129,524 to the Compact. Financial information can be obtained by contacting the fiscal agent at 524 Broad Street, Wadsworth, Ohio 44281.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

The Ohio Schools Council (Council) is a jointly governed organization among 281 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During the fiscal year, the School District paid \$136,165 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

NOTE 15 – CONTINGENCIES

Litigation

The School District is party to legal proceedings. The School District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Grants

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

School Foundation Adjustments

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (ODEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODEW has finalized the impact of enrollment adjustments to the June 30, 2025 foundation funding for the School District. The School District has determined that these adjustments are not material.

NOTE 16 - STATUTORY RESERVES

The School District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. The School District may replace using general fund revenues with proceeds from various sources (offsets), such as bond or levy proceeds related to the acquisition, replacement, enhancement, maintenance or repair of permanent improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years.

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

Although the School District had current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital maintenance set-aside, this amount may not be used to reduce the set aside requirement for future fiscal years. This negative balance is, therefore, not presented as being carried forward to future fiscal years.

The following information describes the change in the year-end set-aside amounts for capital maintenance.

	Capital Maintenance <u>Set-aside</u>
Set-aside cash balance as of June 30, 2024	\$ -
Current year set-aside requirement	661,531
Current year offsets	<u>(1,724,968)</u>
Total	<u>\$ (1,063,437)</u>

The current year offsets represent the permanent improvement levy cash-basis receipts received by the School District during fiscal year 2025.

NOTE 17 – CONTRACTUAL COMMITMENTS/ENCUMBRANCES

Contractual commitments

At June 30, 2025 a few ongoing construction projects with the School District have contractual commitments reported in the building fund for \$2.3 million. The commitments are related to the final phase of the school facilities improvements.

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

<u>Fund</u>	Year end <u>encumbrances</u>
General fund	\$ 774,067
Permanent improvements fund	50,049
Building fund	2,366,155
Nonmajor governmental funds	<u>51,602</u>
Total	<u>\$ 3,241,873</u>

Copley-Fairlawn City School District

Notes to the Basic Financial Statements

For the fiscal year ended June 30, 2025

NOTE 18 - FUND DEFICITS

As of June 30, 2025, the Title III fund had a deficit fund balance of \$983. This deficit was related to accruals being reported from the application of GAAP. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur.

Required Supplementary Information

Copley-Fairlawn City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	2025	2024	2023	2022
School Employees Retirement System (SERS) of Ohio				
School District's proportion of the net pension liability	0.121800%	0.124828%	0.127604%	0.138316%
School District's proportionate share of the net pension liability	\$ 6,230,802	\$ 6,897,392	\$ 6,901,811	\$ 5,103,467
School District's covered payroll	\$ 5,104,429	\$ 5,092,364	\$ 4,766,521	\$ 4,497,143
School District's proportionate share of the net pension liability as a percentage of its covered payroll	122.07%	135.45%	144.80%	113.48%
Plan fiduciary net position as a percentage of total pension liability	78.52%	76.06%	75.82%	82.86%
State Teachers Retirement System (STRS) of Ohio				
School District's proportion of the net pension liability	0.1508867%	0.1536778%	0.1484612%	0.1523360%
School District's proportionate share of the net pension liability	\$ 29,033,031	\$ 33,094,419	\$ 33,003,103	\$ 19,477,529
School District's covered payroll	\$ 20,942,314	\$ 20,757,007	\$ 19,300,657	\$ 18,797,264
School District's proportionate share of the net pension liability as a percentage of its covered payroll	138.63%	159.44%	170.99%	103.62%
Plan fiduciary net position as a percentage of total pension liability	82.55%	80.02%	78.88%	87.78%

See accompanying notes to required supplementary information.

2021	2020	2019	2018	2017	2016
0.140018%	0.134375%	0.129203%	0.128110%	0.132548%	0.133270%
\$ 9,261,066	\$ 8,039,862	\$ 7,399,689	\$ 7,654,295	\$ 9,701,276	\$ 7,604,527
\$ 4,808,700	\$ 4,534,348	\$ 4,177,311	\$ 4,089,136	\$ 4,040,321	\$ 3,922,587
192.59%	177.31%	177.14%	187.19%	240.11%	193.87%
68.55%	70.85%	71.36%	69.50%	62.98%	69.16%

2021	2020	2019	2018	2017	2016
0.1519451%	0.1500192%	0.1464225%	0.1429018%	0.1448570%	0.1454030%
\$ 36,765,296	\$ 33,175,840	\$ 32,195,027	\$ 33,946,624	\$ 48,488,018	\$ 40,185,136
\$ 18,337,393	\$ 17,777,550	\$ 16,758,086	\$ 15,982,243	\$ 15,421,707	\$ 15,383,514
200.49%	186.62%	192.12%	212.40%	314.41%	261.22%
75.50%	77.40%	77.30%	75.30%	66.80%	72.10%

Copley-Fairlawn City School District
Required Supplementary Information
Schedule of School District Contributions - Pension
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
School Employees Retirement System (SERS) of Ohio				
Contractually required contribution	\$ 751,688	\$ 714,620	\$ 712,931	\$ 667,313
Contributions in relation to contractually required contribution	<u>(751,688)</u>	<u>(714,620)</u>	<u>(712,931)</u>	<u>(667,313)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 5,369,200	\$ 5,104,429	\$ 5,092,364	\$ 4,766,521
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
State Teachers Retirement System (STRS) of Ohio				
Contractually required contribution	\$ 2,891,927	\$ 2,931,924	\$ 2,905,981	\$ 2,702,092
Contributions in relation to contractually required contribution	<u>(2,891,927)</u>	<u>(2,931,924)</u>	<u>(2,905,981)</u>	<u>(2,702,092)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 20,656,621	\$ 20,942,314	\$ 20,757,007	\$ 19,300,657
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to required supplementary information.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 629,600	\$ 673,218	\$ 612,137	\$ 563,937	\$ 572,479	\$ 565,645
<u>(629,600)</u>	<u>(673,218)</u>	<u>(612,137)</u>	<u>(563,937)</u>	<u>(572,479)</u>	<u>(565,645)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,497,143	\$ 4,808,700	\$ 4,534,348	\$ 4,177,311	\$ 4,089,136	\$ 4,040,321
14.00%	14.00%	13.50%	13.50%	14.00%	14.00%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 2,631,617	\$ 2,567,235	\$ 2,488,857	\$ 2,346,132	\$ 2,237,514	\$ 2,159,039
<u>(2,631,617)</u>	<u>(2,567,235)</u>	<u>(2,488,857)</u>	<u>(2,346,132)</u>	<u>(2,237,514)</u>	<u>(2,159,039)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 18,797,264	\$ 18,337,393	\$ 17,777,550	\$ 16,758,086	\$ 15,982,243	\$ 15,421,707
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Copley-Fairlawn City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Nine Fiscal Years (1)

	2025	2024	2023	2022
School Employees Retirement System (SERS) of Ohio				
School District's proportion of the net OPEB liability	0.123782%	0.128421%	0.130658%	0.141946%
School District's proportionate share of the net OPEB liability	\$ 1,260,716	\$ 2,115,659	\$ 1,834,453	\$ 2,686,448
School District's covered payroll	\$ 5,104,429	\$ 5,092,364	\$ 4,766,521	\$ 4,497,143
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	24.70%	41.55%	38.49%	59.74%
Plan fiduciary net position as a percentage of total OPEB liability	44.50%	30.02%	30.34%	24.08%
State Teachers Retirement System (STRS) of Ohio				
School District's proportion of the net OPEB liability or asset	0.1508867%	0.1536778%	0.1484612%	0.1523360%
School District's proportionate share of the net OPEB liability (asset)	\$ (2,862,032)	\$ (2,988,821)	\$ (3,844,154)	\$ (3,211,880)
School District's covered payroll	\$ 20,942,314	\$ 20,757,007	\$ 19,300,657	\$ 18,797,264
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	(13.67%)	(14.40%)	(19.92%)	(17.09%)
Plan fiduciary net position as a percentage of total OPEB liability or asset	158.01%	168.52%	230.73%	174.73%

(1) Ten years of information will be presented as information becomes available. Information prior to 2017 is not available.
The amounts presented are as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to required supplementary information.

2021	2020	2019	2018	2017
0.145760%	0.137812%	0.131403%	0.129858%	0.134303%
\$ 3,167,848	\$ 3,465,692	\$ 3,645,469	\$ 3,485,058	\$ 3,828,135
\$ 4,808,700	\$ 4,534,348	\$ 4,177,311	\$ 4,089,136	\$ 4,040,321
65.88%	76.43%	87.27%	85.23%	94.75%
18.17%	15.57%	13.57%	12.46%	11.49%

2021	2020	2019	2018	2017
0.1519451%	0.1500192%	0.1464225%	0.1429018%	0.1448570%
\$ (2,670,431)	\$ (2,484,678)	\$ (2,352,861)	\$ 5,575,500	\$ 7,746,992
\$ 18,337,393	\$ 17,777,550	\$ 16,758,086	\$ 15,982,243	\$ 15,421,707
(14.56%)	(13.98%)	(14.04%)	34.89%	50.23%
182.13%	174.74%	176.00%	47.11%	37.30%

Copley-Fairlawn City School District
Required Supplementary Information
Schedule of School District Contributions - OPEB
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
School Employees Retirement System (SERS) of Ohio				
Contractually required contribution (1)	\$ 94,295	\$ 87,079	\$ 93,729	\$ 86,258
Contributions in relation to contractually required contribution	<u>(94,295)</u>	<u>(87,079)</u>	<u>(93,729)</u>	<u>(86,258)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 5,369,200	\$ 5,104,429	\$ 5,092,364	\$ 4,766,521
Contributions as a percentage of covered payroll	1.76%	1.71%	1.84%	1.81%

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
State Teachers Retirement System (STRS) of Ohio				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 20,656,621	\$ 20,942,314	\$ 20,757,007	\$ 19,300,657
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to required supplementary information.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 89,389	\$ 95,835	\$ 107,280	\$ 93,326	\$ 70,111	\$ 67,874
<u>(89,389)</u>	<u>(95,835)</u>	<u>(107,280)</u>	<u>(93,326)</u>	<u>(70,111)</u>	<u>(67,874)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,497,143	\$ 4,808,700	\$ 4,534,348	\$ 4,177,311	\$ 4,089,136	\$ 4,040,321
1.99%	1.99%	2.37%	2.23%	1.71%	1.68%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 18,797,264	\$ 18,337,393	\$ 17,777,550	\$ 16,758,086	\$ 15,982,243	\$ 15,421,707
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Copley-Fairlawn City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Net Pension Liability

School Employees Retirement System (SERS) of Ohio

Changes in benefit terms: There was no change in benefit terms for fiscal year 2025. See the notes to the basic financial statements for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025. See the notes to the basic financial statements for the methods and assumptions in this calculation.

State Teachers Retirement System (STRS) of Ohio

Changes in benefit terms: There was a change in benefit terms for fiscal year 2025. See the notes to the basic financial statements for benefit terms.

Changes in assumptions: There was no change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025. See the notes to the basic financial statements for the methods and assumptions in this calculation.

Net OPEB Liability

School Employees Retirement System (SERS) of Ohio

Changes in benefit terms: There was no change in benefit terms for fiscal year 2025. See the notes to the basic financial statements for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025. See the notes to the basic financial statements for the methods and assumptions in this calculation.

State Teachers Retirement System (STRS) of Ohio

Changes in benefit terms: There was no change in benefit terms for fiscal year 2025. See the notes to the basic financial statements for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025. See the notes to the basic financial statements for the methods and assumptions in this calculation.

SUPPLEMENTARY INFORMATION

**COPLEY-FAIRLAWN CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	2025	\$ 66,718
National School Lunch Program	10.555	2024	154,569
National School Lunch Program	10.555	2025	330,880
National School Lunch Program - Food Donation	10.555	2025	47,661
Total National School Lunch Program			533,110
Total Child Nutrition Cluster and U.S. Department of Agriculture			599,828
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through the Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Round #3	21.027	COVID-19	123,741
Total U.S. Department of Treasury			123,741
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2024	14,627
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2025	201,205
Total Title I Grants to Local Educational Agencies			215,832
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2024	176,787
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2025	654,341
Total Special Education-Grants to States (IDEA, Part B)			831,128
Special Education-Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2024	182
Total Special Education Cluster (IDEA)			831,310
English Language Acquisition State Grants - Title III - Language Instruction for English Learners	84.365A	84.365A, 2025	3,342
Supporting Effective Instruction State Grants	84.367A	84.367A, 2024	9,124
Supporting Effective Instruction State Grants	84.367A	84.367A, 2025	51,780
Total Supporting Effective Instruction State Grants			60,904
Student Support and Academic Enrichment Program	84.424A	84.424A, 2024	2,931
Student Support and Academic Enrichment Program	84.424A	84.424A, 2025	19,282
Student Support and Academic Enrichment Program - Stronger Connections Grant	84.424F	84.424F, 2024	40,000
Total Student Support and Academic Enrichment Program			62,213
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2024	18,952
Total U.S. Department of Education			1,192,553
Total Expenditures of Federal Awards			\$ 1,916,122

The accompanying notes are an integral part of this schedule.

**COPLEY-FAIRLAWN CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

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

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Copley-Fairlawn City School District under programs of the federal government for the fiscal year ended June 30, 2025 and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Copley-Fairlawn City School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Copley-Fairlawn City School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

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

NOTE 3 – CHILD NUTRITION CLUSTER

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

NOTE 4 – FOOD DONATION PROGRAM

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

**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***

Copley-Fairlawn City School District
Summit County
3797 Ridgewood Road
Copley, Ohio 44321

To the Members of the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Copley-Fairlawn City School District, Summit County, Ohio, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Copley-Fairlawn City School District's basic financial statements, and have issued our report thereon dated February 10, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2025-001 that we consider to be a material weakness.

Copley-Fairlawn City School District

Summit County

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

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

Report on Compliance and Other Matters

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

Copley-Fairlawn City School District's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Copley-Fairlawn City School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Copley-Fairlawn City School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

February 10, 2026

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

Copley-Fairlawn City School District
Summit County
3797 Ridgewood Road
Copley, Ohio 44321

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

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

Julian & Grube, Inc.
February 10, 2026

**COPLEY-FAIRLAWN CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

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

**COPLEY-FAIRLAWN CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

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

Finding Number	2025-001
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Material Weakness – Financial Statement Presentation

In our engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal controls relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In order to properly state financial statement amounts, the following adjustments were made to Copley-Fairlawn City School District's financial statements for the fiscal year ended June 30, 2025:

- On the fund financial statements, an additional column was added to present the Capital Projects Fund as a major fund. Per Governmental Accounting Standards Board (GASB) Statement No. 34, a governmental fund is considered major if its total assets, liabilities, revenues, or expenditures/expenses are at least 10 percent of the corresponding element for all governmental funds and 5 percent of the corresponding element for all governmental and enterprise funds combined. Copley-Fairlawn City School District's Capital Projects Fund exceeded the applicable GASB quantitative thresholds for major fund reporting based on total assets. Despite meeting the criteria previously stated, Copley-Fairlawn City School District initially reported the Capital Projects Fund as a nonmajor governmental fund within the Other Governmental Funds column on the fund financial statements.
- On the Statement of Fiduciary Net Position in the Custodial Fund, Equity in pooled cash and cash equivalents was reclassified to Cash and investments in segregated accounts, in order to properly reflect this amount.

The financial statements and related notes to the financial statements have been adjusted.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of Copley-Fairlawn City School District's activity.

We recommend Copley-Fairlawn City School District design and implement additional procedures to facilitate more accurate and detailed financial reporting. Copley-Fairlawn City School District should consider having an outside third-party, or Board member with financial experience, review the financial report prior to filing in the Hinkle System. Further, Copley-Fairlawn City School District should reach out to its auditor throughout the year if questions arise.

Officials' Response: See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.



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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2025-001	The Treasurer will more closely examine the unaudited report prior to filing with the HINKLE system in future years.	Fiscal Year 2026	John Wheadon, Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



COPLEY-FAIRLAWN CITY SCHOOL DISTRICT

SUMMIT 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