



**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY**

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ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY

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INDEPENDENT AUDITOR'S REPORT

Elyria City School District
Lorain County
42101 Griswold Road
Elyria, Ohio 44035

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Elyria City School District, Lorain County, Ohio as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2025, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Also, the District restated capital assets to correct certain errors and omissions with capital assets. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

March 18, 2026

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

Financial Highlights

Key financial highlights for 2025 are as follows:

- In total, net position increased \$3,457,214 from 2024. Net position of governmental activities increased \$3,663,074 from 2024. Business-type activities net position decreased \$205,860 from 2024.
- For governmental activities, general revenues accounted for \$87,017,793 in revenue or 81.35% of total governmental activities revenues. Program specific revenues in the form of charges for services and sales, operating/capital grants and contributions accounted for \$19,950,408 or 18.65% of total governmental activities revenues.
- Total revenues for fiscal year 2025 were \$111,151,358. Of this total, \$106,968,201 was reported in the governmental activities and \$4,183,157 in the business-type activities.
- The District had \$103,305,127 in expenses related to governmental activities; only \$19,950,408 of these expenses was offset by program specific charges for services, operating/capital grants or contributions resulting in a net cost of \$83,354,719 for the District. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$87,017,793 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$87,557,707 in revenues and \$85,984,381 in expenditures and other financing uses. During fiscal year 2025, the general fund's fund balance increased \$1,573,326 from a balance of \$24,992,699 to \$26,566,025.
- The bond retirement fund had \$6,304,499 in revenues and \$6,297,744 in expenditures. During fiscal year 2025, the bond retirement fund's fund balance increased \$6,755 from \$4,716,824 to \$4,723,579.

Using these Basic Financial Statements

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

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the statement of net position and the statement of activities, the District is divided into two distinct kinds of activities:

Governmental activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's lunchroom/cafeteria operations are reported as a business-type activity.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds and the enterprise funds is included in this management's discussion and analysis. Fund financial reports provide detailed information about the District's major funds.

The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund.

Governmental Funds

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole.

Reporting the District's Fiduciary Responsibilities

The District's fiduciary activities are reported in separate statement of fiduciary net position and statement of changes in fiduciary net position. The District's fiduciary activities account for scholarship awards for which the District does not have administrative involvement in the award process. These activities are reported in custodial funds. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

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**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2025 and June 30, 2024. The District restated the June 30, 2024 capital assets and net position as described in Note 3.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	Restated 2024	2025	Restated 2024	2025	Restated 2024
<u>Assets</u>						
Current and other assets	\$ 101,327,508	\$ 96,650,945	\$ 1,717,510	\$ 2,274,214	\$ 103,045,018	\$ 98,925,159
Capital assets, net	195,871,672	201,905,848	743,926	518,184	196,615,598	202,424,032
Total assets	297,199,180	298,556,793	2,461,436	2,792,398	299,660,616	301,349,191
<u>Deferred outflows</u>						
Pension & OPEB	18,399,328	19,821,549	612,358	761,919	19,011,686	20,583,468
Total deferred outflows	18,399,328	19,821,549	612,358	761,919	19,011,686	20,583,468
<u>Liabilities</u>						
Current and Other liabilities	12,187,496	11,794,890	323,399	358,836	12,510,895	12,153,726
Long-term liabilities						
Due within one year	3,629,020	3,501,553	19,867	2,724	3,648,887	3,504,277
Due in more than one year						
Net pension and OPEB liability	75,459,492	85,154,644	2,211,281	2,687,096	77,670,773	87,841,740
Other amounts	98,829,979	89,486,202	141,494	43,588	98,971,473	89,529,790
Total liabilities	190,105,987	189,937,289	2,696,041	3,092,244	192,802,028	193,029,533
<u>Deferred inflows</u>						
Property taxes	40,917,474	37,505,059	-	-	40,917,474	37,505,059
Deferred charge on debt refunding	213,152	235,788	-	-	213,152	235,788
Pension & OPEB	17,061,841	14,553,204	819,431	578,287	17,881,272	15,131,491
Total deferred inflows	58,192,467	52,294,051	819,431	578,287	59,011,898	52,872,338
<u>Net position</u>						
Net investment in capital assets	114,941,115	117,931,745	743,926	518,184	115,685,041	118,449,929
Restricted	13,536,136	13,722,714	-	-	13,536,136	13,722,714
Unrestricted (deficit)	(61,177,197)	(55,507,457)	(1,185,604)	(634,398)	(62,362,801)	(56,141,855)
Total net position (deficit)	\$ 67,300,054	\$ 76,147,002	\$ (441,678)	\$ (116,214)	\$ 66,858,376	\$ 76,030,788

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

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

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2025, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$66,858,376. Of this total, \$13,536,136 is restricted in use.

Current and other assets increased as less cash was spent on capital projects throughout the District. The District made cash expenditures of \$76,491 on construction projects during fiscal year 2025. In addition, the District had a decrease to intergovernmental receivables of approximately \$912,607.

During fiscal year 2025, capital assets, net decreased as depreciation expense exceeded capital asset additions. During fiscal 2025, the District completed the Westwood/Crestwood renovations.

At year-end, capital assets represented 65.61% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and library and textbooks, and intangible right to use leased buildings, leased equipment, and computer software. The net investment in capital assets at June 30, 2025, was \$115,685,041. These capital assets are used to provide services to the students and are not available for future spending. Although the 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.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

Current and other liabilities increased primarily due to an increase in accrued wages and benefits payable. In addition, the District had fewer retainage payable and contracts payable related to construction projects at fiscal year-end compared to the prior year as many projects were completed and placed into service.

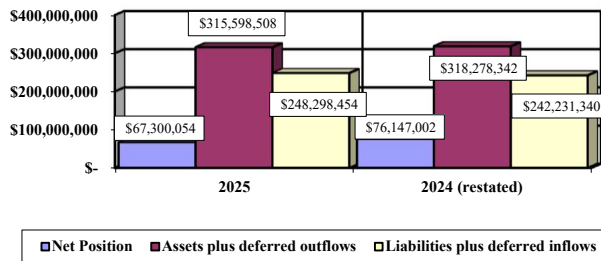
Long-term liabilities decreased as the District continued to pay down long-term bonds and net pension liability decreased.

Deferred inflows related to pension increased due to various factors pertaining to the retirement systems. See Note 11 for more information on the District's net pension liability and the District's related deferred inflows.

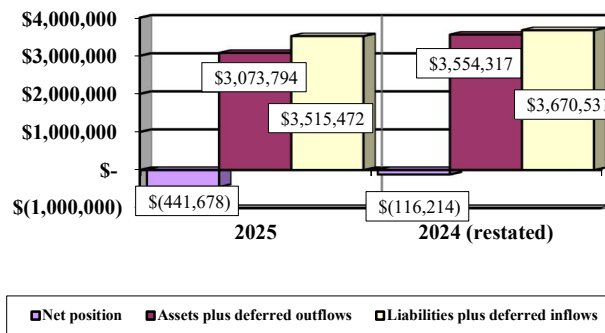
A portion of the District's net position, \$13,536,136, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$62,362,801. Of the unrestricted net position, a deficit of \$61,177,197 is reported in the governmental activities and a deficit of \$1,185,604 is reported in the business type activities.

The graphs below show the assets plus deferred outflows, liabilities plus deferred inflows and net position of the governmental activities and business-type activities at June 30, 2025 and 2024.

Governmental – Net Position



Business-Type – Net Position



**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

The table below shows the change in net position for fiscal years 2025 and 2024.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<u>Revenues</u>						
Program revenues:						
Charges for services and sales	\$ 1,241,776	\$ 1,540,915	\$ 301,092	\$ 438,671	\$ 1,542,868	\$ 1,979,586
Operating grants and contributions	18,666,132	22,500,307	3,832,997	3,555,818	22,499,129	26,056,125
Capital grants and contributions	42,500	35,000	-	-	42,500	35,000
General revenues:						
Property taxes	43,287,217	36,651,960	-	-	43,287,217	36,651,960
Grants and entitlements not restricted	41,714,871	38,885,822	-	-	41,714,871	38,885,822
Investment earnings and increases (decreases) in fair value of investments	1,765,780	1,908,064	48,568	64,516	1,814,348	1,972,580
Miscellaneous	<u>249,925</u>	<u>1,463,522</u>	<u>500</u>	<u>600</u>	<u>250,425</u>	<u>1,464,122</u>
Total revenues	<u>106,968,201</u>	<u>102,985,590</u>	<u>4,183,157</u>	<u>4,059,605</u>	<u>111,151,358</u>	<u>107,045,195</u>
<u>Expenses</u>						
Program expenses:						
Instruction:						
Regular	39,835,041	39,149,179	-	-	39,835,041	39,149,179
Special	19,361,739	18,946,311	-	-	19,361,739	18,946,311
Vocational	-	91	-	-	-	91
Student intervention and other	582,726	965,313	-	-	582,726	965,313
Support services:						
Pupil	6,967,105	6,669,372	-	-	6,967,105	6,669,372
Instructional staff	2,375,304	2,681,082	-	-	2,375,304	2,681,082
Board of education	74,412	126,767	-	-	74,412	126,767
Administration	6,525,699	6,764,300	-	-	6,525,699	6,764,300
Fiscal	1,638,522	1,505,372	-	-	1,638,522	1,505,372
Business	1,084,443	837,729	-	-	1,084,443	837,729
Operations and maintenance	9,878,096	13,281,995	-	-	9,878,096	13,281,995
Pupil transportation	6,379,004	4,277,653	-	-	6,379,004	4,277,653
Central	1,121,980	1,291,440	-	-	1,121,980	1,291,440
Operation of non-instructional services:						
Food service operations	1,062	4,501	-	-	1,062	4,501
Community services	1,854,527	2,012,250	-	-	1,854,527	2,012,250
Extracurricular activities	2,422,970	2,629,116	-	-	2,422,970	2,629,116
Interest	3,202,497	3,374,019	-	-	3,202,497	3,374,019
Lunchroom/Cafeteria	<u>-</u>	<u>-</u>	<u>4,389,017</u>	<u>4,507,067</u>	<u>4,389,017</u>	<u>4,507,067</u>
Total expenses	<u>103,305,127</u>	<u>104,516,490</u>	<u>4,389,017</u>	<u>4,507,067</u>	<u>107,694,144</u>	<u>109,023,557</u>
Changes in net position	3,663,074	(1,530,900)	(205,860)	(447,462)	3,457,214	(1,978,362)
Net position as previously reported	74,302,818	75,833,718	(403,892)	43,570	73,898,926	75,877,288
Restatement - change in accounting principle	(12,510,022)	-	(119,604)	-	(12,629,626)	-
Restatement - capital asset correction	<u>1,844,184</u>	<u>-</u>	<u>287,678</u>	<u>-</u>	<u>2,131,862</u>	<u>-</u>
Net position at beginning of year (restated)	<u>63,636,980</u>	<u>75,833,718</u>	<u>(235,818)</u>	<u>43,570</u>	<u>63,401,162</u>	<u>75,877,288</u>
Net position at end of year	<u>\$ 67,300,054</u>	<u>\$ 74,302,818</u>	<u>\$ (441,678)</u>	<u>\$ (403,892)</u>	<u>\$ 66,858,376</u>	<u>\$ 73,898,926</u>

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

Governmental Activities

For fiscal year 2025, the net position of the District's governmental activities increased \$3,663,074 from 2024. Total governmental expenses of \$103,305,127 were offset by program revenues of \$19,950,408 and general revenues of \$87,017,793. Program revenues supported 19.31% of the total governmental expenses.

Charges for services and sales decreased due to a reduction in tuition receipts as a result of open enrollment. Operating grants and contributions decreased from the prior year and 2024 includes ESSER funding from the federal government. Capital grants and contributions increased due to the federal safety grant award in fiscal 2024.

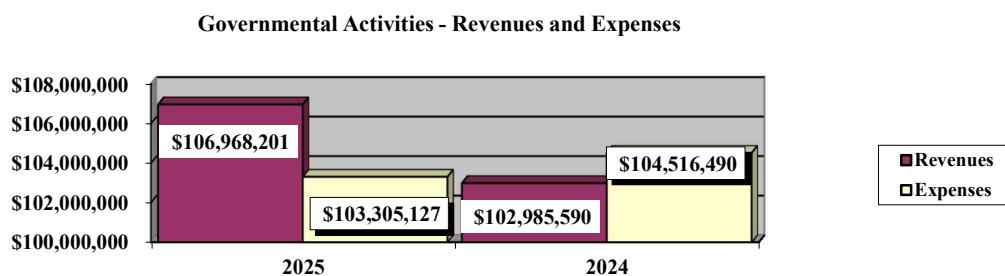
Property tax revenue increased due to fluctuations in the amount of property taxes collected and available as advance at year end. These amounts are recognized as revenue in the fiscal year the District could draw on these advances rather than when cash is received. The amounts that were available as advance were \$3,717,895, \$2,529,802, \$5,986,940, and \$5,012,430 at June 30, 2025, 2024, 2023, and 2022 respectively. Fluctuations in the amount of property taxes collected and available for advance can vary depending upon when tax bills are sent and will affect the year in which property tax revenues are recognized.

Grants and contributions not restricted to specific programs, including Foundation payments from the State of Ohio, increased from the prior year.

Earnings on investments decreased as the District had less money invested rather than deposited in bank accounts in fiscal 2025 compared to 2024 and due to decreased interest rates on those applicable investments. GAAP requires certain investments to be reported at fair value rather than cost. Fluctuations in the fair value of investments are reported as an increase (decrease) in fair value of investments. The fair value of investments fluctuates as interest rates rise or fall over time. The District intends to hold all investments to maturity thus eliminating the risk of fluctuations in fair value.

Overall, expenses of the governmental activities decreased \$1,211,663 or 1.16%. Expenses decreased primarily in the area of operations and maintenance. The District saw a decrease in operations and maintenance costs as various construction and improvement projects were completed.

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



**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

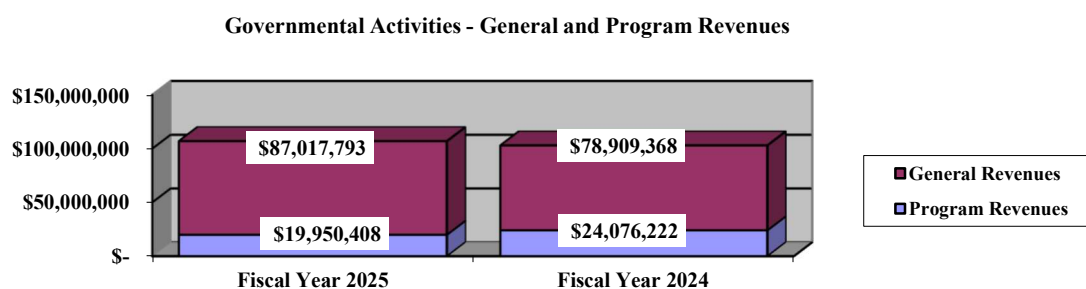
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2025 and 2024. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of Services 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
Program expenses:				
Instruction:				
Regular	\$ 39,835,041	\$ 37,472,850	\$ 39,149,179	\$ 34,486,061
Special	19,361,739	7,948,453	18,946,311	8,518,986
Vocational	-	-	91	(863)
Student intervention and other	582,726	582,726	965,313	965,313
Support services:				
Pupil	6,967,105	6,217,272	6,669,372	6,150,722
Instructional staff	2,375,304	1,090,226	2,681,082	1,152,476
Board of education	74,412	74,412	126,767	126,767
Administration	6,525,699	6,006,418	6,764,300	5,758,918
Fiscal	1,638,522	1,637,622	1,505,372	1,504,728
Business	1,084,443	1,084,443	837,729	837,729
Operations and maintenance	9,878,096	9,166,244	13,281,995	10,127,859
Pupil transportation	6,379,004	5,716,987	4,277,653	3,694,761
Central	1,121,980	1,100,150	1,291,440	1,261,404
Operation of non-instructional services:				
Food service operations	1,062	1,062	4,501	4,501
Community services	1,854,527	122,121	2,012,250	375,922
Extracurricular activities	2,422,970	1,931,236	2,629,116	2,100,965
Debt service:				
Interest	3,202,497	3,202,497	3,374,019	3,374,019
Total expenses	<u>\$ 103,305,127</u>	<u>\$ 83,354,719</u>	<u>\$ 104,516,490</u>	<u>\$ 80,440,268</u>

The dependence upon tax revenues during fiscal year 2025 for governmental activities is apparent, as 76.96% of 2025 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.69%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are the primary support for District's students.

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



**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

Business-type Activities

Business-type activities include lunchroom/cafeteria operations. This program had revenues of \$4,183,157 and expenses of \$4,389,017 for fiscal year 2025. Management reviews this program to develop policies to allow this service to become self-supporting, exclusive of the impact of the reporting related to GASB 68 and GASB 75 as previously discussed.

The District saw an increase in federal grants and subsidies revenue due to increased federal food service program receipts received in fiscal year 2025.

The District's Funds

Governmental Funds

The District's governmental funds reported a combined fund balance of \$36,242,893, which is larger than last year's fund total of \$34,453,808. The schedule below indicates the fund balance and the change in fund balance as of June 30, 2025 and 2024.

	Fund Balance <u>June 30, 2025</u>	Fund Balance <u>June 30, 2024</u>	<u>Change</u>
General	\$ 26,566,025	\$ 24,992,699	\$ 1,573,326
Bond retirement	4,723,579	4,716,824	6,755
Other governmental	<u>4,953,289</u>	<u>4,744,285</u>	<u>209,004</u>
Total	<u>\$ 36,242,893</u>	<u>\$ 34,453,808</u>	<u>\$ 1,789,085</u>

General Fund

The District's general fund balance increased \$1,573,326. The following table illustrates the revenues of the general fund.

	<u>2025 Amount</u>	<u>2024 Amount</u>	<u>Change</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Property and other taxes	\$ 36,733,524	\$ 30,804,802	\$ 5,928,722	19.25 %
Intergovernmental	48,085,910	44,368,580	3,717,330	8.38 %
Investment earnings	1,420,695	1,046,584	374,111	35.75 %
Tuition and fees	697,570	1,026,485	(328,915)	(32.04) %
Increase in fair value of investments	214,403	364,261	(149,858)	(41.14) %
Other revenues	<u>405,605</u>	<u>588,073</u>	<u>(182,468)</u>	<u>(31.03) %</u>
Total	<u>\$ 87,557,707</u>	<u>\$ 78,198,785</u>	<u>\$ 9,358,922</u>	<u>11.97 %</u>

Property and other taxes revenue increased due to fluctuations in the amount of property taxes collected and available as advance at year end. These amounts are recognized as revenue in the fiscal year the District could draw on these advances rather than when cash is received. The amounts that were available as advance were \$3,238,755, \$2,135,113, \$5,082,968, and \$4,244,590 at June 30, 2025, 2024, 2023, and 2022, respectively. Actual general fund tax receipts (cash-basis) for fiscal year 2025 and 2024 were \$35,629,882 and \$33,752,657, respectively.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

Intergovernmental revenues increased due to greater Foundation formula funding received through the State of Ohio in fiscal 2025.

Earnings on investments increased due to the increased interest rates on applicable investments.

GAAP requires certain investments to be reported at fair value rather than cost. Fluctuations in the fair value of investments are reported as an increase (decrease) in fair value of investments. The fair value of investments fluctuates as interest rates rise or fall over time. The District intends to hold all investments to maturity thus eliminating the risk of fluctuations in fair value.

Tuition and fee revenue decreased due to open enrollment. The funding of community schools and open enrollment continue to impact finances.

Other revenues decreased from fiscal year 2024 primarily due to a decrease in miscellaneous revenues such as refunds, reimbursements and monies from other local sources.

The following table illustrates the expenditures of the general fund.

	<u>2025</u> <u>Amount</u>	<u>2024</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>				
Instruction	\$ 52,143,194	\$ 48,045,084	\$ 4,098,110	8.53 %
Support services	31,950,669	26,577,895	5,372,774	20.22 %
Operation of non-instructional services	156,937	128,840	28,097	21.81 %
Extracurricular activities	1,283,999	1,390,325	(106,326)	(7.65) %
Capital outlay	-	34,489	(34,489)	(100.00) %
Facilities acquisition and construction	-	2,164,107	(2,164,107)	(100.00) %
Debt service	<u>164,008</u>	<u>167,150</u>	<u>(3,142)</u>	(1.88) %
Total	<u>\$ 85,698,807</u>	<u>\$ 78,507,890</u>	<u>\$ 7,190,917</u>	9.16 %

In total, expenditures increased 9.16% from 2024. Instruction expenditures increased in both regular instruction and in special instruction. Regular instruction increased due to normal and customary wages and benefit cost increases and special instruction increased due to increased costs required to educate a child with special needs. Support services expenditures increased primarily in pupil transportation and operations and maintenance costs. Facilities acquisition and construction decreased due to a decrease in development costs.

Bond Retirement Fund

The bond retirement fund had \$6,304,499 in revenues and \$6,297,744 in expenditures. During fiscal 2025, the bond retirement fund's fund balance increased \$6,755 from \$4,716,824 to \$4,723,579.

Nonmajor Governmental Funds

The nonmajor governmental funds had \$13,396,425 in revenues and other financing sources and \$13,187,421 in expenditures. During fiscal 2025, the nonmajor governmental fund's fund balance increased \$209,004 from \$4,744,285 to \$4,953,289. The increase was primarily due to a transfer from the general fund to the building fund to support construction projects.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

Enterprise Fund

The District's enterprise fund reported operating revenues of \$301,592, operating expenses of \$4,389,017, and nonoperating revenues of \$3,881,565. Net position of the enterprise fund decreased \$205,860 from a deficit balance of \$235,818 to a deficit balance of \$441,678. The enterprise fund reported an operating loss of \$4,087,425. Nonoperating revenues of \$3,881,565 were not sufficient to report a positive change in net position.

General Fund Budgeting Highlights

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

For the general fund, the final budgeted revenue and other financing sources were \$77,140,610. The original budgeted revenue and other financing sources were \$77,140,610. Actual revenue and other financing sources were \$86,512,112. The difference between the final budgeted revenues and other financing sources and the actual revenues and other financing sources was \$9,371,502.

Total actual expenditures and other financing uses on the budget basis (cash outlays plus encumbrances) were \$89,024,525. This amount was \$4,160,203 less than the final budgeted amount (appropriations plus prior year encumbrances) primarily due to an overestimation of transfers out from the general fund. The final budgeted expenditures and other financing uses, and the original budgeted amount were \$93,184,728 and \$92,299,842, respectively. Overall, fund balance on the budget basis decreased \$2,512,413 from the prior year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2025, the District had \$196,615,598 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right to use leased building and leased equipment. Of this total, \$195,871,672 was reported in governmental activities and \$743,926 was reported in business-type activities. 2024 capital assets were restated as described in Note 3. The table below shows fiscal 2025 balances compared to 2024:

Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	<u>2025</u>	Restated <u>2024</u>	<u>2025</u>	Restated <u>2024</u>	<u>2025</u>	Restated <u>2024</u>
Land	\$ 9,098,460	\$ 9,098,460	\$ -	\$ -	\$ 9,098,460	\$ 9,098,460
Construction in progress	-	9,373,774	-	-	-	9,373,774
Land improvements	550,758	591,270	-	-	550,758	591,270
Buildings and improvements	184,330,361	180,509,586	385,532	400,446	184,715,893	180,910,032
Furniture and equipment	1,013,612	1,075,037	219,683	68,298	1,233,295	1,143,335
Vehicles	-	7,852	138,711	49,440	138,711	57,292
Intangible right to use:						
Computer software	724,931	1,024,417	-	-	724,931	1,024,417
Leased building	65,791	98,687	-	-	65,791	98,687
Leased equipment	87,759	126,765	-	-	87,759	126,765
Total	<u>\$ 195,871,672</u>	<u>\$ 201,905,848</u>	<u>\$ 743,926</u>	<u>\$ 518,184</u>	<u>\$ 196,615,598</u>	<u>\$ 202,424,032</u>

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

Governmental activities capital assets, net of accumulated depreciation, decreased \$6,034,176 from fiscal year 2024 to fiscal year 2025. Business-type activities capital assets, net of accumulated depreciation, increased \$225,742 from fiscal year 2024 to fiscal year 2025. For governmental activities, capital outlays of \$83,976 were exceeded by depreciation/amortization expense of \$6,116,474 during the year. For business-type activities, depreciation expense of \$56,118 was exceeded by capital outlays of \$281,860. See Note 8 to the basic financial statements for more detail on the District's capital assets.

Debt Administration

At June 30, 2025, the District has \$83,635,149 in long-term debt outstanding. Of this total, \$2,975,000 is due within one year and \$80,660,149 is due in greater than one year. The following table summarizes outstanding long-term debt:

Outstanding Debt, at Year End

	Governmental Activities 2025	Governmental Activities 2024
2014 Refunding Bonds:		
Serial bonds	\$ -	\$ 1,740,000
2015 Refunding Bonds:		
Serial bonds	3,510,000	3,580,000
2017 Classroom Facilities Bonds:		
Serial bonds	42,580,000	43,550,000
Premium	2,251,289	2,334,670
Discount	(359,783)	(373,108)
2017 Insured BQ G.O. Bonds:		
Serial/term bonds	9,265,000	9,275,000
Premium	418,451	437,472
2023 Refunding Series		
Serial/term bonds	25,175,000	25,175,000
Premium	795,192	878,952
Total	<u>\$ 83,635,149</u>	<u>\$ 86,597,986</u>

Payments of principal and interest on the general obligation bonds are made from the debt service fund. See Note 9 to the basic financial statements for more detail on the District's long-term obligations.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

Current Financial Related Activities

Elyria Schools relies on a combination of state, federal and local revenues to fund school operations. Over the past several years, the district has experienced reductions in all three areas:

- State funding has not kept pace with inflation, salary obligations, or the rising cost of special education and student services. Homeowners now carry 67.5% of school property taxes, up from 46%. The state has yet to update the inputs to the Fair School Funding formula to ensure schools are fully funded at current expense levels.
- Federal funding, particularly pandemic-related relief (ESSER and other one-time funds), has expired, leaving gaps that must now be absorbed by the general fund. The pandemic may be over, but the challenges it created have not disappeared. Our district still faces significant need, yet funds that supported these services are no longer available.
- Local revenues, failure of May 2025 levy attempt and following the county's decision to double the Homestead Exemption, which led to an unexpected loss of an additional \$1.5 million for Elyria Schools.

Expenditure obligations such as staffing, transportation and utilities continue to rise, while revenue remains unpredictable. It is important to recognize that these financial pressures are not unique to Elyria Schools. Across the state, school districts are grappling with an overreliance on local property taxes to fund essential educational services.

Elyria Schools has a strong history of sound fiscal management and has consistently been recognized for transparency, efficiency, and accountability in financial reporting. Prior to the current funding losses, the district maintained balanced budgets and prudent reserves in accordance with state and board policy. Before the district's unsuccessful levy requests in 2025, it had not pursued new operating funds in over 15 years due to sound financial management.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Colleen Aholt, Treasurer/CFO at Elyria School District, 42101 Griswold Road, Elyria, Ohio 44035.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 46,114,074	\$ 1,237,938	\$ 47,352,012
Receivables:			
Property taxes	47,151,614	-	47,151,614
Accounts	56,886	4,206	61,092
Accrued interest	138,713	-	138,713
Intergovernmental	2,040,995	432,468	2,473,463
Prepayments	94,203	-	94,203
Materials and supplies inventory	-	18,408	18,408
Inventory held for resale	-	24,490	24,490
Net OPEB asset	5,731,023	-	5,731,023
Capital assets:			
Nondepreciable capital assets	9,098,460	-	9,098,460
Depreciable capital assets, net	186,773,212	743,926	187,517,138
Capital assets, net	195,871,672	743,926	196,615,598
Total assets	297,199,180	2,461,436	299,660,616
Deferred outflows of resources:			
Pension	15,832,281	320,527	16,152,808
OPEB	2,567,047	291,831	2,858,878
Total deferred outflows of resources	18,399,328	612,358	19,011,686
Liabilities:			
Accounts payable	99,385	73,768	173,153
Accrued wages and benefits payable	8,297,931	204,688	8,502,619
Matured compensated absences payable	507,908	-	507,908
Intergovernmental payable	2,336,770	44,943	2,381,713
Accrued interest payable	278,657	-	278,657
Claims payable	666,845	-	666,845
Long-term liabilities:			
Due within one year	3,629,020	19,867	3,648,887
Due in more than one year:			
Net pension liability	72,544,165	1,839,136	74,383,301
Net OPEB liability	2,915,327	372,145	3,287,472
Other amounts due in more than one year	98,829,979	141,494	98,971,473
Total liabilities	190,105,987	2,696,041	192,802,028
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	40,917,474	-	40,917,474
Unamortized deferred charges on debt refunding	213,152	-	213,152
Pension	8,717,547	159,699	8,877,246
OPEB	8,344,294	659,732	9,004,026
Total deferred inflows of resources	58,192,467	819,431	59,011,898
Net position:			
Net investment in capital assets	114,941,115	743,926	115,685,041
Restricted for:			
Capital projects	2,971,697	-	2,971,697
OPEB	5,731,023	-	5,731,023
Classroom facilities maintenance	673,082	-	673,082
Debt service	1,666,133	-	1,666,133
State funded programs	228,027	-	228,027
Scholarships	1,437,217	-	1,437,217
Student activities	345,036	-	345,036
Other purposes	483,921	-	483,921
Unrestricted (deficit)	(61,177,197)	(1,185,604)	(62,362,801)
Total net position	\$ 67,300,054	\$ (441,678)	\$ 66,858,376

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

			Program Revenues	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	\$ 39,835,041	\$ 388,815	\$ 1,973,376	\$ -
Special	19,361,739	464,245	10,949,041	-
Student intervention and other	582,726	-	-	-
Support services:				
Pupil	6,967,105	-	749,833	-
Instructional staff	2,375,304	767	1,284,311	-
Board of education	74,412	-	-	-
Administration	6,525,699	18,087	501,194	-
Fiscal	1,638,522	-	900	-
Business	1,084,443	-	-	-
Operations and maintenance	9,878,096	253	711,599	-
Pupil transportation	6,379,004	-	662,017	-
Central	1,121,980	21,830	-	-
Operation of non-instructional services:				
Food service operations	1,062	-	-	-
Community services	1,854,527	33,205	1,699,201	-
Extracurricular activities	2,422,970	314,574	134,660	42,500
Interest	3,202,497	-	-	-
Total governmental activities	103,305,127	1,241,776	18,666,132	42,500
Business-type activities:				
Lunchroom/Cafeteria	4,389,017	301,092	3,832,997	-
Total business-type activities	4,389,017	301,092	3,832,997	-
Totals	\$ 107,694,144	\$ 1,542,868	\$ 22,499,129	\$ 42,500

General revenues:

Property taxes levied for:

 General purposes

 Debt service

 Classroom facilities maintenance

Grants and entitlements not restricted
to specific programs

Investment earnings

Increase in fair value of investments

Miscellaneous

Total general revenues

Change in net position

**Net position at beginning of
year, as previously reported**

Restatement - change in accounting principle
Restatement - capital asset corrections

Net position at beginning of year, restated

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (37,472,850)	\$ -	\$ (37,472,850)
(7,948,453)	-	(7,948,453)
(582,726)	-	(582,726)
(6,217,272)	-	(6,217,272)
(1,090,226)	-	(1,090,226)
(74,412)	-	(74,412)
(6,006,418)	-	(6,006,418)
(1,637,622)	-	(1,637,622)
(1,084,443)	-	(1,084,443)
(9,166,244)	-	(9,166,244)
(5,716,987)	-	(5,716,987)
(1,100,150)	-	(1,100,150)
(1,062)	-	(1,062)
(122,121)	-	(122,121)
(1,931,236)	-	(1,931,236)
(3,202,497)	-	(3,202,497)
(83,354,719)	-	(83,354,719)
-	(254,928)	(254,928)
-	(254,928)	(254,928)
(83,354,719)	(254,928)	(83,609,647)
36,991,992	-	36,991,992
5,907,341	-	5,907,341
387,884	-	387,884
41,714,871	-	41,714,871
1,564,732	48,568	1,613,300
201,048	-	201,048
249,925	500	250,425
87,017,793	49,068	87,066,861
3,663,074	(205,860)	3,457,214
74,302,818	(403,892)	73,898,926
(12,510,022)	(119,604)	(12,629,626)
1,844,184	287,678	2,131,862
63,636,980	(235,818)	63,401,162
\$ 67,300,054	\$ (441,678)	\$ 66,858,376

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 32,694,792	\$ 4,277,284	\$ 6,109,238	\$ 43,081,314
Receivables:				
Property taxes	40,689,308	6,052,243	410,063	47,151,614
Accounts	50,574	-	6,312	56,886
Accrued interest	135,814	-	2,899	138,713
Interfund loans	552,218	-	-	552,218
Intergovernmental	455,177	-	1,585,818	2,040,995
Prepayments	94,203	-	-	94,203
Total assets	<u>\$ 74,672,086</u>	<u>\$ 10,329,527</u>	<u>\$ 8,114,330</u>	<u>\$ 93,115,943</u>
Liabilities:				
Accounts payable	\$ 52,746	\$ -	\$ 46,639	\$ 99,385
Accrued wages and benefits payable	7,410,598	-	887,333	8,297,931
Matured compensated absences payable	507,908	-	-	507,908
Intergovernmental payable	2,189,133	-	145,865	2,334,998
Interfund loans payable	-	-	552,218	552,218
Total liabilities	<u>10,160,385</u>	<u>-</u>	<u>1,632,055</u>	<u>11,792,440</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	35,278,771	5,284,309	354,394	40,917,474
Delinquent property tax revenue not available	2,171,782	321,639	22,824	2,516,245
Intergovernmental revenue not available	415,323	-	1,150,065	1,565,388
Accrued interest not available	79,800	-	1,703	81,503
Total deferred inflows of resources	<u>37,945,676</u>	<u>5,605,948</u>	<u>1,528,986</u>	<u>45,080,610</u>
Fund balances:				
Nonspendable:				
Prepays	94,203	-	-	94,203
Unclaimed monies	12,204	-	-	12,204
Scholarship endowments	-	-	881,976	881,976
Restricted:				
Debt service	-	4,723,579	-	4,723,579
Capital improvements	-	-	2,033,510	2,033,510
Classroom facilities maintenance	-	-	649,122	649,122
Non-public schools	-	-	198,729	198,729
State funded programs	-	-	35,440	35,440
Extracurricular	-	-	345,036	345,036
Scholarships	-	-	555,241	555,241
Other purposes	-	-	471,717	471,717
Committed:				
Capital improvements	-	-	938,187	938,187
Assigned:				
Student instruction	978,403	-	-	978,403
Student and staff support	2,735,444	-	-	2,735,444
Extracurricular activities	49,190	-	-	49,190
Subsequent year's appropriations	1,000,720	-	-	1,000,720
Facilities acquisition and construction	5,669	-	-	5,669
Debt service	97,250	-	-	97,250
School supplies	29,033	-	-	29,033
Unassigned (deficit)	<u>21,563,909</u>	<u>-</u>	<u>(1,155,669)</u>	<u>20,408,240</u>
Total fund balances	<u>26,566,025</u>	<u>4,723,579</u>	<u>4,953,289</u>	<u>36,242,893</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 74,672,086</u>	<u>\$ 10,329,527</u>	<u>\$ 8,114,330</u>	<u>\$ 93,115,943</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

Total governmental fund balances		\$ 36,242,893
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		195,871,672
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 2,516,245	
Accrued interest receivable	81,503	
Intergovernmental receivable	1,565,388	
Total		4,163,136
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		2,297,442
Unamortized amounts on refundings are not recognized in the funds.		(213,152)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(278,657)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	15,832,281	
Deferred inflows - pension	(8,717,547)	
Net pension liability	(72,544,165)	
Deferred outflows - OPEB	2,567,047	
Deferred inflows - OPEB	(8,344,294)	
Net OPEB asset	5,731,023	
Net OPEB liability	(2,915,327)	
Total		(68,390,982)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(51,845,000)	
Refunding bonds	(28,685,000)	
Unamortized premiums	(3,464,932)	
Unamortized discounts	359,783	
Leases	(163,751)	
SBITA	(23,654)	
Compensated absences	(18,569,744)	
Total		(102,392,298)
Net position of governmental activities		<u><u>\$ 67,300,054</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 36,733,524	\$ 5,907,663	\$ 387,242	\$ 43,028,429
Intergovernmental	48,085,910	396,836	11,913,427	60,396,173
Investment earnings	1,420,695	-	29,603	1,450,298
Tuition and fees	697,570	-	176,903	874,473
Extracurricular	54,494	-	233,786	288,280
Contributions and donations	22,163	-	162,768	184,931
Miscellaneous	328,948	-	220,477	549,425
Increase (decrease) in fair value of investments	214,403	-	(13,355)	201,048
Total revenues	<u>87,557,707</u>	<u>6,304,499</u>	<u>13,110,851</u>	<u>106,973,057</u>
Expenditures:				
Current:				
Instruction:				
Regular	36,735,342	-	2,132,598	38,867,940
Special	14,825,126	-	4,968,323	19,793,449
Student intervention and other	582,726	-	-	582,726
Support services:				
Pupil	6,611,309	-	599,838	7,211,147
Instructional staff	1,222,114	-	1,277,601	2,499,715
Board of education	75,969	-	-	75,969
Administration	6,356,099	-	525,309	6,881,408
Fiscal	1,623,077	104,556	6,846	1,734,479
Business	1,035,713	-	-	1,035,713
Operations and maintenance	7,560,487	-	1,212,469	8,772,956
Pupil transportation	6,378,018	-	986	6,379,004
Central	1,087,883	-	-	1,087,883
Operation of non-instructional services:				
Food service operations	1,182	-	-	1,182
Community services	155,755	-	1,738,509	1,894,264
Extracurricular activities	1,283,999	-	352,289	1,636,288
Facilities acquisition and construction	-	-	372,653	372,653
Debt service:				
Principal retirement	154,419	2,790,000	-	2,944,419
Interest	9,589	3,403,188	-	3,412,777
Total expenditures	<u>85,698,807</u>	<u>6,297,744</u>	<u>13,187,421</u>	<u>105,183,972</u>
Excess of expenditures over revenues	<u>1,858,900</u>	<u>6,755</u>	<u>(76,570)</u>	<u>1,789,085</u>
Other financing sources (uses):				
Transfers in	-	-	285,574	285,574
Transfers (out)	(285,574)	-	-	(285,574)
Total other financing sources (uses)	<u>(285,574)</u>	<u>-</u>	<u>285,574</u>	<u>-</u>
Net change in fund balances	1,573,326	6,755	209,004	1,789,085
Fund balances at beginning of year	<u>24,992,699</u>	<u>4,716,824</u>	<u>4,744,285</u>	<u>34,453,808</u>
Fund balances at end of year	<u>\$ 26,566,025</u>	<u>\$ 4,723,579</u>	<u>\$ 4,953,289</u>	<u>\$ 36,242,893</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

Net change in fund balances - total governmental funds \$ 1,789,085

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their useful lives as depreciation expense.

Capital asset additions	\$ 83,976	
Current year depreciation	(6,116,474)	
Total		(6,032,498)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (1,678)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent property tax revenue	258,788	
Interest revenue	30,793	
Intergovernmental revenue	(407,197)	
Total		(117,616)

Repayment of bond and other long-term debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:

Bonds	2,790,000	
Leases and SBITA's	154,419	
Total		2,944,419

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:

Decrease in accrued interest payable	14,807	
Amortization of bond premiums	186,162	
Amortization of bond discounts	(13,325)	
Amortization of deferred charge on debt refunding	22,636	
Total		210,280

Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	8,269,592	
OPEB	219,446	
Total		8,489,038

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.

Pension	(4,336,989)	
OPEB	1,454,997	
Total		(2,881,992)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (378,044)

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

(357,920)

Change in net position of governmental activities \$ 3,663,074

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities - Lunchroom/ Cafeteria Fund	Governmental Activities - Internal Service Fund
Assets:		
Current assets:		
Equity in pooled cash and investments	\$ 1,237,938	\$ 3,032,760
Receivables:		
Accounts	4,206	-
Intergovernmental	432,468	-
Materials and supplies inventory	18,408	-
Inventory held for resale	24,490	-
Total current assets	<u>1,717,510</u>	<u>3,032,760</u>
Noncurrent assets:		
Depreciable capital assets, net	<u>743,926</u>	<u>-</u>
Total assets	<u>2,461,436</u>	<u>3,032,760</u>
Deferred outflows of resources:		
Pension	320,527	-
OPEB	291,831	-
Total deferred outflows of resources	<u>612,358</u>	<u>-</u>
Liabilities:		
Current liabilities:		
Accounts payable	73,768	-
Accrued wages and benefits	204,688	-
Compensated absences	19,867	12,431
Intergovernmental payable	44,943	1,772
Claims payable	<u>-</u>	<u>666,845</u>
Total current liabilities	<u>343,266</u>	<u>681,048</u>
Noncurrent liabilities:		
Compensated absences payable	141,494	54,270
Net pension liability	1,839,136	-
Net OPEB liability	372,145	-
Total noncurrent liabilities	<u>2,352,775</u>	<u>54,270</u>
Total liabilities	<u>2,696,041</u>	<u>735,318</u>
Deferred inflows of resources:		
Pension	159,699	-
OPEB	659,732	-
Total deferred inflows of resources	<u>819,431</u>	<u>-</u>
Net position:		
Investment in capital assets	743,926	-
Unrestricted	<u>(1,185,604)</u>	<u>2,297,442</u>
Total net position	<u>\$ (441,678)</u>	<u>\$ 2,297,442</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Lunchroom/ Cafeteria Fund	Governmental Activities - Internal Service Fund
Operating revenues:		
Sales	\$ 301,092	\$ -
Charges for services	-	13,919,566
Other	500	-
Total operating revenues	<u>301,592</u>	<u>13,919,566</u>
Operating expenses:		
Personal services	1,702,979	99,364
Purchased services	2,341,551	303,024
Materials and supplies	282,655	-
Other	5,714	438,739
Claims	-	13,548,490
Depreciation	56,118	-
Total operating expenses	<u>4,389,017</u>	<u>14,389,617</u>
Operating (loss)	<u>(4,087,425)</u>	<u>(470,051)</u>
Nonoperating revenues:		
Grants and subsidies	3,832,997	-
Interest revenue	48,568	112,131
Total nonoperating revenues	<u>3,881,565</u>	<u>112,131</u>
Change in net position	(205,860)	(357,920)
Net position at beginning of year, as previously reported	(403,892)	2,696,427
Restatement - change in accounting principle	(119,604)	(41,065)
Restatement - capital asset correction	<u>287,678</u>	<u>-</u>
Net position at beginning of year, restated	<u>(235,818)</u>	<u>2,655,362</u>
Net position at end of year	<u><u>\$ (441,678)</u></u>	<u><u>\$ 2,297,442</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Lunchroom/ Cafeteria Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from sales	\$ 296,886	\$ -
Cash received from charges for services	-	13,920,371
Cash received from other operations	500	-
Cash payments to employees	(1,240,885)	(66,965)
Cash payments for employee benefits	(573,848)	(28,259)
Cash payments for good and services	(2,323,633)	(278,024)
Cash payments for claims	-	(13,665,397)
Cash payments for other expenses	(5,714)	(438,739)
Net cash (used in) operating activities	<u>(3,846,694)</u>	<u>(557,013)</u>
Cash flows from noncapital financing activities:		
Cash received from grants and subsidies	<u>3,531,005</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(281,860)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	<u>48,568</u>	<u>112,131</u>
Net (decrease) in cash and cash equivalents	(548,981)	(444,882)
Cash and cash equivalents at beginning of year	1,786,919	3,477,642
Cash and cash equivalents at end of year	<u><u>\$ 1,237,938</u></u>	<u><u>\$ 3,032,760</u></u>
Reconciliation of operating loss to net cash (used in) operating activities:		
Operating loss	\$ (4,087,425)	\$ (470,051)
Adjustments:		
Depreciation	56,118	-
Federal donated commodities	273,123	-
Changes in assets and liabilities:		
(Increase) in materials and supplies inventory	(10,494)	-
(Increase) in inventory held for resale	(512)	-
Decrease in accounts receivable	47,598	25,805
Decrease in deferred outflows - pension	23,868	-
Decrease in deferred outflows - OPEB	125,693	-
(Decrease) in accounts payable	(13,348)	-
Increase in accrued wages and benefits	6,413	-
Increase (decrease) in intergovernmental payable	(28,502)	815
Increase (decrease) in compensated absences payable	(4,555)	3,325
(Decrease) in net pension liability	(219,081)	-
(Decrease) in net OPEB liability	(256,734)	-
Increase in deferred inflows - pension	129,834	-
Increase in deferred inflows - OPEB	111,310	-
(Decrease) in claims payable	-	(116,907)
Net cash (used in) operating activities	<u><u>\$ (3,846,694)</u></u>	<u><u>\$ (557,013)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2025**

	<u>Custodial</u>
Assets:	
Equity in pooled cash and investments	<u>\$ 1,005</u>
Net position:	
Restricted for individuals	<u><u>\$ 1,005</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

	<u>Custodial</u>
Net position at beginning of year	<u>\$ 1,005</u>
Net position at end of year	<u><u>\$ 1,005</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 1 - NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The Elyria City School District (the “District”) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a school district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District.

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 District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Elyria City School District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of the debt or levying of taxes. Based on the foregoing criteria, the District has no component units.

The following organization is described due to its relationship to the District.

JOINTLY GOVERNED ORGANIZATION

The Metropolitan Educational Technology Association (META) is a product of the merger of TRECA and the Metropolitan Educational Council (MEC). As a Regional Council of Governments pursuant to Chapter 167 of the Ohio Revised Code, META seeks to identify, develop, and provide to Members and non-members innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. META’s governing body is the Board of Directors, which consists of eight (8) superintendents representing a different Full Member school district of the Association. The General Assembly is established from the Full Members and those Associate Members receiving Core Services for the purpose of serving as a deliberative and advisory body of the Association.

Financial information can be obtained by writing to META at 100 Executive Drive, Marion, OH 43302. During fiscal year 2025, the District contributed \$135,843 to META.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District’s significant accounting policies are described below.

A. Basis of Presentation

The 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.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid “doubling up” revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation of the government-wide financial statements.

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

Fund Financial Statements - During the year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. The fiduciary funds are reported by type.

Fiduciary funds present a statement of net position and a statement of changes in net position which reports additions to and deductions from custodial funds.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

The following are the District’s major governmental funds:

General Fund - The general fund is the operating fund of the 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 District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund - The bond retirement fund is used to account for the accumulation of restricted resources and payment of general obligation bond and note principal, interest and related costs.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

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

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

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

PROPRIETARY FUNDS

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following are the District's proprietary fund types:

Enterprise Fund - The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The District's enterprise fund is:

Lunchroom/Cafeteria Fund - This fund accounts for the financial transactions related to the food service operations of the District.

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 District, or to other governments, on a cost reimbursement basis. The District's internal service fund is:

Self-Insurance Fund - This fund accounts for monies received from other funds as payment for providing medical, hospitalization, dental, vision, life, or other similar employee health benefits. The self-insurance fund may make payments for services provided to employees, for reimbursements to employees who have paid providers, to third party administrators for claim payments or administration, for stop-loss coverage, or other reinsurance or other similar purpose.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The District does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial funds account for student scholarships for which the District does not have administrative involvement in the scholarship award.

C. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the 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.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

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

Like the government-wide statements, all proprietary and custodial funds are 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 these funds are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants and entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 11 and 12 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 11 and 12 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

E. Budgetary Data

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

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

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

F. Cash and Investments

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

During fiscal year 2025, investments were limited to Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Farm Credit Bank (FFCB) securities, Federal National Mortgage Association (FNMA), U.S. Treasury notes, negotiable certificates of deposit (negotiable CD's), commercial paper, U.S. government money market mutual funds, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, investments are reported at fair value which is based on quoted market prices.

During fiscal year 2025, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2025 amounted to \$1,420,695, which includes \$310,898 assigned from other District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

G. Inventory

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

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

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the government activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	20 years	N/A
Buildings and improvements	20 - 50 years	N/A
Furniture and equipment	5 - 20 years	5 - 20 years
Vehicles	8 years	N/A
Library and textbooks	6 years	N/A

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans to cover negative fund cash balances are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental activities column on the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

J. Compensated Absences

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

Vacation

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

Sick Leave

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

Personal Time

The District's policy permits employees to roll unused personal leave into sick leave.

K. Accrued Liabilities and Long-Term Obligations

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

L. Fund Balance

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

Nonspendable - The nonspendable fund balance 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.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

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

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

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

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

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

M. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2025, there was no net position restricted by enabling legislation.

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

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

O. Operating Revenues and Expenses

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

P. Estimates

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

Q. Issuance Costs/Bond Premiums and Discounts and Accounting Gain or Loss on Debt Refunding

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and deferred charges from debt refunding are recognized in the current period.

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.

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

R. Interfund Activity

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

T. Fair Value Measurements

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

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2025.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

B. Deficit Fund Balances

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Public school support	\$ 107,578
IDEA Part B special education	330,898
Title I school improvement	39,265
Title I	554,862
Student support and academic enrichment	11,999
Preschool handicapped grant	9,584
Supporting effective instruction	101,483
	<u>\$ 1,155,669</u>

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

C. Restatement of Net Position

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

During fiscal year 2025, the District restated capital assets to correct certain errors and omissions with capital assets. The effect of the correction is to increase net position previously reported. This is displayed where applicable in the financial statements as "restatement – capital asset correction".

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

A. Cash on hand

At fiscal year end, the District had \$515 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2025, the carrying amount of all District deposits was \$17,482,998 and the bank balance of all District deposits was \$17,922,051. Of the bank balance, \$500,000 was covered by the FDIC, \$15,029,234 was covered by the Ohio Pooled Collateral System, and \$2,392,817 was exposed to custodial credit risk discussed below because those deposits were uninsured and uncollateralized.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2025, one of the District's financial institutions was approved for a collateral rate of 102 percent and two of the District's financial institutions were approved for a reduced collateral rate of 85 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

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

Measurement/ Investment type	Measurement Value	Investment Maturities		
		Less than 1 Year	1 to 3 Years	Greater than 3 Years
<i>Fair Value:</i>				
FFCB	\$ 2,820,548	\$ 1,188,881	\$ -	\$ 1,631,667
FHLB	3,572,340	490,931	806,622	2,274,787
FHLMC	502,960	253,707	-	249,253
FNMA	550,567	-	300,049	250,518
U.S. Treasury notes	6,940,190	1,040,157	-	5,900,033
Commercial paper	2,810,066	2,810,066	-	-
Negotiable CD's	5,682,771	990,554	3,951,210	741,007
U.S. government money market mutual funds	194,698	194,698	-	-
<i>Net Asset Value:</i>				
STAR Ohio	6,795,364	6,795,364	-	-
Total	\$ 29,869,504	\$ 13,764,358	\$ 5,057,881	\$ 11,047,265

The weighted average maturity of the investments is 1.94 years.

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

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The District's investments in federal agency securities and U.S. treasury notes were rated AA+ and Aa1 by Standard & Poor's and Moody's Investor Services, respectively. The investments in commercial paper were rated A1 and A1+ by Standard & Poor's and P1 by Moody's. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable CDs were not rated and are covered by FDIC. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

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

Measurement/ Investment type	Measurement Value	% of Total
<i>Fair Value:</i>		
FFCB	\$ 2,820,548	9.44%
FHLB	3,572,340	11.96%
FHLMC	502,960	1.68%
FNMA	550,567	1.84%
U.S. Treasury notes	6,940,190	23.24%
Commercial paper	2,810,066	9.41%
Negotiable CD's	5,682,771	19.03%
U.S. government money market mutual fund	194,698	0.65%
<i>Net Asset Value:</i>		
STAR Ohio	<u>6,795,364</u>	<u>22.75%</u>
Total	<u>\$ 29,869,504</u>	<u>100.00%</u>

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 17,482,998
Investments	29,869,504
Cash on hand	<u>515</u>
Total	<u>\$ 47,353,017</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 46,114,074
Business-type activities	1,237,938
Custodial funds	<u>1,005</u>
Total	<u>\$ 47,353,017</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended June 30, 2025, consisted of the following, as reported on the fund financial statements:

<u>Transfer from:</u>	<u>Transfer to:</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 285,574</u>
	Total	<u>\$ 285,574</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.

Of the \$285,574 transfer from the general fund to nonmajor governmental funds, \$250,000 was transferred to the permanent improvement nonmajor governmental fund to finance various District construction projects and \$35,574 was transferred to the athletic and music nonmajor governmental fund to finance programs.

Interfund transfers between governmental funds are eliminated on the government-wide statement of activities.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ <u>552,218</u>

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

NOTE 6 - PROPERTY TAXES

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

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

Public utility property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Public utility real and personal property taxes received in calendar year 2025 became a lien on December 31, 2023, were levied after April 1, 2024, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Major governmental funds:		
General fund	\$ 3,238,755	\$ 2,135,113
Bond retirement fund	446,295	369,655
Nonmajor governmental funds:		
Classroom facilities maintenance fund	32,845	25,034

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES - (Continued)

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow. The assessed values upon which the fiscal year 2025 taxes were collected are:

	2024 Second Half Collections		2025 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 936,217,000	94.28	\$ 1,239,022,900	95.14
Public utility personal	<u>56,771,700</u>	<u>5.72</u>	<u>63,302,280</u>	<u>4.86</u>
Total	<u>\$ 992,988,700</u>	<u>100.00</u>	<u>\$ 1,302,325,180</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 71.83		\$ 66.82	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2025 consisted of property taxes, accrued interest, accounts (billings for user charged services), 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. A summary of the principal items of receivables reported on the statement of net position follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 47,151,614	\$ -
Accounts	56,886	4,206
Intergovernmental	2,040,995	432,468
Accrued interest	<u>138,713</u>	<u>-</u>
Total	<u>\$ 49,388,208</u>	<u>\$ 436,674</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 8 - CAPITAL ASSETS

The District has restated the balance of the Governmental Activities and Business-Type Activities capital assets as previously reported. The adjustments had the following effect on capital assets as previously reported:

	Balance 6/30/2024	Adjustment	Restated Balance 7/1/2024
Governmental activities:			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 9,098,860	\$ (400)	\$ 9,098,460
Construction in progress	9,373,774	-	9,373,774
Total capital assets, not being depreciated	<u>18,472,634</u>	<u>(400)</u>	<u>18,472,234</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	2,109,404	(215,693)	1,893,711
Building and improvements	224,116,310	(5,193,030)	218,923,280
Furniture and equipment	6,089,046	4,425,122	10,514,168
Vehicles	450,593	5,499	456,092
Library and textbooks	1,105,457	(23,646)	1,081,811
Intangible right to use:			
Leased building	167,167	-	167,167
Leased equipment	212,886	-	212,886
Computer software	1,401,398	-	1,401,398
Total capital assets, being depreciated	<u>235,652,261</u>	<u>(1,001,748)</u>	<u>234,650,513</u>
<i>Less: accumulated depreciation</i>			
Land improvements	(1,491,770)	189,329	(1,302,441)
Building and improvements	(44,394,237)	5,980,543	(38,413,694)
Furniture and equipment	(6,089,046)	(3,350,085)	(9,439,131)
Vehicles	(449,639)	1,399	(448,240)
Library and textbooks	(1,098,599)	16,788	(1,081,811)
Intangible right to use:			
Leased building	(68,480)	-	(68,480)
Leased equipment	(80,624)	(5,497)	(86,121)
Computer software	(390,836)	13,855	(376,981)
Total accumulated depreciation	<u>(54,063,231)</u>	<u>2,846,332</u>	<u>(51,216,899)</u>
Governmental activities capital assets, net	<u>\$ 200,061,664</u>	<u>\$ 1,844,184</u>	<u>\$ 201,905,848</u>
Business-type Activities:			
<i>Capital assets, being depreciated:</i>			
Buildings and improvements	\$ -	\$ 596,549	\$ 596,549
Furniture and equipment	1,147,515	(840,505)	307,010
Vehicles	98,880	-	98,880
Total capital assets, being depreciated	<u>1,246,395</u>	<u>(243,956)</u>	<u>1,002,439</u>
<i>Less: accumulated depreciation</i>			
Buildings and improvements	-	(196,103)	(196,103)
Furniture and equipment	(972,629)	733,917	(238,712)
Vehicles	(43,260)	(6,180)	(49,440)
Total accumulated depreciation	<u>(1,015,889)</u>	<u>531,634</u>	<u>(484,255)</u>
Business-type activities capital assets, net	<u>\$ 230,506</u>	<u>\$ 287,678</u>	<u>\$ 518,184</u>

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 8 - CAPITAL ASSETS – (Continued)

Capital asset activity for the governmental activities for the fiscal year ended June 30, 2025 follows:

	Restated Balance 06/30/24	Additions	Deletions	Balance 06/30/25
<u>Governmental activities:</u>				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 9,098,460	\$ -	\$ -	\$ 9,098,460
Construction in progress	9,373,774	-	(9,373,774)	-
Total capital assets, not being depreciated/amortized	<u>18,472,234</u>	<u>-</u>	<u>(9,373,774)</u>	<u>9,098,460</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	1,893,711	-	-	1,893,711
Buildings and improvements	218,923,280	9,373,774	-	228,297,054
Equipment and furniture	10,514,168	83,976	-	10,598,144
Vehicles	456,092	-	-	456,092
Library and text books	1,081,811	-	-	1,081,811
Intangible right to use:				
Computer software	1,401,398	-	-	1,401,398
Leased building	167,167	-	-	167,167
Leased equipment	212,886	-	(11,746)	201,140
Total capital assets, being depreciated/amortized	<u>234,650,513</u>	<u>9,457,750</u>	<u>(11,746)</u>	<u>244,096,517</u>
<i>Less: accumulated depreciation/amortization</i>				
Land improvements	(1,302,441)	(40,512)	-	(1,342,953)
Buildings and improvements	(38,413,694)	(5,552,999)	-	(43,966,693)
Equipment and furniture	(9,439,131)	(145,401)	-	(9,584,532)
Vehicles	(448,240)	(7,852)	-	(456,092)
Library and text books	(1,081,811)	-	-	(1,081,811)
Intangible right to use:				
Computer software	(376,981)	(299,486)	-	(676,467)
Leased building	(68,480)	(32,896)	-	(101,376)
Leased equipment	(86,121)	(37,328)	10,068	(113,381)
Total accumulated depreciation/amortization	<u>(51,216,899)</u>	<u>(6,116,474)</u>	<u>10,068</u>	<u>(57,323,305)</u>
Governmental activities capital assets, net	<u>\$ 201,905,848</u>	<u>\$ 3,341,276</u>	<u>\$ (9,375,452)</u>	<u>\$ 195,871,672</u>

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 8 - CAPITAL ASSETS - (Continued)

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

Instruction:

Regular	\$ 3,133,313
Special	206,703

Support services:

Pupil	172,492
Instructional staff	10,514
Administration	163,841
Business	44,905
Operations and maintenance	1,427,993
Central	62,545

Operation of non-instructional services:

Community services	8,217
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Extracurricular activities	<u>885,951</u>
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Total depreciation/amortization expense	<u><u>\$ 6,116,474</u></u>
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Capital asset activity for the business-type activities for the fiscal year ended June 30, 2025 follows:

	Restated Balance <u>06/30/24</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/25</u>
<u>Business-type Activities</u>				
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	\$ 596,549	\$ -	\$ -	\$ 596,549
Equipment and furniture	307,010	165,710	-	472,720
Vehicles	<u>98,880</u>	<u>116,150</u>	<u>-</u>	<u>215,030</u>
Total capital assets, being depreciated:	<u>1,002,439</u>	<u>281,860</u>	<u>-</u>	<u>1,284,299</u>
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(196,103)	(14,914)	-	(211,017)
Equipment and furniture	(238,712)	(14,325)	-	(253,037)
Vehicles	<u>(49,440)</u>	<u>(26,879)</u>	<u>-</u>	<u>(76,319)</u>
Total accumulated depreciation	<u>(484,255)</u>	<u>(56,118)</u>	<u>-</u>	<u>(540,373)</u>
Business-type activities, Capital Assets, Net	<u><u>\$ 518,184</u></u>	<u><u>\$ 225,742</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 743,926</u></u>

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 9 - LONG-TERM OBLIGATIONS

Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the District has restated compensated absences as of June 30, 2024 which is reflected in the schedule below. During the fiscal year 2025, the following changes occurred in the governmental activities long-term obligations.

	Restated Balance 06/30/24	Additions	Reductions	Balance 06/30/25	Amount Due Within One Year
Governmental activities:					
General obligation bonds:					
2014 Refunding Bonds					
Serial Bond	\$ 1,740,000	\$ -	\$ (1,740,000)	\$ -	\$ -
2015 Refunding Bonds					
Serial Bond	3,580,000	-	(70,000)	3,510,000	-
2017 Classroom Facilities Bonds					
Serial Bond	43,550,000	-	(970,000)	42,580,000	1,025,000
Premium on Bonds	2,334,670	-	(83,381)	2,251,289	-
Discount on Bonds	(373,108)	13,325	-	(359,783)	-
2017 Insured BQ Bonds					
Serial Bond	7,605,000	-	(10,000)	7,595,000	10,000
Term Bond	1,445,000	-	-	1,445,000	-
Term Bond	225,000	-	-	225,000	-
Premium on Bonds	437,472	-	(19,021)	418,451	-
2023 Refunding Bonds					
Serial Bond	25,175,000	-	-	25,175,000	1,940,000
Premium on Bonds	878,952	-	(83,760)	795,192	-
Total General Obligation Bonds	<u>86,597,986</u>	<u>13,325</u>	<u>(2,976,162)</u>	<u>83,635,149</u>	<u>2,975,000</u>
Net Pension/OPEB Liability:					
Pension	80,484,354	-	(7,940,189)	72,544,165	-
OPEB	4,670,290	-	(1,754,963)	2,915,327	-
Total Net Pension/OPEB Liability	<u>85,154,644</u>	<u>-</u>	<u>(9,695,152)</u>	<u>75,459,492</u>	<u>-</u>
Other Long-Term Liabilities:					
Lease payable	234,497	-	(70,746)	163,751	73,232
SBITA payable	107,327	-	(83,673)	23,654	23,654
Compensated Absences Payable	18,264,785	371,660	-	18,636,445	557,134
Total other long-term liabilities	<u>18,606,609</u>	<u>371,660</u>	<u>(154,419)</u>	<u>18,823,850</u>	<u>654,020</u>
Total Long-Term Liabilities	<u>\$ 190,359,239</u>	<u>\$ 384,985</u>	<u>\$ (12,825,733)</u>	<u>\$ 177,918,491</u>	<u>\$ 3,629,020</u>
Business-Type Activities:					
Net Pension Liability	\$ 2,058,217	\$ -	\$ (219,081)	\$ 1,839,136	\$ -
Net OPEB Liability	628,879	-	(256,734)	372,145	-
Compensated Absences Payable	165,952	-	(4,591)	161,361	19,867
Total Business-Type Activities	<u>\$ 2,853,048</u>	<u>\$ -</u>	<u>\$ (480,406)</u>	<u>\$ 2,372,642</u>	<u>\$ 19,867</u>

All general obligation bonds are being repaid from the bond retirement fund.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

2014 Classroom Facilities and School Improvement Refunding Bonds

In October 2014, the District issued \$8,619,838 in refunding general obligation bonds. The proceeds of the bonds were used to refund \$8,620,000 of the District's outstanding 2007 School Facilities Construction and Improvement General Obligation Bonds. The bonds were issued for a 17 year period with final maturity at December 1, 2031.

In September 2023, the District refunded \$5,345,000 of the outstanding 2014 Classroom Facilities and School Improvement Refunding Bonds through the issuance of the 2023 Classroom Facilities and School Improvement Refunding Bonds. After the refunding, the remaining 2014 Classroom Facilities and School Improvement Refunding Bonds totaled \$1,775,000. The District made the required \$1,740,000 principal payment on December 1, 2024 leaving no balance as of June 30, 2025. These bonds bear an interest rate of 3.0% and matured on December 1, 2024.

2015 Classroom Facilities and School Improvement Refunding Bonds

On February 25, 2015, the District issued \$31,823,938 in refunding general obligation bonds. The proceeds of the bonds were used to refund \$31,825,000 of the District's outstanding 2007 School Facilities Construction and Improvement General Obligation Bonds. The bonds were issued for a 21-year period with final maturity at December 1, 2035.

In September 2023, the District refunded \$20,605,000 of the outstanding 2015 Classroom Facilities and School Improvement Refunding Bonds through the issuance of the 2023 Classroom Facilities and School Improvement Refunding Bonds. After the refunding, the remaining 2015 Classroom Facilities and School Improvement Refunding Bonds totaled \$4,580,000. The District made the required \$70,000 principal payment on December 1, 2024 leaving a balance of \$3,510,000 at June 30, 2025. These bonds bear interest rates ranging from 2.5% to 3.0% and mature on December 1, 2024 (\$70,000) and December 1, 2035 (\$3,510,000).

2017 Classroom Facilities Bonds

In March 2017, the District issued \$50,040,000 in general obligation bonds with a varying interest rate of 2.5 - 5%. The proceeds of the bonds were issued for the construction of five new school buildings and a sports complex. The bonds were issued for a 35-year period with final maturity at December 1, 2051.

These general obligation bonds were issued with a premium of \$2,918,337, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight line method, which is not significantly different than the effective interest rate method. The general obligation bonds had a discount of \$466,385, which will also be amortized over the life of the bonds. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method, which is not significantly different than the effective interest rate method.

2017 Insured Bank Qualified General Obligation Bonds

In March 2017, the District issued \$9,345,000 in bank qualified general obligation bonds with a varying interest rate of 2.0 – 4.0%. The proceeds of the bonds were issued to pay off the short-term general obligation note that was issued by the District during fiscal year 2017. The bonds were issued for a 20-year period with final maturity at December 1, 2037.

These general obligation bonds were issued with a premium of \$570,616, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight line method, which is not significantly different than the effective interest rate method.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

2023 Classroom Facilities and School Improvement Refunding Bonds

In September 2023, the District issued \$25,460,000 in refunding general obligation bonds. The proceeds of the bonds were used to refund \$5,345,000 of the District's outstanding 2014 Classroom Facilities and School Improvement Refunding Bonds and \$20,605,000 of the District's outstanding 2015 Classroom Facilities and School Improvement Refunding Bonds. The bonds were issued for a 11 year period with final maturity at December 1, 2034. At the date of the refunding, \$26,149,581 (including premium and after underwriting fees) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. At June 30, 2025, the balance of the refunded bonds outstanding was \$25,175,000.

These refunding bonds were issued with a premium of \$942,240, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight line method, which is not significantly different than the effective interest rate method. The issuance costs were reported as an expenditure.

This bond issue consists of \$25,460,000 in serial bonds with an interest rate of 4%. The bonds mature on December 1, 2034.

Proceeds of \$26,149,581 were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 2014 Classroom Facilities and School Improvement Refunding Bonds and the 2015 Classroom Facilities and School Improvement Refunding Bonds. As a result, \$25,950,000 of these bonds were considered defeased and the liability for the refunding portion of these bonds has been removed from the basic financial statements.

The net carrying value of the old debt (including unamortized premiums and unamortized deferred charges on debt refunding) exceeded the reacquisition price by \$252,765. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

Net Pension Liability and Net OPEB Liability

The District pays obligations related to employee compensation from the fund benefitting from their service which, for the District, is primarily the general fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the general fund and food service fund. For additional information related to net pension liability and net OPEB liability see Note 11 and 12.

Leases Payable

The District has entered into lease agreements for the use of right to use equipment and a building. The District reports an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund. The District has entered into lease agreements at varying years and terms as follows:

<u>Purpose</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Commerical building	2022	5	2027	Annual
Lit Fiber with internet	2022	5	2027	Annual
Radio tower	2020	5	2025	Annual
Turf tank robot	2022	6	2028	Quarterly
Maintenance building	2022	5	2027	Annual
Mail machines	2023	5	2028	Quarterly

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 73,232	\$ 5,528	\$ 78,760
2027	75,807	2,953	78,760
2028	<u>14,712</u>	<u>288</u>	<u>15,000</u>
Total	<u>\$ 163,751</u>	<u>\$ 8,769</u>	<u>\$ 172,520</u>

SBITAs Payable

The District has entered into SBITAs for the right to use computer software. The District reports an intangible capital asset and corresponding SBITA liability for the future scheduled payments under the arrangements. The District has obtained the right to use computer software through the following SBITAs:

<u>Purpose</u>	<u>SBITA Commencement Date</u>	<u>Term (Years)</u>	<u>SBITA End Date</u>	<u>Payment Method</u>
Computer software	2022	3	2025	Annual
Computer software	2023	3	2026	Annual
Computer software	2021	5	2026	Annual

SBITA payments are paid from the general fund. The following is a schedule of future payments under the SBITAs:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 23,654	\$ 841	\$ 24,495
Total	<u>\$ 23,654</u>	<u>\$ 841</u>	<u>\$ 24,495</u>

Compensated Absences

Compensated absences will be paid primarily from the general fund and the lunchroom/cafeteria enterprise fund. The District pays obligations related to employee compensation from the fund benefitting from their service.

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. At June 30, 2024, the District's voted debt limit and unvoted debt limit are \$117,209,266 and \$1,302,325, respectively. The effects of these debt limitations at June 30, 2025, are a voted debt margin of \$38,345,399 and an unvoted debt margin of \$1,302,325.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire general obligation bonds, capital appreciation bonds and other debt outstanding at June 30, 2025 are as follows:

Fiscal Year Ending	General Obligation Bonds		
	Principal	Interest	Total
2026	\$ 2,975,000	\$ 3,287,237	\$ 6,262,237
2027	3,105,000	3,155,238	6,260,238
2028	3,230,000	3,022,387	6,252,387
2029	3,500,000	2,881,088	6,381,088
2030	3,655,000	2,725,937	6,380,937
2031 - 2035	21,445,000	11,186,925	32,631,925
2036 - 2040	12,095,000	7,608,069	19,703,069
2041 - 2045	10,880,000	5,231,950	16,111,950
2046 - 2050	13,475,000	2,623,700	16,098,700
2051 - 2052	6,170,000	249,200	6,419,200
Total	<u>\$ 80,530,000</u>	<u>\$ 41,971,731</u>	<u>\$ 122,501,731</u>

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2025, the District contracted with Ohio School Plan for property insurance. Professional liability is also provided by The Ohio School Plan with \$3,000,000 per occurrence limit and a \$5,000,000 aggregate limit.

The Treasurer is covered by a surety bond with the OSBA Bond Program through Travelers Insurance Company. The District also maintains a blanket dishonesty/crime policy of \$1,000,000 with Ohio School Plan that covers the Board President, Superintendent, Assistant Treasurer, and Director of Business Services.

B. Workers' Compensation

The District continues to benefit by participating in a Workers' Compensation Group Retrospective Rating program (GRRP) to achieve maximum savings and program management. During fiscal year 2020, the District switched, at the administrator level, from the Ohio School Board Association to Northeast Ohio Safety Council Group. The Northeast Ohio Safety Council has a greater focus on promoting safety and preventative measures to reduce work related injuries.

The Program (GRRP) is a BWC approved workers' compensation insurance premium rating pool for public school districts. Each year, the participating school districts pay an enrollment fee to the GRRP administrator to cover the costs of managing the program.

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

NOTE 10 - RISK MANAGEMENT - (Continued)

The intent of the GRRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in GRRP. Employers continue to pay their own individual experience- or base-rated premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending on that performance, the participating employers can receive either a premium refund adjustment or assessment. The BWC will recalculate the group-retrospective premium 12 months after the end of the first policy year and then again 24 and 36 months later to issue refunds or assessments. This plan provides incentives to the group retro members who practice effective workplace safety and claims management to control and reduce losses.

The firm of Minute Men HR Management Services, Inc provides administrative, cost control and actuarial services to the members of the GRRP

C. Employee Health Benefits

The District has established a medical self-insurance fund for District employees and their covered dependents, in order to minimize the annual cost of medical insurance. The program is administered by the District and is assisted by an outside third-party administrator. At year end, self-insurance was in effect with stop loss of \$225,000 per member and aggregate stop-loss of 125% of paid claims for medical, prescription, and hearing. Excess losses are insured by the Medical Mutual of Ohio plan.

Self-insurance for liability exposure is maintained in an internal service fund. The internal service fund is responsible for collecting interfund premiums from funds having payroll expenditures. The internal service fund is also responsible for paying claim settlements and administrative fees as invoiced by the Medical Mutual of Ohio plan, Delta Dental, VSP and Express Scripts.

The claims liability is \$666,845 reported in the self-insurance fund at June 30, 2025 is based on the liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims. The amount was based on an estimate provided by the third-party administrator. The change in the liability for the last two years is presented in the following table.

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2025	\$ 783,752	\$ 13,548,490	\$ 13,665,397	\$ 666,845
2024	\$ 546,542	\$ 12,829,067	\$ 12,591,857	\$ 783,752

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The District's contractually required contribution to SERS was \$2,005,874 for fiscal year 2025. Of this amount, \$262,514 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

The District's contractually required contribution to STRS was \$6,490,785 for fiscal year 2025. Of this amount, \$1,153,900 is reported as intergovernmental payable.

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

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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	0.313876900%	0.302760360%	
Proportion of the net pension liability current measurement date	<u>0.317590300%</u>	<u>0.302140240%</u>	
Change in proportionate share	<u>0.003713400%</u>	<u>-0.000620120%</u>	
Proportionate share of the net pension liability	\$ 16,246,637	\$ 58,136,664	\$ 74,383,301
Pension expense	\$ 1,574,261	\$ 2,924,416	\$ 4,498,677

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 620,283	\$ 3,661,091	\$ 4,281,374
Changes of assumptions	145,338	2,679,257	2,824,595
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	550,180	-	550,180
Contributions subsequent to the measurement date	<u>2,005,874</u>	<u>6,490,785</u>	<u>8,496,659</u>
Total deferred outflows of resources	<u>\$ 3,321,675</u>	<u>\$ 12,831,133</u>	<u>\$ 16,152,808</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 31,837	\$ 31,837
Net difference between projected and actual earnings on pension plan investments	1,016,221	4,998,573	6,014,794
Changes of assumptions	-	2,016,711	2,016,711
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>44,662</u>	<u>769,242</u>	<u>813,904</u>
Total deferred inflows of resources	<u>\$ 1,060,883</u>	<u>\$ 7,816,363</u>	<u>\$ 8,877,246</u>

\$8,496,659 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026.

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	\$ (548,159)	\$ (3,815,262)	\$ (4,363,421)
2027	1,195,545	5,192,789	6,388,334
2028	(93,646)	(1,618,947)	(1,712,593)
2029	(298,822)	(1,234,595)	(1,533,417)
Total	<u>\$ 254,918</u>	<u>\$ (1,476,015)</u>	<u>\$ (1,221,097)</u>

Actuarial Assumptions - SERS

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

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

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

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

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

In 2024, mortality rates were based on the following:

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

As of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	100.00 %	

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 24,855,107	\$ 16,246,637	\$ 8,998,772

Actuarial Assumptions - STRS

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

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

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

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

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

* Final target weights reflected at October 1, 2022.

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 93,784,627	\$ 58,136,664	\$ 27,984,612

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.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 11 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2025, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$247,459.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$247,459 for fiscal year 2025. Of this amount, \$247,459 is reported as intergovernmental payable.

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB			
liability/asset prior measurement date	0.321659800%	0.302760360%	
Proportion of the net OPEB			
liability/asset current measurement date	<u>0.322777300%</u>	<u>0.302140240%</u>	
Change in proportionate share	<u>0.001117500%</u>	<u>-0.000620120%</u>	
Proportionate share of the net			
OPEB liability	\$ 3,287,472	\$ -	\$ 3,287,472
Proportionate share of the net			
OPEB asset	\$ -	\$ (5,731,023)	\$ (5,731,023)
OPEB expense	\$ (236,749)	\$ (1,209,966)	\$ (1,446,715)

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 249,139	\$ 249,139
Net difference between projected and actual earnings on OPEB plan investments	16,050	-	16,050
Changes of assumptions	1,410,985	705,408	2,116,393
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	223,342	6,495	229,837
Contributions subsequent to the measurement date	<u>247,459</u>	<u>-</u>	<u>247,459</u>
Total deferred outflows of resources	<u>\$ 1,897,836</u>	<u>\$ 961,042</u>	<u>\$ 2,858,878</u>
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 3,544,752	\$ 617,618	\$ 4,162,370
Net difference between projected and actual earnings on OPEB plan investments	-	246,073	246,073
Changes of assumptions	1,510,145	2,584,653	4,094,798
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>497,011</u>	<u>3,774</u>	<u>500,785</u>
Total deferred inflows of resources	<u>\$ 5,551,908</u>	<u>\$ 3,452,118</u>	<u>\$ 9,004,026</u>

\$247,459 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2026.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	\$ (989,367)	\$ (875,494)	\$ (1,864,861)
2027	(737,310)	(385,295)	(1,122,605)
2028	(561,864)	(493,898)	(1,055,762)
2029	(459,640)	(459,192)	(918,832)
2030	(454,808)	(371,742)	(826,550)
Thereafter	<u>(698,542)</u>	<u>94,545</u>	<u>(603,997)</u>
Total	<u>\$ (3,901,531)</u>	<u>\$ (2,491,076)</u>	<u>\$ (6,392,607)</u>

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

In 2024, the following mortality assumptions were used:

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

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

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

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

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

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

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

As of June 30, 2024:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (geometric)</u>
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 4,383,726	\$ 3,287,472	\$ 2,416,349

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,222,208	\$ 3,287,472	\$ 4,687,675

Actuarial Assumptions - STRS

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

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

<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	1.00	2.40
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 4,659,700	\$ 5,731,023	\$ 6,663,307
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 6,726,282	\$ 5,731,023	\$ 4,534,095

NOTE 13 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement 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 District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

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

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, all adjustments have been finalized and are not material.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 14 - OTHER COMMITMENTS

Encumbrance Commitments

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 3,628,909
Bond retirement	500
Nonmajor governmental funds	<u>1,638,656</u>
Total	<u><u>\$ 5,268,065</u></u>

NOTE 15 - SET ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance July 1, 2024	\$ -
Current year set-aside requirement	1,338,337
Current year offsets	(421,247)
Prior year offset from bond proceeds	<u>(917,090)</u>
Total	<u><u>\$ -</u></u>
Balance carried forward to fiscal year 2026	<u><u>\$ -</u></u>
Set-aside balance June 30, 2025	<u><u>\$ -</u></u>

The District has prior year bond proceeds in connection with a bond that may be carried forward to offset future set-aside requirements. The remaining amount of these bond proceeds as of June 30, 2025 is \$53,147,299.

NOTE 16 - TAX ABATEMENTS

The City of Elyria has entered into tax abatement agreements in order to retain or attract new industry, preserve or increase employment and revitalize the local economy. These tax abatements also affect the District's revenue stream, as they mean that the District is foregoing or reducing tax revenue it is otherwise entitled to collect. All agreements are in effect prior to the reduction of taxes and are granted for the purpose of economic assistance or development. As of June 30, 2025, the District is impacted by 13 tax abatements through two programs - the Community Reinvestment Area Program and the Enterprise Zone Program.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 16 - TAX ABATEMENTS - (Continued)

The Community Reinvestment Area Program (CRA)

The CRA is a direct incentive tax exemption program, established under the Ohio Revised Code Section 3735.66 benefiting property owners who renovate existing structures or construct new buildings. This program allows appointment of designated areas where revitalization is encouraged. The District grants tax abatements of up to 100% of the property tax bill.

The Ohio Enterprise Zone Program (EZ)

The EZ is an economic development tool that provides real estate property tax exemptions to business making investments within the District's boundaries. Enterprise zones are designated areas of land in which business can receive tax incentives in the form of tax exemptions on new investments, when the investment also includes job creation. The District's enterprise zones have been created under the Ohio Revised Code Section 5709. The District may grant real property tax abatements of up to 100% and may require additional commitments from recipients.

All 13 agreements were granted by the City of Elyria decreasing the District's fiscal year 2025 real estate tax revenues by \$202,965 and \$134,981 under the CRA and EZ, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - over (under) Actual Amounts
	Original	Final		
Budgetary revenues and other financing sources	\$ 77,140,610	\$ 77,140,610	\$ 86,512,112	\$ 9,371,502
Budgetary expenditures and other financing uses	92,299,842	93,184,728	89,024,525	(4,160,203)
Net change in fund balance	(15,159,232)	(16,044,118)	(2,512,413)	13,531,705
Budgetary fund balance at beginning of year	27,930,741	27,930,741	27,930,741	-
Prior year encumbrances appropriated	2,954,535	2,954,535	2,954,535	-
Budgetary fund balance at end of year	<u>\$ 15,726,044</u>	<u>\$ 14,841,158</u>	<u>\$ 28,372,863</u>	<u>\$ 13,531,705</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.31759030%	\$ 16,246,637	\$ 13,877,186	117.07%	78.52%
2024	0.31387690%	17,343,316	12,656,043	137.04%	76.06%
2023	0.30204210%	16,336,786	11,621,750	140.57%	75.82%
2022	0.30949660%	11,419,527	9,761,193	116.99%	82.86%
2021	0.31395270%	20,765,493	11,299,893	183.77%	68.55%
2020	0.31243720%	18,693,666	10,697,911	174.74%	70.85%
2019	0.30748550%	17,610,264	10,370,548	169.81%	71.36%
2018	0.30665320%	18,321,851	9,070,257	202.00%	69.50%
2017	0.30819420%	22,556,972	7,507,800	300.45%	62.98%
2016	0.29984790%	17,109,612	8,590,842	199.16%	69.16%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 2,005,874	\$ (2,005,874)	\$ -	\$ 14,327,671	14.00%
2024	1,942,806	(1,942,806)	-	13,877,186	14.00%
2023	1,771,846	(1,771,846)	-	12,656,043	14.00%
2022	1,627,045	(1,627,045)	-	11,621,750	14.00%
2021	1,366,567	(1,366,567)	-	9,761,193	14.00%
2020	1,581,985	(1,581,985)	-	11,299,893	14.00%
2019	1,444,218	(1,444,218)	-	10,697,911	13.50%
2018	1,400,024	(1,400,024)	-	10,370,548	13.50%
2017	1,269,836	(1,269,836)	-	9,070,257	14.00%
2016	1,051,092	(1,051,092)	-	7,507,800	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.30214024%	\$ 58,136,664	\$ 42,185,429	137.81%	82.55%
2024	0.30276036%	65,199,255	40,540,786	160.82%	80.02%
2023	0.30207011%	67,150,566	39,450,671	170.21%	78.88%
2022	0.30466300%	38,953,903	38,024,079	102.45%	87.78%
2021	0.30737023%	74,372,659	37,351,157	199.12%	75.48%
2020	0.30421116%	67,274,470	35,828,621	187.77%	77.40%
2019	0.30442843%	66,936,976	35,595,714	188.05%	77.31%
2018	0.29815041%	70,826,269	32,075,621	220.81%	75.30%
2017	0.30315357%	101,474,638	33,134,236	306.25%	66.80%
2016	0.31167282%	86,137,251	32,173,807	267.72%	72.10%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 6,490,785	\$ (6,490,785)	\$ -	\$ 46,362,750	14.00%
2024	5,905,960	(5,905,960)	-	42,185,429	14.00%
2023	5,675,710	(5,675,710)	-	40,540,786	14.00%
2022	5,523,094	(5,523,094)	-	39,450,671	14.00%
2021	5,323,371	(5,323,371)	-	38,024,079	14.00%
2020	5,229,162	(5,229,162)	-	37,351,157	14.00%
2019	5,016,007	(5,016,007)	-	35,828,621	14.00%
2018	4,983,400	(4,983,400)	-	35,595,714	14.00%
2017	4,490,587	(4,490,587)	-	32,075,621	14.00%
2016	4,638,793	(4,638,793)	-	33,134,236	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.32277730%	\$ 3,287,472	\$ 13,877,186	23.69%	44.50%
2024	0.32165980%	5,299,169	12,656,043	41.87%	30.02%
2023	0.30925410%	4,341,960	11,621,750	37.36%	30.34%
2022	0.31895540%	6,036,492	9,761,193	61.84%	24.08%
2021	0.32665510%	7,099,284	11,299,893	62.83%	18.17%
2020	0.32013630%	8,050,755	10,697,911	75.26%	15.57%
2019	0.31211640%	8,658,952	10,370,548	83.50%	13.57%
2018	0.31103620%	8,347,394	9,070,257	92.03%	12.46%
2017	0.31231996%	8,902,274	7,507,800	118.57%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 247,459	\$ (247,459)	\$ -	\$ 14,327,671	1.73%
2024	227,178	(227,178)	-	13,877,186	1.64%
2023	228,015	(228,015)	-	12,656,043	1.80%
2022	204,074	(204,074)	-	11,621,750	1.76%
2021	204,088	(204,088)	-	9,761,193	2.09%
2020	213,951	(213,951)	-	11,299,893	1.89%
2019	248,657	(248,657)	-	10,697,911	2.32%
2018	221,237	(221,237)	-	10,370,548	2.13%
2017	168,847	(168,847)	-	9,070,257	1.86%
2016	158,031	(158,031)	-	7,507,800	2.10%

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability/(Asset)	District's Proportionate Share of the Net OPEB Liability/(Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2025	0.30214024%	\$ (5,731,023)	\$ 42,185,429	13.59%	158.01%
2024	0.30276036%	(5,888,271)	40,540,786	14.52%	168.52%
2023	0.30207011%	(7,821,599)	39,450,671	19.83%	230.73%
2022	0.30466300%	(6,423,570)	38,024,079	16.89%	174.73%
2021	0.30737023%	(5,402,030)	37,351,157	14.46%	182.10%
2020	0.30421116%	(5,038,466)	35,828,621	14.06%	174.74%
2019	0.30442843%	(4,891,854)	35,595,714	-13.74%	176.00%
2018	0.29815041%	11,632,729	32,075,621	36.27%	47.10%
2017	0.30315357%	16,212,732	33,134,236	48.93%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ -	\$ -	\$ -	\$ 46,362,750	0.00%
2024	-	-	-	42,185,429	0.00%
2023	-	-	-	40,540,786	0.00%
2022	-	-	-	39,450,671	0.00%
2021	-	-	-	38,024,079	0.00%
2020	-	-	-	37,351,157	0.00%
2019	-	-	-	35,828,621	0.00%
2018	-	-	-	35,595,714	0.00%
2017	-	-	-	32,075,621	0.00%
2016	-	-	-	33,134,236	0.00%

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 1 - BUDGETARY PROCESS

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

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (2,512,413)
Net adjustment for revenue accruals	1,219,944
Net adjustment for expenditure accruals	(369,548)
Net adjustment for other sources/uses	(193,590)
Funds budgeted elsewhere	(236,419)
Adjustments for encumbrances	<u>3,665,352</u>
GAAP Basis	<u>\$ 1,573,326</u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the uniform school supplies fund, the rotary - special services fund, the rotary fund, the public school support fund, the intra-district services fund, the staff fund, the unclaimed monies fund, the OHSAA tournaments fund, and the termination benefits fund.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

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

Change in assumptions:

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

Changes in assumptions:

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

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

Change in assumptions:

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

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

Change in assumptions:

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

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

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

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

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

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ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education and Workforce (DEW):</i>		
COVID-19 Child Care Food Program	10.558	\$114,500
Child Nutrition Cluster:		
National School Lunch Program - Commodities	10.555	273,123
National School Lunch Program	10.555	2,302,246
National School Breakfast Program	10.553	1,081,304
Summer Food Program	10.559	82,589
Total Child Nutrition Cluster		<u>3,739,262</u>
Total U.S. Department of Agriculture		<u>3,853,762</u>
U.S. DEPARTMENT OF Education		
<i>Passed Through Ohio Department of Education and Workforce (DEW):</i>		
Title I:		
Title I-A, Improving Basic Programs	84.010A	3,520,691
Title I-Improvement Stimulus A	84.010A	301,311
Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	175,454
Total Title I:		<u>3,997,456</u>
Special Education Cluster:		
IDEA Early Childhood Special Education	84.173A	41,412
Title VI-B	84.027A	2,247,664
Total Special Education Cluster		<u>2,289,076</u>
Title III, Language Instruction for English Learners	84.365A	41,014
Title II-A, Supporting Effective Instruction State Grants	84.367A	525,719
Title IV-A, Student Support and Academic Enrichment Program	84.424A	284,949
COVID-19 ARP-ESSER	84.425U	<u>2,991,586</u>
Total U.S. Department of Education		<u>10,129,800</u>
U.S. DEPARTMENT OF TREASURY		
<i>Passed Through Ohio School Facilities Commission</i>		
COVID-19 Ohio K-12 School Safety Grant through SLFRF	21.027	<u>49,999</u>
Total U.S. Department of Treasury		<u>49,999</u>
Total Expenditures of Federal Awards		<u><u>\$14,033,561</u></u>

The accompanying notes are an integral part of this schedule.

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

Elyria City School District
Lorain County
42101 Griswold Road
Elyria, Ohio 44035

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Elyria City School District, Lorain County, (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 18, 2026, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and restated their capital assets.

Report on Internal Control Over Financial Reporting

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

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

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

Efficient • Effective • Transparent

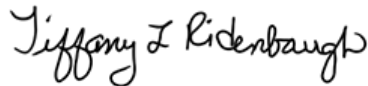
Report on Compliance and Other Matters

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

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



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

March 18, 2026



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

Elyria City School District
Lorain County
42101 Griswold Road
Elyria, Ohio 44035

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Elyria City School District's, Lorain County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Elyria City School District's major federal programs for the year ended June 30, 2025. Elyria 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, Elyria 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 year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the 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 the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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 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.

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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



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

March 18, 2026

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**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



ELYRIA CITY SCHOOL DISTRICT

LORAIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/31/2026

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