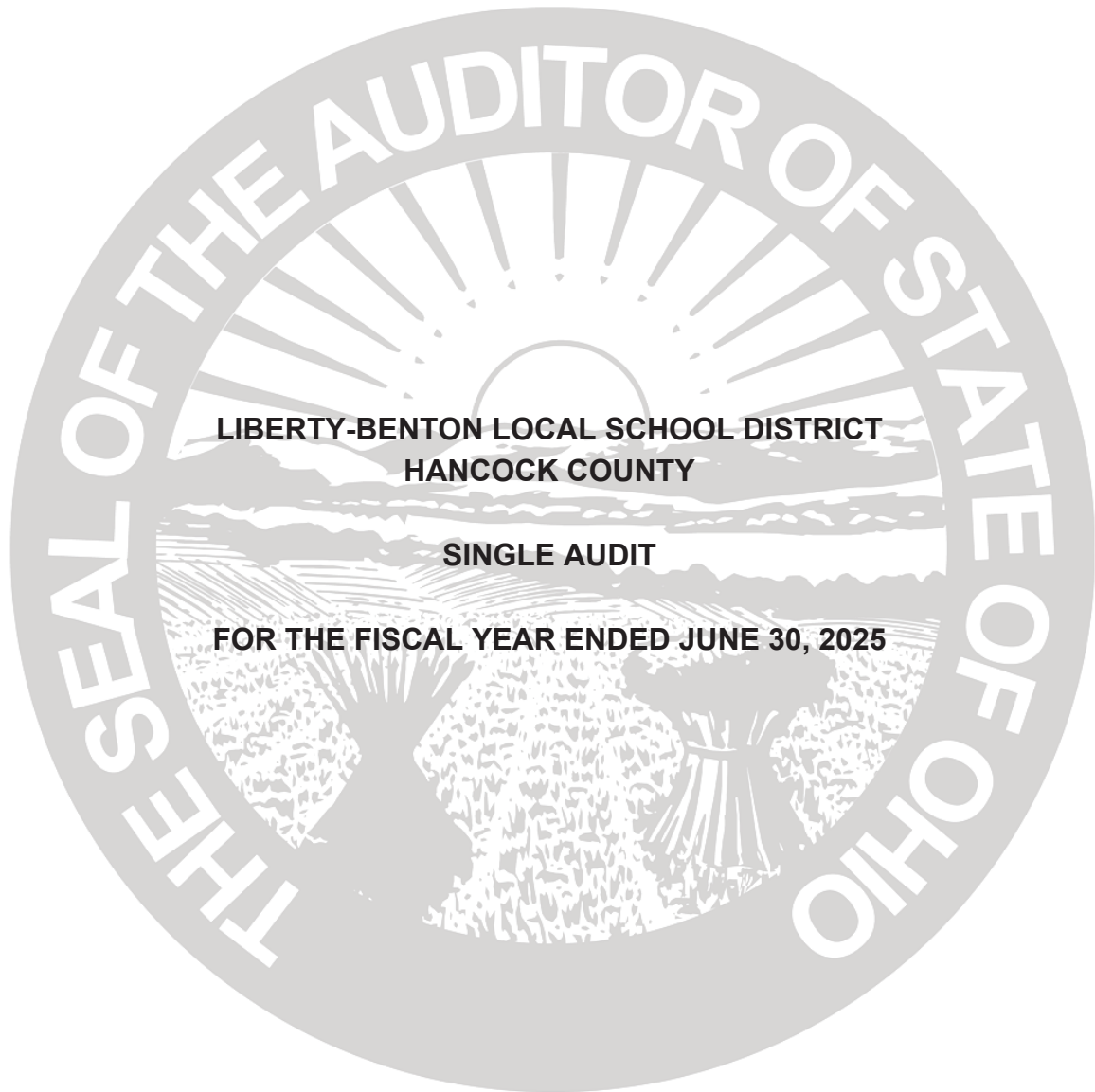




**LIBERTY-BENTON LOCAL SCHOOL DISTRICT
HANCOCK COUNTY
JUNE 30, 2025**

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LIBERTY-BENTON LOCAL SCHOOL DISTRICT
HANCOCK COUNTY
JUNE 30, 2025

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Liberty-Benton Local School District
Hancock County
9190 County Road 9
Findlay, Ohio 45840

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty-Benton Local School District, Hancock 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, each major fund, and the aggregate remaining fund information of Liberty-Benton Local School District, Hancock County, Ohio as of June 30, 2025, and the respective changes in financial position thereof and the budgetary comparison for the General fund 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*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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, 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

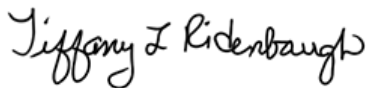
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements,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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 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 on 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 24, 2026

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Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

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

Highlights

Highlights for fiscal year 2025 were as follows:

Net position decreased \$1,476,134, or almost 5 percent. Net position at the end of the prior fiscal year was \$31,158,776 and decreased to \$29,682,642.

General revenues were \$20,880,074 or 85 percent of total revenues and demonstrate the School District's significant dependence on property taxes and income taxes as well as State funding.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Liberty-Benton Local School District as a financial whole, or as an entire operating entity.

The statement of net position and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in a single column. For Liberty-Benton Local School District, the General Fund, the Bond Retirement debt services fund, and the Building and Classroom Facilities capital projects funds are the most significant funds.

Reporting the School District as a Whole

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2025. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

In the statement of net position and the statement of activities, all of the School District's activities are reflected as governmental activities. The programs and services reported here include instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property taxes and income tax revenues as well as unrestricted State entitlements.

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major funds are the General Fund, the Bond Retirement debt service fund, and the Building and Classroom Facilities capital projects funds.

Governmental Funds - All of the School District's activities are reported in governmental funds which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

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

The School District as a Whole

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

Table 1
Net Position

	<u>Governmental Activities</u>		
	<u>2025</u>	<u>2024</u>	<u>Change</u>
<u>Assets</u>			
Current and Other Assets	\$25,255,093	\$25,557,955	(\$302,862)
Net OPEB Asset	1,084,480	1,122,489	(38,009)
Capital Assets, Net	55,346,426	55,817,269	(470,843)
Total Assets	<u>81,685,999</u>	<u>82,497,713</u>	<u>(811,714)</u>
 <u>Deferred Outflows of Resources</u>			
Pension	2,990,837	3,170,869	(180,032)
OPEB	493,408	506,397	(12,989)
Total Deferred Outflows of Resources	<u>3,484,245</u>	<u>3,677,266</u>	<u>(193,021)</u>
			(continued)

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Table 1
Net Position
(continued)

	Governmental Activities		
	2025	2024	Change
<u>Liabilities</u>			
Current and Other Liabilities	\$1,823,802	\$2,211,200	\$387,398
Long-term Liabilities			
Pension	13,691,978	15,168,378	1,476,400
OPEB	545,006	840,933	295,927
Other Amounts	28,570,981	26,314,320	(2,256,661)
Total Liabilities	44,631,767	44,534,831	(96,936)
<u>Deferred Inflows or Resources</u>			
Pension	1,683,519	1,101,476	(582,043)
OPEB	1,673,698	1,805,819	132,121
Other Amounts	7,498,618	7,574,077	75,459
Total Deferred Inflows of Resources	10,855,835	10,481,372	(374,463)
<u>Net Position</u>			
Investment in Capital Assets	34,691,551	34,549,612	141,939
Restricted	3,716,378	3,740,831	(24,453)
Unrestricted (Deficit)	(8,725,287)	(7,131,667)	(1,593,620)
Total Net Position (Deficit)	\$29,682,642	\$31,158,776	(\$1,476,134)

New Accounting Pronouncement

Table 1 provides a summary of the School District's net position for fiscal year 2025 compared to 2024. For 2025, the School District implemented GASB Statement No. 101, "Compensated Absences". GASB Statement No. 100, "Accounting Changes and Error Corrections", does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle.

The implementation of GASB Statement No. 101 resulted in recognizing additional compensated absences liabilities of \$2,879,589 in governmental activities at July 1, 2024. These amounts also impacted beginning net position for the cumulative effect of additional compensated absences expense (See Note 3).

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Governmental Type Activities

The net pension liability and net OPEB liability (asset) reported by the School District at June 30, 2025, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", respectively. For reasons discussed below, end users of these financial statements will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 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 or net OPEB liability (asset). GASB Statements No. 68 and No. 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 Statements No. 68 and No. 75 require the net pension liability and the net OPEB liability (asset) to equal the School District's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange", that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these 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 health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contribution 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 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.

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Most long-term liabilities have set repayment schedules or in the case of compensated absences (i.e. vacation and sick 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 pension benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the School District. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension/OPEB 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 Statements No. 68 and No. 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred outflows/inflows.

Each year, the above referenced changes impact the balance of the net pension/OPEB asset/liability and the related deferred inflows and outflows. During fiscal year 2025, the net pension liability and the net OPEB asset/liability decreased for both STRS and SERS. These changes primarily resulted from increased investment earnings. The decrease in deferred outflows for pension primarily results from the difference between expected and actual experience amounts recognized in 2025 for STRS, offset by the amortization recognized in the current year for both STRS and SERS. The increase in deferred inflows for pension resulted from the difference between projected and actual earnings on investments recognized in the current year offset by the amortization recognized in the current year. For STRS, the net difference between projected and actual earnings on investments for OPEB changed from a net deferred outflow to a net deferred inflow as a result of prior year amortization offset by the deferred inflow amount recognized in 2025. The decrease in the remaining deferred outflows for OPEB resulted primarily from the amortization of prior year SERS amounts. The increase in deferred inflows for OPEB resulted from the amortization recognized in the current year exceeding the difference between expected and actual experience amounts, change of assumptions amounts, and the difference between projected and actual earnings on investments amounts, recognized in fiscal year 2025.

Aside from the changes related to pension/OPEB, there were several notable changes from the prior fiscal year as reflected in the above table. The decrease in current and other assets was largely due to a decrease in cash and cash equivalents, primarily in the permanent improvement fund for the construction of the maintenance building project. The decrease in net capital assets was the result of annual depreciation, however, net capital assets did increase partially for the completion of the maintenance building project (as previously mentioned above) and new softball field. The decrease in current and other liabilities was primarily construction related as there were no outstanding liabilities for contracts and retainage at fiscal year end. The increase in other long-term liabilities is due to the change in compensated absences with the implementation of GASB Statement No. 101 (see discussion above). Note, however a portion of long-term liabilities did decrease for continued scheduled debt retirement.

Table 2 reflects the change in net position for fiscal year 2025 and fiscal year 2024.

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Table 2
Change in Net Position

	Governmental Activities		
	2025	2024	Change
<u>Revenues:</u>			
Program Revenues			
Charges for Services	\$1,161,113	\$1,149,268	\$11,845
Operating Grants, Contributions, and Interest	1,872,891	1,824,807	48,084
Capital Grants, Contributions, and Interest	626,325	45,964	580,361
Total Program Revenues	3,660,329	3,020,039	640,290
General Revenues			
Property Taxes	\$8,763,801	\$7,197,624	\$1,566,177
Income Taxes	3,001,141	2,874,201	126,940
Payment in Lieu of Taxes	87,172	87,737	(565)
Grants and Entitlements	8,234,446	7,968,925	265,521
Investment Earnings and Other Interest	621,016	603,134	17,882
Gifts and Donations	24,308	88,894	(64,586)
Miscellaneous	148,190	229,002	(80,812)
Total General Revenues	20,880,074	19,049,517	1,830,557
Total Revenues	24,540,403	22,069,556	2,470,847
<u>Expenses:</u>			
Instruction:			
Regular	\$9,354,653	\$10,214,844	\$860,191
Special	1,859,081	2,030,373	171,292
Vocational	655,136	628,209	(26,927)
Support Services:			
Pupils	1,319,492	1,346,344	26,852
Instructional Staff	1,089,548	600,368	(489,180)
Board of Education	15,339	13,824	(1,515)
Administration	1,451,124	1,431,499	(19,625)
Fiscal	602,764	539,795	(62,969)
Business	788	14,536	13,748
Operation and Maintenance of Plant	2,996,157	3,919,930	923,773
Pupil Transportation	866,378	754,518	(111,860)
Central	272,639	277,566	4,927
Non-Instructional Services	970,500	899,648	(70,852)
Extracurricular Activities	857,451	1,078,436	220,985
Interest	825,898	845,181	19,283
Total Expenses	23,136,948	24,595,071	1,458,123
Increase (Decrease) in Net Position	1,403,455	(2,525,515)	3,928,970
Net Position Beginning of Year As Previously Reported	31,158,776	33,684,291	2,525,515
Restatement - Change in Accounting Principle	(2,879,589)	0	2,879,589
Restated Net Position Beginning of Year	28,279,187	33,684,291	5,405,104
Net Position at End of Year	\$29,682,642	\$31,158,776	(\$1,476,134)

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

New Accounting Pronouncement

Table 2 provides a summary of the School District's change in net position for fiscal year 2025 compared to 2024. The above table also separately reflects the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101, "Compensated Absences". GASB Statement No. 100, "Accounting Changes and Error Corrections" does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle. The 2024 information does not reflect activity related to the additional compensated absences expenses required under GASB Statement No. 101, "Compensated Absences". (See also explanation of new accounting pronouncements provided related to Net Position - Table 1 and explanation provided in Note 3).

Governmental Activities

For program revenues, an increase in charges for services and operating grants, contributions, and interest was insignificant. The increase in capital grants, contributions, and interest is due to donations (a large portion from the athletic boosters) for a new softball field. For general revenues, property taxes increased overall due to more property tax amounts were available to be advanced at the end of the fiscal year.

The decrease in expenses was related to pension/OPEB changes as mentioned above and salary and benefits.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported primarily from tax revenues and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction:				
Regular	\$9,354,653	\$10,214,844	\$9,121,564	\$10,023,729
Special	1,859,081	2,030,373	661,620	853,436
Vocational	655,136	628,209	574,421	549,672
Support Services:				
Pupils	1,319,492	1,346,344	1,048,123	1,077,387
Instructional Staff	1,089,548	600,368	1,089,548	596,483
Board of Education	15,339	13,824	15,339	13,824
Administration	1,451,124	1,431,499	1,451,124	1,431,499
Fiscal	602,764	539,795	602,764	539,795
Business	788	14,536	788	14,536
Operation and Maintenance of Plant	2,996,157	3,919,930	2,990,043	3,873,966
Pupil Transportation	866,378	754,518	838,184	724,088
Central	272,639	277,566	272,639	277,566
Non-Instructional Services	970,500	899,648	30,838	(75,819)
Extracurricular	857,451	1,078,436	(46,274)	829,689
Interest	825,898	845,181	825,898	845,181
Total Expenses	<u>\$23,136,948</u>	<u>\$24,595,071</u>	<u>\$19,476,619</u>	<u>\$21,575,032</u>

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

With the substantial contribution of general revenues for funding the School District's activities, only a limited number of activities are affected by program revenues. Instruction costs are partially offset by tuition and fees and grants restricted for various instruction purposes. Non-instructional services costs are supported by cafeteria sales, state and federal subsidies, and donated commodities for food service operations. Extracurricular activities costs are supported by music and athletic fees, ticket sales, and gate receipts at musical and athletic events.

The School District's Funds

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

Fund balance increased a little over 8 percent in the General Fund. There was an increase in revenue primarily due to property taxes (more resources available for amount available to be advanced), intergovernmental revenue (more resources received from State Foundation), and gifts and donations for a softball field which allotted for the increase in expenditures.

There was a slight decrease in fund balance in the Bond Retirement Fund as debt payments needed for the current fiscal year exceeded property taxes collected.

The decrease in fund balance in the Building Fund was a little over 1 percent which is insignificant.

The increase in the Classroom Facilities Fund was also due to investment earnings and other interest exceeded the remaining "clean up" costs for the building project.

General Fund Budgeting Highlights

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

During fiscal year 2025, the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget were not significant while the change from the final budget to actual revenues was due to more intergovernmental revenue (resources received from State Foundation than anticipated), interest revenue (changes in rates and market value), and gifts and donations (for a new softball field). For expenditures, changes from the original budget to the final budget and final budget to actual expenditures were the result of budgeting conservatively.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025 the School District had \$55,346,426 invested in capital assets (net of accumulated depreciation). Additions included completed construction of a maintenance building, new softball field, and various furniture and equipment. Disposals included assets due to a change in capitalization threshold and miscellaneous equipment. For further information regarding the School District's capital assets, refer to Note 11 to the basic financial statements.

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Debt

At June 30, 2025, the School District had outstanding general obligation bonds, in the amount of \$24,794,953. The School District's long-term obligations also include the net pension/OPEB liability, compensated absences, and leases payable. For further information regarding the School District's long-term obligations, refer to Note 18 to the basic financial statements.

Current Issues

Liberty-Benton Local School District is comprised of portions of Blanchard, Eagle, and Liberty Townships. It has a number of small and medium size businesses with agriculture contributing a significant influence on the local economy.

In May 2019, the community generously passed a 7.3 mill levy which allows the School District to build a new pre-kindergarten through 8th grade building with the help of the Ohio Facilities Construction Commission. A grand opening celebration and ribbon cutting ceremony was held August 2023, beginning the 2023-2024 school year.

The School District continues to navigate a challenging fiscal landscape shaped by changes in local property valuations, HB 920 tax reduction factors, and the constraints of the 20-mill floor. The School District continues to monitor several state legislative proposals, which could introduce new requirements or operational expectations for schools. While the final outcomes of these bills are not yet determined, they may result in additional responsibilities or cost considerations for the School District. Combined with ongoing inflationary pressures, these factors require careful monitoring and strategic planning to maintain stable and predictable operations. The School District is focused on long-term financial sustainability and strategies to address structural budget pressures while protecting instructional quality. These efforts aim to ensure that the School District remains financially positioned to support students, staff, and community expectations in the years ahead.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lisa Dobbins, Treasurer, Liberty-Benton Local School District, 9190 County Road 9, Findlay, Ohio 45840.

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Liberty-Benton Local School District
Statement of Net Position
June 30, 2025

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$14,979,455
Accounts Receivable	89,334
Accrued Interest Receivable	87,155
Intergovernmental Receivable	31,994
Income Taxes Receivable	1,451,479
Prepaid Items	8,648
Inventory Held for Resale	39,877
Materials and Supplies Inventory	6,183
Property Taxes Receivable	8,476,684
Payment in Lieu of Taxes Receivable	84,284
Net OPEB Asset	1,084,480
Nondepreciable Capital Assets	1,082,009
Depreciable Capital Assets, Net	54,264,417
Total Assets	<u>81,685,999</u>
<u>Deferred Outflows of Resources:</u>	
Pension	2,990,837
OPEB	493,408
Total Deferred Outflows of Resources	<u>3,484,245</u>
<u>Liabilities:</u>	
Accounts Payable	80,654
Accrued Wages and Benefits Payable	1,280,089
Matured Compensated Absences Payable	11,343
Intergovernmental Payable	286,209
Accrued Interest Payable	139,775
Unearned Revenue	25,732
Long-Term Liabilities:	
Due Within One Year	952,397
Due in More Than One Year	
Net Pension Liability	13,691,978
Net OPEB Liability	545,006
Other Amounts Due in More Than One Year	27,618,584
Total Liabilities	<u>44,631,767</u>
<u>Deferred Inflows of Resources:</u>	
Property Taxes	7,416,547
Payment in Lieu of Taxes	82,071
Pension	1,683,519
OPEB	1,673,698
Total Deferred Inflows of Resources	<u>10,855,835</u>
<u>Net Position:</u>	
Net Investment in Capital Assets	34,691,551
Restricted For:	
Capital Projects	1,176,584
Food Service	468,579
Athletics and Music	51,075
Student Activities	138,358
OPEB Plans	1,084,480
Other Purposes	797,302
Unrestricted (Deficit)	(8,725,287)
Total Net Position	<u><u>\$29,682,642</u></u>

See Accompanying Notes to Basic Financial Statements

Liberty-Benton Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2025

		Program Revenues		
		Charges for	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
	Expenses	Services		
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$9,354,653	\$135,642	\$97,447	\$0
Special	1,859,081	174,232	1,023,229	0
Vocational	655,136	0	80,715	0
Support Services:				
Pupils	1,319,492	0	271,369	0
Instructional Staff	1,089,548	0	0	0
Board of Education	15,339	0	0	0
Administration	1,451,124	0	0	0
Fiscal	602,764	0	0	0
Business	788	0	0	0
Operation and Maintenance of Plant	2,996,157	0	6,114	0
Pupil Transportation	866,378	0	28,194	0
Central	272,639	0	0	0
Non-Instructional Services	970,500	630,206	309,456	0
Extracurricular Activities	857,451	221,033	56,367	626,325
Interest	825,898	0	0	0
Total Governmental Activities	<u>\$23,136,948</u>	<u>\$1,161,113</u>	<u>\$1,872,891</u>	<u>\$626,325</u>

General Revenues:

Property Taxes Levied for General Purposes
Property Taxes Levied for Classroom Construction Maintenance
Property Taxes Levied for Debt Service Purposes
Income Taxes Levied for General Purposes
Payment in Lieu of Taxes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings and Other Interest
Gifts and Donations
Miscellaneous
Total General Revenues

Change in Net Position

Net Position at Beginning of Year as Previously Reported

Change in Accounting Principle - GASB 101 - See Note 3

Restated Net Position Beginning of Year

Net Position at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in
Net Position

Governmental
Activities

(\$9,121,564)
(661,620)
(574,421)

(1,048,123)
(1,089,548)
(15,339)
(1,451,124)
(602,764)
(788)

(2,990,043)
(838,184)
(272,639)
(30,838)
46,274

(825,898)

(19,476,619)

7,411,861
127,602
1,224,338
3,001,141
87,172
8,234,446
621,016
24,308
148,190

20,880,074

1,403,455

31,158,776

(2,879,589)

28,279,187

\$29,682,642

Liberty-Benton Local School District
Balance Sheet
Governmental Funds
June 30, 2025

	General	Bond Retirement	Building	Classroom Facilities
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$10,799,146	\$695,185	\$732,457	\$724,515
Accounts Receivable	40,385	0	0	0
Accrued Interest Receivable	87,155	0	0	0
Interfund Receivable	1,193	0	0	0
Intergovernmental Receivable	30,801	0	0	0
Income Taxes Receivable	1,451,479	0	0	0
Prepaid Items	8,471	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	3,466	0	0	0
Property Taxes Receivable	7,097,706	1,256,361	0	0
Payment in Lieu of Taxes Receivable	71,046	12,033	0	0
Total Assets	<u>\$19,590,848</u>	<u>\$1,963,579</u>	<u>\$732,457</u>	<u>\$724,515</u>
<u>Liabilities:</u>				
Accounts Payable	\$69,242	\$0	\$0	\$0
Accrued Wages and Benefits Payable	1,258,811	0	0	0
Matured Compensated Absences Payable	11,343	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	272,868	0	0	0
Unearned Revenue	4,728	0	0	0
Total Liabilities	<u>1,616,992</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Deferred Inflows of Resources:</u>				
Property Taxes	6,201,917	1,106,230	0	0
Payment in Lieu of Taxes	69,180	11,718	0	0
Unavailable Revenue	225,277	3,454	0	0
Total Deferred Inflows of Resources	<u>6,496,374</u>	<u>1,121,402</u>	<u>0</u>	<u>0</u>
<u>Fund Balances:</u>				
Nonspendable	11,937	0	0	0
Restricted	0	842,177	732,457	724,515
Committed	371,485	0	0	0
Assigned	536,719	0	0	0
Unassigned (Deficit)	10,557,341	0	0	0
Total Fund Balances	<u>11,477,482</u>	<u>842,177</u>	<u>732,457</u>	<u>724,515</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$19,590,848</u>	<u>\$1,963,579</u>	<u>\$732,457</u>	<u>\$724,515</u>

See Accompanying Notes to the Basic Financial Statements

Other Governmental	Total Governmental Funds
\$2,028,152	\$14,979,455
48,949	89,334
0	87,155
0	1,193
1,193	31,994
0	1,451,479
177	8,648
39,877	39,877
2,717	6,183
122,617	8,476,684
1,205	84,284
<u>\$2,244,887</u>	<u>\$25,256,286</u>

\$11,412	\$80,654
21,278	1,280,089
0	11,343
1,193	1,193
13,341	286,209
21,004	25,732
<u>68,228</u>	<u>1,685,220</u>

108,400	7,416,547
1,173	82,071
33,010	261,741
<u>142,583</u>	<u>7,760,359</u>

2,894	14,831
1,454,389	3,753,538
0	371,485
577,986	1,114,705
(1,193)	10,556,148
<u>2,034,076</u>	<u>15,810,707</u>
<u>\$2,244,887</u>	<u>\$25,256,286</u>

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Liberty-Benton Local School District
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2025

Total Governmental Fund Balances	\$15,810,707
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Amounts reported for governmental activities on the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	55,346,426
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Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Accounts Receivable	61,790	
Accrued Interest Receivable	23,717	
Intergovernmental Receivable	1,193	
Income Taxes Receivable	144,023	
Delinquent Property Taxes Receivable	31,018	
		261,741

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Interest Payable	(139,775)	
General Obligation Bonds Payable	(24,794,953)	
Leases Payable	(72,563)	
Compensated Absences Payable	(3,703,465)	
		(28,710,756)

The net OPEB asset, net pension liability, and net OPEB liability are not due and payable in the current period, therefore, the asset, liability, and related deferred outflows/inflows are not reported in the governmental funds.

Net OPEB Asset	1,084,480	
Deferred Outflows - Pension	2,990,837	
Deferred Inflows - Pension	(1,683,519)	
Net Pension Liability	(13,691,978)	
Deferred Outflows - OPEB	493,408	
Deferred Inflows - OPEB	(1,673,698)	
Net OPEB Liability	(545,006)	

	(13,025,476)
Net Position of Governmental Activities	\$29,682,642

See Accompanying Notes to the Basic Financial Statements

Liberty-Benton Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Bond Retirement	Building	Classroom Facilities
<u>Revenues:</u>				
Property Taxes	\$7,399,219	\$1,222,216	\$0	\$0
Income Taxes	3,005,885	0	0	0
Payment in Lieu of Taxes	73,497	12,429	0	0
Intergovernmental	9,185,958	13,343	0	0
Investment Earnings and Other Interest	458,622	0	0	140,664
Tuition and Fees	316,331	0	0	0
Extracurricular Activities	2,000	0	0	0
Charges for Services	0	0	0	0
Gifts and Donations	349,308	0	0	0
Miscellaneous	91,850	0	0	0
Total Revenues	<u>20,882,670</u>	<u>1,247,988</u>	<u>0</u>	<u>140,664</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	9,131,915	0	0	0
Special	1,487,359	0	0	0
Vocational	631,082	0	0	0
Support Services:				
Pupils	1,343,609	0	0	0
Instructional Staff	952,264	0	0	0
Board of Education	15,339	0	0	0
Administration	1,326,242	10,750	0	0
Fiscal	489,670	18,686	0	0
Business	788	0	0	0
Operation and Maintenance of Plant	1,516,275	0	0	0
Pupil Transportation	940,554	0	0	0
Central	260,038	0	0	0
Non-Instructional Services	14,293	0	0	0
Extracurricular Activities	720,753	0	0	0
Capital Outlay	59,332	0	8,953	69,331
Debt Service:				
Principal Retirement	22,574	385,000	0	0
Interest	1,726	859,925	0	0
Total Expenditures	<u>18,913,813</u>	<u>1,274,361</u>	<u>8,953</u>	<u>69,331</u>
Excess of Revenues Over (Under) Expenditures	<u>1,968,857</u>	<u>(26,373)</u>	<u>(8,953)</u>	<u>71,333</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	0	0	0
Transfers Out	(1,102,313)	0	0	0
Total Other Financing Sources (Uses):	<u>(1,102,313)</u>	<u>(26,373)</u>	<u>0</u>	<u>0</u>
Changes in Fund Balances	<u>866,544</u>	<u>(26,373)</u>	<u>(8,953)</u>	<u>71,333</u>
Fund Balances at Beginning of Year as Previously Reported	10,610,938	-	741,410	653,182
Changes Within Reporting Entity - See Note 3 Nonmajor Fund to Major Fund Adjustment Bond Retirement		868,550		
Restated Fund Balance at Beginning of Year	<u>10,610,938</u>	<u>868,550</u>	<u>741,410</u>	<u>653,182</u>
Fund Balances at End of Year	<u>\$11,477,482</u>	<u>\$842,177</u>	<u>\$732,457</u>	<u>\$724,515</u>

See Accompanying Notes to the Basic Financial Statements

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$127,430	\$8,748,865
0	3,005,885
1,246	87,172
820,088	10,019,389
18,536	617,822
0	316,331
219,053	221,053
624,593	624,593
72,367	421,675
76,981	168,831
<u>1,960,294</u>	<u>24,231,616</u>

72,412	9,204,327
431,155	1,918,514
0	631,082
41,949	1,385,558
40,996	993,260
0	15,339
9,604	1,346,596
1,985	510,341
0	788
138,375	1,654,650
90,653	1,031,207
0	260,038
926,109	940,402
301,847	1,022,600
1,751,691	1,889,307
0	407,574
0	861,651
<u>3,806,776</u>	<u>24,073,234</u>

<u>(1,846,482)</u>	<u>158,382</u>
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1,102,313	1,102,313
0	(1,102,313)
<u>1,102,313</u>	<u>0</u>

<u>(744,169)</u>	<u>158,382</u>
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3,646,795	15,652,325
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<u>(868,550)</u>	<u>0</u>
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<u>2,778,245</u>	<u>15,652,325</u>
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<u>\$2,034,076</u>	<u>\$15,810,707</u>
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Liberty-Benton Local School District
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Fiscal Year Ended June 30, 2025

Changes in Fund Balances - Total Governmental Funds \$158,382

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

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current fiscal year.

Capital Outlay - Nondepreciable Capital Assets	1,397,934	
Capital Outlay - Depreciable Capital Assets	794,220	
Contributed Capital	301,325	
Depreciation/Amortization	<u>(2,154,607)</u>	338,872

The book value of capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a gain or a loss on disposal of capital assets on the statement of activities.

Gain on Disposal of Capital Assets	9,014	
Loss on Disposal of Capital Assets	<u>(818,729)</u>	(809,715)

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

Delinquent Property Taxes	14,936	
Income Taxes	(4,744)	
Intergovernmental	(2,955)	
Investment Earnings and Other Interest	21,730	
Tuition and Fees	(6,513)	
Extracurricular Activities	(20)	
Charges for Services	5,669	
Miscellaneous	<u>(29,655)</u>	(1,552)

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.

General Obligation Bonds	385,000	
Lease	<u>22,574</u>	407,574

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, this amount is deferred and amortized on the statement of activities.

Accrued Interest Payable	3,165	
Amortization of Premium	<u>32,588</u>	35,753

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

182,766

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

Pension	(757,758)	
OPEB	<u>336,691</u>	(421,067)

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

Pension	1,472,083	
OPEB	<u>40,359</u>	<u>1,512,442</u>

Change in Net Position of Governmental Activities \$1,403,455

See Accompanying Notes to the Basic Financial Statements

Liberty-Benton Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>Revenues:</u>				
Property Taxes	\$6,840,330	\$6,971,992	\$6,911,178	(\$60,814)
Income Taxes	2,986,823	2,986,823	2,867,767	(119,056)
Payment in Lieu of Taxes	48,000	48,000	78,396	30,396
Intergovernmental	8,887,741	8,887,741	9,174,594	286,853
Interest	65,291	65,291	310,008	244,717
Tuition and Fees	278,200	278,200	306,284	28,084
Extracurricular Activities	0	0	2,000	2,000
Gifts and Donations	8,600	8,600	349,308	340,708
Miscellaneous	54,594	54,594	69,095	14,501
Total Revenues	19,169,579	19,301,241	20,068,630	767,389
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	8,686,195	8,822,999	8,698,223	124,776
Special	1,212,183	1,212,183	1,026,354	185,829
Vocational	531,593	531,593	512,734	18,859
Support Services:				
Pupils	1,229,896	1,230,096	1,144,783	85,313
Instructional Staff	508,688	815,179	930,010	(114,831)
Board of Education	23,566	23,566	16,626	6,940
Administration	1,191,766	1,191,766	1,284,095	(92,329)
Fiscal	475,863	475,863	473,380	2,483
Business	900	900	788	112
Operation and Maintenance of Plant	885,790	886,790	784,217	102,573
Pupil Transportation	761,516	902,026	906,784	(4,758)
Central	302,110	302,110	262,502	39,608
Extracurricular Activities	592,331	592,331	715,402	(123,071)
Capital Outlay	34,999	34,999	59,332	(24,333)
Board of Education Scholarship				
Non-Instructional Services	5,000	5,000	3,000	2,000
Rotary				
Instructional Staff	7,444	7,444	563	6,881
Emergency Levy				
Instruction:				
Regular	393,336	393,336	504,741	(111,405)
Special	588,500	589,501	479,258	110,243
Vocational	111,269	111,269	153,208	(41,939)
Support Services:				
Pupils	227,849	227,849	198,029	29,820
Instructional Staff	14,203	14,203	12,505	1,698
Fiscal	23,984	23,984	23,428	556
Operation and Maintenance of Plant	881,401	907,401	826,123	81,278
Pupil Transportation	49,240	49,240	35,674	13,566
Academic Incentives				
Administration	82,710	82,710	53,460	29,250

(continued)

Liberty-Benton Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2025
(continued)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
District Support				
Instruction:				
Regular	\$347,564	\$347,564	\$7,784	\$339,780
Support Services:				
Operation and Maintenance of Plant	0	0	5,384	(5,384)
Total Expenditures	<u>19,169,896</u>	<u>19,781,902</u>	<u>19,118,387</u>	<u>663,515</u>
Excess of Revenues Over				
(Under) Expenditures	<u>(317)</u>	<u>(480,661)</u>	<u>950,243</u>	<u>1,430,904</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	0	24,421	24,421
Transfers Out	<u>(818,327)</u>	<u>(1,167,327)</u>	<u>(1,102,313)</u>	<u>65,014</u>
Total Other Financing Sources (Uses)	<u>(818,327)</u>	<u>(1,167,327)</u>	<u>(1,077,892)</u>	<u>89,435</u>
Changes in Fund Balance	(818,644)	(1,647,988)	(127,649)	1,520,339
Fund Balance at Beginning of Year	10,220,761	10,220,761	10,220,761	0
Prior Year Encumbrances Appropriated	357,575	357,575	357,575	0
Fund Balance at End of Year	<u>\$9,759,692</u>	<u>\$8,930,348</u>	<u>\$10,450,687</u>	<u>\$1,520,339</u>

See Accompanying Notes to the Basic Financial Statements

Liberty-Benton Local School District
Statement of Fiduciary Net Position
Custodial Fund
June 30, 2025

	Custodial Fund
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$571
<u>Net Position:</u>	
Restricted for Individuals, Organizations, and other Governments	\$571
See Accompanying Notes to the Basic Financial Statements	

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Liberty-Benton Local School District
Statement of Change in Fiduciary Net Position
Custodial Fund
For the Fiscal Year Ended June 30, 2025

Additions:

Charges Received for OHSAA	\$16,155
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Deductions:

Distributions on Behalf of OHSAA	<u>15,584</u>
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Change in Net Position	571
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Net Position at Beginning of Year	<u>0</u>
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Net Position at End of Year	<u><u>\$571</u></u>
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See Accompanying Notes to the Basic Financial Statements

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1954. It is located in Hancock County and includes all of the Village of Benton Ridge, and part of Blanchard, Eagle, and Liberty Townships. It is staffed by sixty-seven classified employees, ninety-six certified teaching personnel, and twelve administrative employees who provide services to one thousand five hundred fifty-three students and other community members. The School District currently operates two instructional buildings.

Reporting Entity

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

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

The School District participates in three jointly governed organizations and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Hancock County Local Professional Development Committee, Bay Area Council of Governments, Schools of Ohio Risk Sharing Authority, Hancock County Schools Health Benefit Fund, and the Ohio Association of School Business Officials Workers’ Compensation Group Rating Plan. These organizations are presented in Notes 22 and 23 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

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

Fund Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

B. Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The School District's major governmental funds are the General Fund, the Bond Retirement debt service fund, and the Building and Classroom Facilities capital projects funds.

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for property taxes and related revenues restricted for the payment of principal and interest on general obligation debt. In the prior year, this fund was a nonmajor fund; therefore, the fund balance beginning of the year is reported includes a "--" to indicate this amount is included with nonmajor governmental funds.

Building Fund - The Building Fund is used to accounts for bond proceeds restricted to acquire, construct, or improve capital facilities.

Classroom Facilities Fund - The Classroom Facilities Fund is used to account for resources received from the Ohio Facilities Construction Commission and restricted for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed, or assigned to a particular 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 (and other employee benefits) 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.

Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's custodial fund is used to account for resources received on behalf of the Ohio High School Athletic Association.

Note 2 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects 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 fund financial statements for governmental funds.

Like the government-wide financial statements, fiduciary funds are accounted for using 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. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

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

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 use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, recording of deferred outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 2 - Summary of Significant Accounting Policies (continued)

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the fiscal year in which the income is earned. 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, investment earnings and other interest, tuition, student fees, and charges for services.

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met but for which revenue recognition criteria have not yet been met because these amounts have not yet been earned.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 15 and Note 16.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 2 - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position report reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, payment in lieu of taxes, unavailable revenue, pension and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2025, but which were levied to finance year 2026 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes accrued interest, intergovernmental grants, income taxes, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 21. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position and are explained in Note 15 and Note 16 to the basic financial statements.

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

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

E. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control selected by the Board is at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the School District Treasurer.

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

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 2 - Summary of Significant Accounting Policies (continued)

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

F. Cash and Investments

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

During fiscal year 2025, investments included mutual funds, negotiable certificates of deposit, federal agency securities, United States Treasury notes/bonds, commercial paper, and STAR Ohio. Investments are reported at fair value or amortized cost. Investments reported at fair value are based on quoted market price or current share price. STAR Ohio (State Treasury Asset Reserve of Ohio) is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No.79, "Certain External Investment Pools and Pool Participants". The School District measures the 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 a NAV per share that approximates fair value.

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

The School District allocates investment earnings according to State statutes. Investment earnings and other interest revenue credited to the general fund during fiscal year 2025 amounted to \$458,622 which included \$97,155 assigned from other School District funds.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 2 - Summary of Significant Accounting Policies (continued)

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption and donated and purchased food.

I. Capital Assets

All of the School District's capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets (except for intangible right-to-use lease assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of five thousand dollars. For fiscal year 2025, the School District changed its threshold from \$1,500 to \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Useful Lives
Land Improvements	20 years
Buildings and Building Improvements	18 - 109 years
Furniture, Fixtures, and Equipment	5 - 40 years
Vehicles	10 - 15 years

The School District is reporting intangible right-to-use assets related to lease assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. This intangible right-to-use is being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

J. Compensated Absences

For the School District, compensated absences includes leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The School District does not offer noncash settlements. The School District uses a first-in first-out flow assumption for compensated absences.

Note 2 - Summary of Significant Accounting Policies (continued)

Liabilities should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates and is allowed to be carried over to subsequent years, and the leave is more likely than not to be used for time off or otherwise paid in cash. For the School District, this leave includes sick and vacation time. However, the School District also has certain compensated absences that are dependent upon the occurrence of a sporadic events that affects a relatively small proportion of employees. A liability for these types of leave is recognized when the leave commences. For the School District this type of leave includes bereavement leave, military leave, personal leave, on-the-job injury leave, and court leave. Holiday leave taken on a specific date, not at the discretion of the employee is recognized as a liability when used. The liability for compensated absences includes salary-related payments, where applicable.

Liabilities for compensated absences are recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund from which the employees who have accumulated unpaid leave are paid

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide 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, compensated absences that will be paid from governmental funds are reported as a liability on the fund financial statements only to the extent that they are due for payment during the current fiscal year. The 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 to pay those benefits. Bonds and leases are recognized as a liability on the fund financial statements when due.

L. Unamortized Premiums

On government-wide financial statements, premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the debt is issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited in the Bond Retirement Fund.

Note 2 - Summary of Significant Accounting Policies (continued)

M. Leases Payable

The School District serves as lessee in various noncancellable leases which are accounted for as follows:

Lessee - At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

N. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for federal and state grants. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted net position for OPEB plans represents the corresponding restricted asset amount held in trust by the OPEB plans for future benefits.

O. Fund Balance

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

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

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

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

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 2 - Summary of Significant Accounting Policies (continued)

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Education. Fund balance policy of the Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated. The Board of Education has also assigned fund balance to cover a gap between estimated resources and appropriations in the fiscal year 2026 budget. Certain resources have also been assigned for extracurricular activities and permanent improvements.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

P. Capital Contributions

Capital contributions arise from contributions of capital assets from outside sources.

Q. Interfund Transactions

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

R. Pension/Other Postemployment Benefits

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB system. 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 system report investments at fair value.

Note 2 - Summary of Significant Accounting Policies (continued)

S. Estimates

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

Note 3 - Accounting Changes and Restatement of Fund Balance and Net Position

A. Change within the Financial Reporting Entity

For fiscal year 2025, the Bond Retirement debt service fund presentation was adjusted from nonmajor due to meeting the quantitative threshold for a major fund. This change is separately displayed in the financial statements and shown in the table below.

B. Changes in Accounting Principles

For fiscal year 2025, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*.

GASB Statement No. 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs such an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. For the School District, GASB Statement No. 101 increased compensated absences liability and the cumulative effects of compensated absence related expense decreased beginning net position. The change in accounting principle is separately displayed by reporting unit in the accompanying financial statements.

GASB Statement No. 102 will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB Statement No. 102 requirements apply only to note disclosure and do not have any effect on beginning net position/fund balance. The School District evaluated their concentrations and constraints but did not have any events that required disclosure.

C. Restatement of Fund Balance and Net Position

The following table summarizes the impact of the accounting changes referenced above on the beginning net position:

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 3 - Accounting Changes and Restatement of Fund Balance and Net Position (continued)

	6/30/2024 As Previously Reported	Change within the Financial Reporting Changes Between Major and Non Major Funds	Change in Accounting Principle GASB 101	6/30/2024 As Restated Adjusted
Government-Wide				
Governmental Activities	\$31,158,776	\$0	(\$2,879,589)	\$28,279,187
Governmental Funds				
Major Funds:				
General Fund	10,610,938	0	0	10,610,938
Bond Retirement Fund	-	868,550	0	868,550
Building Fund	741,410	0	0	741,410
Classroom Facilities Fund	653,182	0	0	653,182
All Other Governmental Funds	3,646,795	(868,550)	0	2,778,245
Total Governmental Funds	<u>\$15,652,325</u>	<u>\$0</u>	<u>\$0</u>	<u>15,652,325</u>
Fiduciary Fund				
Custodial Fund:				
Other Custodial	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Note 4 - Accountability

At June 30, 2025, the Title I and Title VI-R special revenue funds had deficit cash balances of \$785 and \$408, respectively, resulting from recognition of payables in accordance with generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 5 - Budgetary Basis of Accounting (continued)

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund are as follows:

Change in Fund Balance	
GAAP Basis	\$866,544
<u>Increase(Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2024, Received in Cash FY2025	1,602,671
Accrued FY 2025, Not Yet Received in Cash	(2,277,470)
Expenditure Accruals:	
Accrued FY 2024, Paid in Cash FY 2025	(1,580,302)
Accrued FY2025, Not Yet Paid in Cash	1,612,264
Cash Adjustments:	
Unrecorded Activity FY 2024	(7,740)
Unrecorded Activity FY 2025	(107,080)
Prepaid Items	812
Material and Supplies Inventory	5,224
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	<u>(242,572)</u>
Budget Basis	<u><u>(\$127,649)</u></u>

Note 6 - Deposits and Investments

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

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

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 6 - Deposits and Investments (continued)

Inactive deposits are public deposits 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.

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio 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 (STAR Ohio); and

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 6 - Deposits and Investments (continued)

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).

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 settlement, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

Investments

Investments are reported at fair value or amortized cost. As of June 30, 2025, the School District had the following investments.

Measurement/Investment	Measurement Amount	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Fair Value - Level One Inputs					
Mutual Funds	\$2,219,000	\$2,219,000	\$0	\$0	\$0
Fair Value - Level Two Inputs					
Negotiable Certificates of Deposit	554,277	175,032	379,245	0	0
Federal Farm Credit Bank Notes	508,593	0	0	0	508,593
Federal Home Loan Bank Notes	867,705	0	0	0	867,705
United States Treasury Notes/Bonds	4,751,629	349,223	200,621	0	4,201,785
Commercial Paper	1,256,272	430,843	825,429	0	0
Total Fair Value - Level Two Inputs	7,938,476	955,098	1,405,295	0	5,578,083
Net Value Per Share					
STAR Ohio	803,493	803,493	0	0	0
Total Investments	\$10,960,969	\$3,977,591	\$1,405,295	\$0	\$5,578,083

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 6 - Deposits and Investments (continued)

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of purchase unless they are matched to a specific obligation or debt of the School District.

The negotiable certificates of deposit are generally covered by FDIC insurance. The mutual funds, federal agency securities, and U.S. Treasury notes/bonds carry a rating of Aa1 by Moody's. The commercial paper carries a rating of P-1 by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization, commercial paper must be rated in the highest category at the time of purchase by two nationally recognized statistical rating organization, and STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization.

The School District places no limit on the amount it may invest in any one issuer or investment type. The following table indicates the percentage of investments to the School District's total portfolio:

	Fair Value	Percentage of Portfolio
Negotiable Certificates of Deposit	\$554,277	5.06%
Federal Farm Credit Bank	508,593	4.64
Federal Home Loan Bank	867,705	7.92
United States Treasury	4,751,629	43.35
Commercial Paper	1,256,272	11.46

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 7 - Receivables

Receivables at June 30, 2025, consisted of accounts receivable (student fees and billings for user charged services), accrued interest, intergovernmental, income taxes, property taxes, and payment in lieu of taxes. 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. All receivables, except income taxes and property taxes, are expected to be collected within one year. Income taxes and property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
General Fund	
Hancock County Convention and Visitors	\$1,500
School Employees Retirement System	4,057
State of Ohio	7,644
Various Colleges	17,600
Total General Fund	<u>30,801</u>
Other Governmental Funds	
Title I	785
Title II-A	408
Total Other Governmental Funds	<u>1,193</u>
Total Governmental Activities	<u><u>\$31,994</u></u>

Note 8 - Income Taxes

The School District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1995, and was renewed in 2020 for a ten year period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

Note 9 - Property Taxes

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

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 - Property Taxes (continued)

Property taxes include amounts levied against all real and public utility property located in the School District. 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 market 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 tangible personal property taxes received in calendar year 2025 became a lien on December 31, 2023, were levied after April 1, 2024, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2025, and for which there was 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 were levied to finance current fiscal year operations and are reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2025, was \$868,553 in the General Fund, \$13,889 in the Classroom Facilities Maintenance special revenue fund, and \$146,677 in the Bond Retirement debt service fund. The amount available as an advance at June 30, 2024, was \$380,512 in the General Fund, \$6,087 in the Classroom Facilities Maintenance special revenue fund and \$51,739 in the Bond Retirement debt service fund.

Collectible delinquent property taxes have been recorded as a receivable and revenue on an accrual basis. On a modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

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

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 - Property Taxes (continued)

	2024 Second Half Collections		2025 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$224,026,260	77.05%	\$226,068,030	75.28%
Industrial/Commercial	39,597,520	13.62%	41,229,700	13.73%
Public Utility	27,145,800	9.33%	33,006,900	10.99%
Total Assessed Value	<u>\$290,769,580</u>	<u>100.00%</u>	<u>\$300,304,630</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$39.61		\$40.26	

Note 10 - Payment in Lieu of Taxes

In accordance with agreements related to tax increment financing districts, the City of Findlay and Hancock County have entered into agreements with a number of property owners under which the City and County have granted property tax exemptions to those property owners. The property owners have agreed to make payments to the City and County which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The agreements provide for a portion of these payments to be paid to the School District. The property owners' contractually promise to make these payments in lieu of taxes until the agreement expires.

Note 11 - Capital Assets

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

	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$1,048,400	\$0	(\$2,516)	\$1,045,884
Construction in Progress	868,753	1,361,809	(2,230,562)	0
Development in Progress	<u>0</u>	<u>36,125</u>	<u>0</u>	<u>36,125</u>
Total Nondepreciable Capital Assets	<u>1,917,153</u>	<u>1,397,934</u>	<u>(2,233,078)</u>	<u>1,082,009</u>
				(continued)

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 11 - Capital Assets (continued)

	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025
Governmental Activities (continued)				
Depreciable Capital Assets				
Tangible Assets				
Land Improvements	\$7,414,253	\$998,091	(\$4,614)	\$8,407,730
Buildings and Improvements	51,027,403	2,029,122	(54,110)	53,002,415
Furniture, Fixtures, and Equipment	4,461,856	73,515	(1,237,922)	3,297,449
Vehicles	1,305,786	241,479	(102,670)	1,444,595
Total Tangible Assets	64,209,298	3,342,207	(1,399,316)	66,152,189
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Equipment	115,430	0	0	115,430
Total Depreciable Capital Assets	64,324,728	3,342,207	(1,399,316)	66,267,619
Less Accumulated Depreciation/Amortization				
Depreciation				
Land Improvements	(1,077,464)	(364,702)	2,788	(1,439,378)
Buildings and Improvements	(7,501,828)	(1,280,058)	21,360	(8,760,526)
Furniture, Fixtures, and Equipment	(1,150,739)	(388,199)	452,285	(1,086,653)
Vehicles	(674,288)	(99,074)	99,584	(673,778)
Total Depreciation	(10,404,319)	(2,132,033)	576,017	(11,960,335)
Amortization				
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Equipment	(20,293)	(22,574)	0	(42,867)
Total Accumulated Depreciation/Amortization	(10,424,612)	(2,154,607)	576,017	(12,003,202)
Total Depreciable Capital Assets, Net	53,900,116	1,187,600	(823,299)	54,264,417
Total Capital Assets, Net	\$55,817,269	\$2,585,534	(\$3,056,377)	\$55,346,426

During 2025, governmental activities accepted capital contributions of capital assets from outside sources in the amount of \$301,325.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 11 - Capital Assets (continued)

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

	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
Instruction:			
Regular	\$784,510	\$21,220	\$805,730
Special	80,390	0	80,390
Vocational	28,806	0	28,806
Support Services:			
Pupils	87,003	0	87,003
Instructional Staff	23,221	0	23,221
Administration	69,448	677	70,125
Fiscal	94,547	677	95,224
Operations and Maintenance of Plant	427,258	0	427,258
Pupil Transportation	156,900	0	156,900
Central	22,215	0	22,215
Non Instructional	86,479	0	86,479
Extracurricular	271,256	0	271,256
Total Depreciation/Amortization Expense	<u>\$2,132,033</u>	<u>\$22,574</u>	<u>\$2,154,607</u>

Note 12 - Interfund

At June 30, 2025, the General Fund had interfund receivables from other governmental funds for short-term loans made to those funds in the amount of \$1,193. All amounts are expected to be repaid within one year.

Note 13 - Risk Management

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

Coverage provided by The Schools of Ohio Risk Sharing Authority is as follows:

Building and Contents	\$98,445,837
General School District Liability	
Per Occurrence	15,000,000
Aggregate	17,000,000
Automobile Liability	15,000,000
Uninsured Motorists	1,000,000

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 13 - Risk Management (continued)

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

For fiscal year 2025, the School District participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with the SORSA for insurance coverage and pays annual premiums to the SORSA based on the types and limits of coverage and deductibles selected by the participant.

The School District participates in the Hancock County Schools Health Benefit Fund (Fund), a public entity shared risk pool consisting of seven local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Developmental Disabilities. The School District pays monthly premiums to the Fund for employee medical, dental, and vision insurance benefits. The Fund is responsible for the management and operations of the program. Upon withdrawal from the Fund, a participant is responsible for the payment of all Fund liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The third party administrator, Sheakley Uniservice, Inc., reviews each participants' claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the Plan.

Note 14 - Contractual Commitments

At fiscal year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2026 are as follows:

General Fund	\$242,572
Building Fund	727
Classroom Facilities Fund	5,273
Other Governmental Funds	39,546
Total	<u>\$288,118</u>

Note 15 - Defined Benefit Pension Plans

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

Note 15 - Defined Benefit Pension Plans (continued)

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions - between an employer and its employee - 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.

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 16 for the required OPEB disclosures.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 15 - Defined Benefit Pension Plans (continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 15 - Defined Benefit Pension Plans (continued)

The School District's contractually required contribution to SERS was \$326,009 for fiscal year 2025. Of this amount \$22,389 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

Note 15 - Defined Benefit Pension Plans (continued)

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

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

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

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

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

The School District's contractually required contribution to STRS was \$1,146,074 for fiscal year 2025. Of this amount \$138,175 is reported as an intergovernmental payable.

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

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

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 15 - Defined Benefit Pension Plans (continued)

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.05260000%	0.05717387%	
Prior Measurement Date	0.04957640%	0.05771565%	
Change in Proportionate Share	<u>0.00302360%</u>	<u>-0.00054178%</u>	
Proportionate Share of the Net			
Pension Liability	\$2,690,803	\$11,001,175	\$13,691,978
Pension Expense	\$151,067	\$606,691	\$757,758

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$102,732	\$692,787	\$795,519
Changes of assumptions	24,071	506,994	531,065
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	118,699	73,471	192,170
School District contributions subsequent to the measurement date	<u>326,009</u>	<u>1,146,074</u>	<u>1,472,083</u>
Total Deferred Outflows of Resources	<u>\$571,511</u>	<u>\$2,419,326</u>	<u>\$2,990,837</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$6,025	\$6,025
Changes of assumptions	0	381,621	381,621
Net difference between projected and actual earnings on pension plan investments	168,308	945,877	1,114,185
Changes in proportionate share and differences between expected and and proportionate share of contributions	<u>57,974</u>	<u>123,714</u>	<u>181,688</u>
Total Deferred Inflows of Resources	<u>\$226,282</u>	<u>\$1,457,237</u>	<u>\$1,683,519</u>

\$1,472,083 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 15 - Defined Benefit Pension Plans (continued)

Fiscal Year Ending June 30:	SERS	STRS	Total
2026	(\$124,312)	(\$597,139)	(\$721,451)
2027	183,567	976,177	1,159,744
2028	9,457	(312,805)	(303,348)
2029	(49,492)	(250,218)	(299,710)
Total	<u>\$19,220</u>	<u>(\$183,985)</u>	<u>(\$164,765)</u>

Actuarial Assumptions - SERS

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

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

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

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

Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 15 - Defined Benefit Pension Plans (continued)

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. ORC 3309.15 and the SERS Board-adopted Investment Policy govern investment activity. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

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

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

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 15 - Defined Benefit Pension Plans (continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$4,116,557	\$2,690,803	\$1,490,396

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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

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

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 15 - Defined Benefit Pension Plans (continued)

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

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net pension liability	\$17,746,825	\$11,001,175	\$5,295,516

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2025, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 16 - Defined Benefit OPEB Plans

See Note 15 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$40,359.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 16 - Defined Benefit OPEB Plans (continued)

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$40,359 for fiscal year 2025. Of this amount \$40,359 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

OPEB Liability (Asset), 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 independent actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 16 - Defined Benefit OPEB Plans (continued)

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.05351070%	0.05717387%	
Prior Measurement Date	0.05104460%	0.05771565%	
Change in Proportionate Share	0.00246610%	-0.00054178%	
Proportionate Share of the:			
Net OPEB Liability	\$545,006	\$0	\$545,006
Net OPEB Asset	\$0	\$1,084,480	\$1,084,480
OPEB Expense	(\$97,727)	(\$238,964)	(\$336,691)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$47,145	\$47,145
Changes of assumptions	233,915	133,484	367,399
Net difference between projected and actual earnings on OPEB plan investments	2,661	0	2,661
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	31,709	4,135	35,844
School District contributions subsequent to the measurement date	40,359	0	40,359
Total Deferred Outflows of Resources	\$308,644	\$184,764	\$493,408
Deferred Inflows of Resources			
Differences between expected and actual experience	\$587,656	\$116,870	\$704,526
Changes of assumptions	250,354	489,093	739,447
Net difference between projected and actual earnings on OPEB plan investments	0	46,565	46,565
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	180,863	2,297	183,160
Total Deferred Inflows of Resources	\$1,018,873	\$654,825	\$1,673,698

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 16 - Defined Benefit OPEB Plans (continued)

\$40,359 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$185,398)	(\$165,067)	(\$350,465)
2027	(140,122)	(73,042)	(213,164)
2028	(109,962)	(93,255)	(203,217)
2029	(94,465)	(86,839)	(181,304)
2030	(93,663)	(70,291)	(163,954)
Thereafter	(126,978)	18,433	(108,545)
Total	<u>(\$750,588)</u>	<u>(\$470,061)</u>	<u>(\$1,220,649)</u>

Actuarial Assumptions - SERS

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

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

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

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

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 16 - Defined Benefit OPEB Plans (continued)

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

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 16 - Defined Benefit OPEB Plans (continued)

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

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

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

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$726,743	\$545,006	\$400,587

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$368,402	\$545,006	\$777,133

Actuarial Assumptions - STRS

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

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 16 - Defined Benefit OPEB Plans (continued)

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

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

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 16 - Defined Benefit OPEB Plans (continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	\$881,753	\$1,084,480	\$1,260,895

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$1,272,812	\$1,084,480	\$857,985

Note 17 - Other Employee Benefits

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred twenty-five days for all employees. Upon retirement, payment is made for one-fourth of accrued but unused sick leave to a maximum of fifty-six and one-fourth days for all employees.

B. Health Care Benefits

The School District provides medical, dental, and vision insurance to all employees through the Hancock County Schools Health Benefit Fund. The School District offers life insurance to all employees through the Ohio Schools Council. Depending upon the plan chosen, the employees share the cost of monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 18 - Long-Term Obligations

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

	Balance at 7/1/2024	Additions	Reductions	Balance at 6/30/2025	Due Within One Year
General Obligation Bonds:					
FY 2020 School Facilities Construction and Improvement Bonds					
Serial Bonds 3-5%	\$8,675,000	\$0	\$385,000	\$8,290,000	\$400,000
Term Bonds 3-4%	14,570,000	0	0	14,570,000	0
Premium	1,967,541	0	32,588	1,934,953	0
Total General Obligation Bonds	25,212,541	0	417,588	24,794,953	400,000
Net Pension Liability					
SERS	2,739,350	0	48,547	2,690,803	0
STRS	12,429,028	0	1,427,853	11,001,175	0
Total Net Pension Liability	15,168,378	0	1,476,400	13,691,978	0
Net OPEB Liability					
SERS	840,933	0	295,927	545,006	0
Compensated Absences Payable	3,886,231	0	182,766	3,703,465	529,360
Leases Payable	95,137	0	22,574	72,563	23,037
Total General Long-Term Obligations	\$45,203,220	\$0	\$2,395,255	\$42,807,965	\$952,397

FY 2020 School Facilities Construction and Improvement Bonds - On December 3, 2019, the School District issued general obligation bonds, in the amount of \$25,590,000, for improving and constructing school buildings and facilities. The bond issue includes serial and term bonds, in the original amount of \$11,020,000 and \$14,570,000, respectively. The bonds were issued for a thirty-five fiscal year period, with final maturity in fiscal year 2055. The bonds are being retired through the Bond Retirement debt service fund.

The term bonds maturing on November 1, 2044, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on November 1 in the years and the respective principal amounts as follows:

Year	Amount
2040	\$735,000
2041	765,000
2042	795,000
2043	830,000

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 18 - Long-Term Obligations (continued)

The remaining principal, in the amount of \$860,000, will be paid at stated maturity on November 1, 2044.

The term bonds maturing on November 1, 2048, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on November 1 in the years and the respective principal amounts as follows:

Year	Amount
2045	\$895,000
2046	930,000
2047	970,000

The remaining principal, in the amount of \$1,010,000, will be paid at stated maturity on November 1, 2048.

The term bonds maturing on November 1, 2054, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on November 1 in the years and the respective principal amounts as follows:

Year	Amount
2049	\$1,050,000
2050	1,080,000
2051	1,110,000
2052	1,145,000
2053	1,180,000

The remaining principal, in the amount of \$1,215,000, will be paid at stated maturity on November 1, 2054.

The serial bonds are subject to prior redemption on or after November 1, 2029, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date, and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

As of June 30, 2025, \$281,095 of bond proceeds had not been spent before related contracts and \$1,996,593 was spent on items which were not capitalized.

The School District has an outstanding agreement to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. This lease will be paid from the General Fund.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 18 - Long-Term Obligations (continued)

A summary of the principal and interest amounts for the remaining leases is as follows.

Year	Principal	Interest
2026	\$23,037	\$1,263
2027	23,511	789
2028	23,994	306
2029	2,021	3
	<u>\$72,563</u>	<u>\$2,361</u>

There is no repayment schedule for the net pension/OPEB liability; however, employer contributions are made from the General Fund, and the Food Service, and the School Aged Child Care special revenue funds. For additional information related to the net pension liability and net OPEB liability, see Note 15 and Note 16 to the basic financial statements.

Increases and decreases to compensated absences are presented net on the above table.

The School District's overall debt margin was \$5,009,594 with an unvoted debt margin of \$300,305 at June 30, 2025. The School District has been authorized by the Ohio Superintendent of Public Instruction to exceed its overall limitation because it has been designated as a "special needs" school district.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2025, were as follows:

Fiscal Year Ended June 30,	General Obligation Bonds			
	Serial	Term	Interest	Total
2026	\$400,000	\$0	\$840,300	\$1,240,300
2027	420,000	0	819,800	1,239,800
2028	445,000	0	798,175	1,243,175
2029	465,000	0	775,425	1,240,425
2030	490,000	0	751,550	1,241,550
2031-2035	2,775,000	0	3,430,800	6,205,800
2036-2040	3,295,000	0	2,901,300	6,196,300
2041-2045	0	3,985,000	2,189,100	6,174,100
2046-2050	0	4,855,000	1,313,350	6,168,350
2051-2055	0	5,730,000	439,950	6,169,950
	<u>\$8,290,000</u>	<u>\$14,570,000</u>	<u>\$14,259,750</u>	<u>\$37,119,750</u>

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 19 - Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balance</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Building</u>	<u>Classroom Facilities</u>
Nonspendable for:				
Materials and Supplies				
Inventory	\$3,466	\$0	\$0	\$0
Prepaid Items	8,471	0	0	0
Total Nonspendable	<u>11,937</u>	<u>0</u>	<u>0</u>	<u>0</u>
Restricted for:				
Athletics and Music	0	0	0	0
Debt Retirement	0	842,177	0	0
Food Service Operations	0	0	0	0
Permanent Improvement	0	0	732,457	724,515
School Facilities and Maintenance	0	0	0	0
Regular Instruction	0	0	0	0
School Age Childcare	0	0	0	0
Student Activities	0	0	0	0
Student Wellness	0	0	0	0
Vocational Instruction	0	0	0	0
Total Restricted	<u>0</u>	<u>842,177</u>	<u>732,457</u>	<u>724,515</u>
Committed for:				
Scholarships	3,562	0	0	0
Termination Benefits	367,923	0	0	0
Total Committed	<u>371,485</u>	<u>0</u>	<u>0</u>	<u>0</u>
Assigned for:				
Projected Budget Shortage	261,157	0	0	0
Extracurricular Activities	105,052	0	0	0
Unpaid Obligations	170,510	0	0	0
Total Assigned	<u>536,719</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned (Deficit)	<u>10,557,341</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>\$11,477,482</u>	<u>\$842,177</u>	<u>\$732,457</u>	<u>\$724,515</u>

(continued)

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 19 - Fund Balance (continued)

Fund Balance	Other Governmental	Total Governmental Funds
Nonspendable for:		
Materials and Supplies		
Inventory	\$2,717	\$6,183
Prepaid Items	177	8,648
Total Nonspendable	<u>2,894</u>	<u>14,831</u>
Restricted for:		
Athletics and Music	51,075	51,075
Debt Retirement	0	842,177
Food Service Operations	468,017	468,017
Permanent Improvement	0	1,456,972
School Facilities and Maintenance	637,100	637,100
Regular Instruction	29,189	29,189
School Age Childcare	130,773	130,773
Student Activities	137,736	137,736
Vocational Instruction	499	499
Total Restricted	<u>1,454,389</u>	<u>3,753,538</u>
Committed for:		
Scholarships	0	3,562
Termination Benefits	0	367,923
Total Committed	<u>0</u>	<u>371,485</u>
Assigned for:		
Projected Budget Shortage	0	261,157
Extracurricular Activities	0	105,052
Permanent Improvement	577,986	577,986
Unpaid Obligations	0	170,510
Total Assigned	<u>577,986</u>	<u>1,114,705</u>
Unassigned (Deficit)	<u>(1,193)</u>	<u>10,556,148</u>
Total Fund Balance	<u><u>\$2,034,076</u></u>	<u><u>\$15,810,707</u></u>

Note 20 - Set Asides

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

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 20 - Set Asides (continued)

The following cash basis information identifies the change in the fund balance set aside for capital improvements during fiscal year 2025.

	Capital Improvements
Balance June 30, 2024	\$0
Current Year Set Aside Requirement	379,125
Current Year Offsets	(379,125)
Balance June 30, 2025	<u>\$0</u>

Note 21 - Interfund Transfers

During fiscal year 2025, the General Fund made transfers to the other governmental funds, in the amount of \$1,102,313 to subsidize permanent improvements and operations of other governmental funds.

Note 22 - Jointly Governed Organizations

A. Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Seneca, Van Wert, Wood, and Wyandot Counties and the cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member entities within each county plus one representative from the fiscal agent school district. During fiscal year 2025, the School District paid \$65,728 to NOACSC for various services. Financial information can be obtained from Ray Burden, who serves as director, at 4277 East Road, Elida, Ohio 45807.

B. Hancock County Local Professional Development Committee

The Hancock County Local Professional Development Committee (HCLPDC) was established in 1999 to plan, promote, and facilitate effective and efficient professional educator license renewal standards and staff development activities. The HCLPDC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its members. The HCLPDC is governed by a fourteen member Executive Board. Financial information can be obtained from the Hancock County Educational Service Center, who serves as fiscal agent, 7746 County Road 140, Findlay, Ohio 45840.

Note 22 - Jointly Governed Organizations (continued)

C. Bay Area Council of Governments

The Bay Area Council of Governments (Council) is a jointly governed organization among school districts which was formed to purchase quality products and services at the lowest possible cost to the participants. The Council is governed by a board consisting of seven superintendents from the participating school districts. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained from the Bay Area Council of Governments, North Point Educational Service Center, 4918 Milan Road, Sandusky, Ohio 44870.

The School District participates in the Council's prepaid natural gas program. This program allows the School District to purchase natural gas at reduced rates. The School District makes monthly payments based on estimated usage. Each month the estimates are compared to actual usage and adjustments are made.

Note 23 - Insurance Pools

A. Schools of Ohio Risk Sharing Authority

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SORSA's business and affairs are conducted by a board consisting of superintendents, treasurers, and business managers. Financial information can be obtained from SORSA, 555 Metro Place North, Suite 645, Dublin, Ohio 43017.

B. Hancock County Schools Health Benefit Fund

The Hancock County Schools Health Benefit Fund is a public entity shared risk pool consisting of seven local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Developmental Disabilities. The Fund is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the consultant concerning aspects of the administration of the Fund.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Fund is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840.

Note 23 - Insurance Pools (continued)

C. Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials as an insurance purchasing pool. The Plan's business and affairs are conducted by a five member OASBO Board of Directors. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Note 24 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2025.

B. School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, DEW adjustments for fiscal year 2025 have been finalized and resulted in a payable for the School District totaling \$34,947. This amount was not reported on the financial statements.

C. Litigation

There are currently no matters in litigation with the School District as defendant.

Note 25 - COVID-19

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

Liberty-Benton Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.05260000%	0.04957640%	0.05196460%	0.05666160%
School District's Proportionate Share of the Net Pension Liability	\$2,690,803	\$2,739,350	\$2,810,650	\$2,090,650
School District's Employee Payroll	\$2,204,857	\$1,985,393	\$1,718,057	\$1,966,179
School District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	122.04%	137.98%	163.59%	106.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.52%	76.06%	75.82%	82.86%

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information

2021	2020	2019	2018	2017	2016
0.05692680%	0.05755610%	0.05735210%	0.05742740%	0.05623430%	0.05273670%
\$3,765,259	\$3,443,682	\$3,284,661	\$3,431,160	\$4,115,831	\$3,009,207
\$2,005,764	\$1,979,200	\$1,886,052	\$1,877,786	\$1,756,264	\$1,597,193
187.72%	173.99%	174.16%	182.72%	234.35%	188.41%
68.55%	70.85%	71.36%	69.50%	62.98%	69.16%

Liberty-Benton Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Nine Fiscal Years (1)

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Liability	0.05351070%	0.05104460%	0.05322290%	0.05848550%
School District's Proportionate Share of the Net OPEB Liability	\$545,006	\$840,933	\$747,255	\$1,106,887
School District's Employee Payroll	\$2,204,857	\$1,985,393	\$1,718,157	\$1,966,179
School District's Proportionate Share of the Net OPEB Liability as a Percentage of Employee Payroll	24.72%	42.36%	43.49%	56.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.50%	30.02%	30.34%	24.08%

(1) Information prior to 2017 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information

2021	2020	2019	2018	2017
0.05917400%	0.05906580%	0.05827800%	0.05827850%	0.05705380%
\$1,286,045	\$1,485,381	\$1,616,790	\$1,564,042	\$1,626,244
\$2,005,764	\$1,979,200	\$1,886,052	\$1,877,786	\$1,756,264
64.12%	75.05%	85.72%	83.29%	92.60%
18.17%	15.57%	13.57%	12.46%	11.49%

Liberty-Benton Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.05717387%	0.05771565%	0.05736171%	0.056618936%
School District's Proportionate Share of the Net Pension Liability	\$11,001,175	\$12,429,028	\$12,751,580	\$7,239,241
School District's Employee Payroll	\$7,916,021	\$7,669,493	\$7,009,500	\$7,219,921
School District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	138.97%	162.06%	181.92%	100.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.00%	78.90%	87.80%

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information

2021	2020	2019	2018	2017	2016
0.05532542%	0.05618540%	0.05546544%	0.05602550%	0.05499964%	0.05506630%
\$13,386,782	\$12,425,064	\$12,195,605	\$13,308,978	\$18,410,039	\$15,218,715
\$6,729,500	\$6,331,786	\$6,406,414	\$6,196,771	\$5,679,329	\$5,766,814
198.93%	196.23%	190.37%	214.77%	324.16%	263.90%
75.50%	77.40%	77.30%	75.30%	66.80%	72.10%

Liberty-Benton Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Nine Fiscal Years (1)

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Liability	0.05717387%	0.05771565%	0.05736171%	0.056618936%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,084,480)	(\$1,122,489)	(\$1,485,285)	(\$1,193,764)
School District's Employee Payroll	\$7,916,021	\$7,669,493	\$7,009,500	\$7,219,921
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Employee Payroll	-13.70%	-14.64%	-21.19%	-16.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	158.00%	168.50%	230.70%	174.70%

(1) Information prior to 2017 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information

2021	2020	2019	2018	2017
0.05532542%	0.05618540%	0.05546544%	0.05602550%	0.05499964%
(\$972,343)	(\$930,565)	(\$891,273)	\$2,185,908	\$2,941,395
\$6,729,500	\$6,331,786	\$6,406,414	\$6,196,771	\$5,679,329
-14.45%	-14.70%	-13.91%	35.27%	51.79%
182.10%	174.70%	176.00%	47.10%	37.30%

Liberty-Benton Local School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
Net Pension Liability				
Contractually Required Contribution	\$326,009	\$308,680	\$277,955	\$240,528
Contributions in Relation to the Contractually Required Contribution	<u>(326,009)</u>	<u>(308,680)</u>	<u>(277,955)</u>	<u>(240,528)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll (1)	\$2,328,636	\$2,204,857	\$1,985,393	\$1,718,057
Pension Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution (2)	\$40,359	\$37,960	\$37,478	\$35,211
Contributions in Relation to the Contractually Required Contribution	<u>(40,359)</u>	<u>(37,960)</u>	<u>(37,478)</u>	<u>(35,211)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Employee Payroll	<u>1.73%</u>	<u>1.72%</u>	<u>1.89%</u>	<u>2.05%</u>
Total Contributions as a Percentage of Employee Payroll (2)	<u>15.73%</u>	<u>15.72%</u>	<u>15.89%</u>	<u>16.05%</u>

(1) The School District's covered payroll is the same for Pension and OPEB

(2) Includes Surcharge

See Accompanying Notes to the Required Supplementary Information

2021	2020	2019	2018	2017	2016
\$275,265	\$280,807	\$267,192	\$254,617	\$262,890	\$245,877
(275,265)	(280,807)	(267,192)	(254,617)	(262,890)	(245,877)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,966,179	\$2,005,764	\$1,979,200	\$1,886,052	\$1,877,786	\$1,756,264
14.00%	14.00%	13.50%	13.50%	14.00%	14.00%
\$37,848	\$38,493	\$46,333	\$41,333	\$31,777	\$29,155
(37,848)	(38,493)	(46,333)	(41,333)	(31,777)	(29,155)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.92%</u>	<u>1.92%</u>	<u>2.34%</u>	<u>2.19%</u>	<u>1.69%</u>	<u>1.66%</u>
<u>15.92%</u>	<u>15.92%</u>	<u>15.84%</u>	<u>15.69%</u>	<u>15.69%</u>	<u>15.66%</u>

Liberty-Benton Local School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
Net Pension Liability				
Contractually Required Contribution	\$1,146,074	\$1,108,243	\$1,073,729	\$981,330
Contributions in Relation to the Contractually Required Contribution	<u>(1,146,074)</u>	<u>(1,108,243)</u>	<u>(1,073,729)</u>	<u>(981,330)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$8,186,243	\$7,916,021	\$7,669,493	\$7,009,500
Pension Contributions as a Percentage of Employee Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Employee Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Employee Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See Accompanying Notes to the Required Supplementary Information

2021	2020	2019	2018	2017	2016
\$1,010,789	\$942,130	\$886,450	\$896,898	\$867,548	\$795,106
(1,010,789)	(942,130)	(886,450)	(896,898)	(867,548)	(795,106)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,219,921	\$6,729,500	\$6,331,786	\$6,406,414	\$6,196,771	\$5,679,329
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
\$0	\$0	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Liberty-Benton Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Net Pension Liability

Changes in Benefit Terms/Assumptions - SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used. For 2021, the cost-of living adjustment was reduced from 2.5 percent to 2 percent. For 2023 and 2024, the cost-of-living adjustment was increased from 2 percent to 2.5 percent.

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

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

Changes in Assumptions - STRS

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

Liberty-Benton Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustment (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

Beginning with Fiscal Year 2022	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

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

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

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

Liberty-Benton Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Changes in Benefit Term - STRS Pension

For 2024 and 2025, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

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

Net OPEB Liability

Changes in Assumptions - SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	<u>2022</u>	<u>2021 and Prior</u>
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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

Liberty-Benton Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Municipal Bond Index Rate:

Fiscal year 2025	3.93 percent
Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense,
including price inflation

Fiscal year 2025	4.88 percent
Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions - STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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

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

For fiscal year 2023, the projected salary increases were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

Changes in Benefit Terms - STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

Liberty-Benton Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

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

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

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

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

For fiscal year 2025, 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.

**LIBERTY-BENTON LOCAL SCHOOL DISTRICT
HANCOCK COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education and Workforce</i>		
<u>Child Nutrition Cluster</u>		
School Breakfast Program		
Cash Assistance	10.553	\$30,268
National School Lunch Program		
Cash Assistance	10.555	209,166
Non-Cash Assistance (Food Distribution)	10.555	39,326
Total National School Lunch Program		248,492
Total Child Nutrition Cluster		278,760
Total U.S. Department of Agriculture		278,760
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Title I Grants to Local Educational Agencies	84.010A	105,595
<u>Special Education Cluster</u>		
Special Education Grants to States	84.027A	318,558
Special Education Preschool Grants	84.173A	7,002
Total Special Education Cluster		325,560
Supporting Effective Instruction State Grants	84.367A	19,942
Student Support and Academic Enrichment Program	84.424A	20,000
COVID-19 Education Stabilization Fund (ARP ESSER)	84.425U	49,567
Total U.S. Department of Education		520,664
Total Expenditures of Federal Awards		\$799,424

The accompanying notes are an integral part of this schedule.

**LIBERTY-BENTON LOCAL SCHOOL DISTRICT
HANCOCK COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Liberty-Benton Local School District, Hancock County, Ohio (the District) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented 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 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 the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 15-percent 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.

NOTE F – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with Ohio Department of Education and Workforce's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2025 to 2026 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amt.</u> <u>Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$353
Student Support and Academic Enrichment Program	84.424	\$228



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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**

Liberty-Benton Local School District
Hancock County
9190 County Road 9
Findlay, Ohio 45840

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty-Benton Local School District, Hancock 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 and have issued our report thereon dated March 24, 2026, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

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 purpose 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.

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 24, 2026



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

Liberty-Benton Local School District
Hancock County
9190 County Road 9
Findlay, Ohio 45840

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Liberty-Benton Local School District, Hancock County, Ohio's (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 Liberty-Benton Local School District's major federal program for the year ended June 30, 2025. Liberty-Benton Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on the 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 the 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 the 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

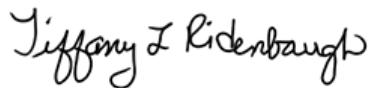
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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

A handwritten signature in black ink, reading "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

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

March 24, 2026

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**LIBERTY-BENTON LOCAL SCHOOL DISTRICT
HANCOCK 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):	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

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OHIO AUDITOR OF STATE KEITH FABER



LIBERTY BENTON LOCAL SCHOOL DISTRICT

HANCOCK 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 3/26/2026

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