



OHIO AUDITOR OF STATE
KEITH FABER



**LOCKLAND LOCAL SCHOOL DISTRICT
HAMILTON COUNTY
JUNE 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

Lockland Local Scholl District
Hamilton County
210 North Cooper Avenue
Lockland, Ohio 45215

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lockland Local School District, 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 modified cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in modified cash-basis financial position thereof and the for the year then ended in accordance with the modified cash-basis of accounting described in Note 1D.

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 - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 1D of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash-basis of accounting described in Note 1D, and for determining that the modified cash-basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 budgetary comparison schedules provide budgetary information for the General Fund. This information provides additional analysis and is not a required part of the financial statements

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Information

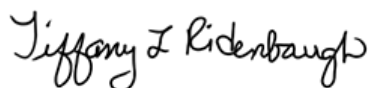
Management is responsible for the other information included in the annual financial report. The other information comprises the management's discussion & analysis, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon..

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2026, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

April 14, 2026

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LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

Key financial highlights for 2025 are as follows:

- For governmental activities, net position decreased by \$4,192,410, which represents a 17% decrease from 2024.
- General receipts accounted for \$23.9 million, or 95%, of all governmental receipts. Program specific receipts in the form of charges for services and sales, and operating and contributions accounted for \$1.3 million or 5% of total governmental receipts of \$25.2 million.
- The School District had \$29.4 million in disbursements related to governmental activities; only \$1.3 million of these disbursements were offset by program specific charges for services and sales, and operating and capital grants and contributions. General receipts (primarily taxes and unrestricted grants and entitlements) of \$23.9 million provided additional resources for these programs.
- The School District reported four major funds for fiscal year 2025. In addition to the General Fund, the School District also reported the Building, Ohio Facilities Construction Commission (OFCC), and Capital Projects funds as major funds. The Building and OFCC funds were used to account for the School District's continued renovation of its K-12 campus that began during fiscal year 2022. The School District created the Capital Projects fund in fiscal year 2025 for Main Campus and stadium improvements.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's modified cash basis of accounting.

Report Components

The Statement of Net Position and Statement of Activities provide information about the cash activities of the School District as a whole. Fund financial statements provide the next level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The School District has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid, except for recording investments at fair value.

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

Reporting the School District as a Whole

The Statement of Net Position and the Statement of Activities reflect how the School District performed financially during fiscal year 2025, within the limitations of modified cash basis accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, the reader can utilize these statements as one measure of the School District's financial condition. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial condition is improving or deteriorating. When evaluating the School District's financial condition, the reader should also consider other nonfinancial factors as well, such as the School District's property tax base, the condition of the School District's capital assets, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the Statement of Net Position and the Statement of Activities, all of the School District's programs and services are reported as Governmental Activities.

Reporting the School District's Most Significant Funds

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds.

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

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net position at year-end

The following table presents a condensed summary of the School District's net position of governmental activities at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Assets:		
Cash and investments	<u>\$20,412,368</u>	<u>\$24,604,778</u>
<i>Total Assets</i>	<u><u>\$20,412,368</u></u>	<u><u>\$24,604,778</u></u>
Net Position:		
Restricted	\$ 7,992,226	\$12,579,488
Unrestricted	<u>12,420,142</u>	<u>12,025,290</u>
<i>Total Net Position</i>	<u><u>\$20,412,368</u></u>	<u><u>\$24,604,778</u></u>

The restricted net position includes amounts restricted for capital projects, debt service and other purposes. These amounts are held to be used for specific purposes. The balance of unrestricted net position (\$12,420,142) may be used to meet the government's ongoing obligations to citizens and creditors.

Cash and investments decreased by \$4,192,410 primarily due to ongoing OFCC projects.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025*

The table below shows the net changes in governmental activities net position for fiscal year 2025 compared to 2024.

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
Receipts:			
Program Receipts:			
Charges for services and sales	\$ 272,466	\$ 311,392	\$ (38,926)
Operating grants and contributions	<u>1,051,768</u>	<u>1,231,768</u>	<u>(180,000)</u>
<i>Total Program Receipts</i>	<u>1,324,234</u>	<u>1,543,160</u>	<u>(218,926)</u>
General Receipts:			
Property taxes	3,602,592	3,568,123	34,469
Grants and entitlements	18,863,778	19,942,065	(1,078,287)
Investment earnings	1,177,475	1,256,804	(79,329)
Miscellaneous	<u>282,112</u>	<u>361,823</u>	<u>(79,711)</u>
<i>Total General Receipts</i>	<u>23,925,957</u>	<u>25,128,815</u>	<u>(1,202,858)</u>
<i>Total Receipts</i>	<u>25,250,191</u>	<u>26,671,975</u>	<u>(1,421,784)</u>
Disbursements:			
Instruction	5,042,721	5,320,568	(277,847)
Support services:			
Pupils and instructional staff	1,445,813	1,203,032	242,781
Board of Education, administration fiscal and business	2,346,689	1,824,967	521,722
Operation and maintenance of plant	1,172,580	658,066	514,514
Pupil transportation	696,140	484,781	211,359
Central	121,414	124,172	(2,758)
Non-instructional services	269,481	261,525	7,956
Food services	4,727	8,282	(3,555)
Capital outlay	17,779,892	14,329,815	3,450,077
Debt service	<u>563,144</u>	<u>564,369</u>	<u>(1,225)</u>
<i>Total Disbursements</i>	<u>29,442,601</u>	<u>24,779,577</u>	<u>4,663,024</u>
<i>Changes in Net Position</i>	<u>(4,192,410)</u>	<u>1,892,398</u>	<u>\$ (6,084,808)</u>
<i>Beginning Net Position</i>	<u>24,604,778</u>	<u>22,712,380</u>	
<i>Ending Net Position</i>	<u>\$20,412,368</u>	<u>\$24,604,778</u>	

Of the total governmental activities receipts of \$25,250,191, \$1,324,234 (5%) is from program receipts. This means that the government relies on general receipts to fund the majority of the cost of services provided to the citizens. Of those general receipts, 15% (\$3,602,592) comes from property tax levies and 79% (\$18,863,778) is from state funding.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Governmental Activities

The School District's governmental activities net position decreased by \$4,192,410. Total receipts decreased 5%, while total disbursements increased 19%. The decrease in receipts was primarily due to a decrease in state foundation aid, associated with lower student enrollment, and decrease in grant draws for the OFCC project.

The increase in disbursements were primarily driven by ongoing work on the \$33 million OFCC project to renovate the K-12 campus. The School District received \$13.0 million from the State during fiscal year 2025 for its share of the project, while incurring \$17.8 million in project disbursements.

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the receipts generated by each function. \$1,324,234 of the cost of the School District's programs was recouped in program receipts. Instruction costs were \$5,042,721, with program receipts contributed to fund only 23% of these costs. Thus, general receipts of \$3,894,728 were used to support the remainder of the instruction costs.

	2025		2024	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Disbursements:				
Instruction	\$ 5,042,721	\$ 3,894,728	\$ 5,320,568	\$ 3,968,151
Support services:				
Pupils and instructional staff	1,445,813	1,279,424	1,203,032	1,021,541
Board of Education, administration fiscal and business	2,346,689	2,346,689	1,824,967	1,824,967
Operation and maintenance of plant	1,172,580	1,172,580	658,066	658,066
Pupil transportation	696,140	696,140	484,781	484,781
Central	121,414	121,414	124,172	124,172
Non-instructional services	269,481	259,629	261,525	252,273
Food services	4,727	4,727	8,282	8,282
Capital outlay	17,779,892	17,779,892	14,329,815	14,329,815
Debt service	563,144	563,144	564,369	564,369
<i>Total Disbursements</i>	<u>\$29,442,601</u>	<u>\$28,118,367</u>	<u>\$ 24,779,577</u>	<u>\$ 23,236,417</u>

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has four major governmental funds: the General, Building, OFCC, and Capital Projects funds. Assets of the funds comprised of \$17,799,016 (87%) of the total \$20,412,368 governmental funds' assets.

General Fund: Fund balance at June 30, 2025 was \$8,847,698, a decrease of \$3,177,592. The decrease was driven by lower state foundation aide, due to lower student enrollment, and \$3.5 million in transfers out to capital-related funds for planned capital improvements.

	2025	2024	Increase (Decrease)
Receipts	\$10,162,091	\$10,666,531	\$ (504,440)
Disbursements	(9,575,718)	(8,293,554)	1,282,164
Other financing uses	(3,763,965)	(310,653)	3,453,312
Net change in fund balance	<u>\$ (3,177,592)</u>	<u>\$ 2,062,324</u>	<u>\$ (5,239,916)</u>

General Fund Budgeting Highlights

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

For the General Fund, final budget basis receipts were \$10.1 million, a 10% increase from the original estimate of \$9.1 million, primarily due to higher investment earnings and property tax receipts. Final budgeted disbursements and other financing uses were \$13.5 million, a decrease from the original estimate of \$14.6 million. The decrease was primarily due to initial conservative estimates and reducing the budget to control costs.

Other Major Governmental Funds

The other remaining major governmental funds were the Building, OFCC and Capital Projects funds. The Building and OFCC funds were used to account for the School District's continued renovation of its K-12 campus that began during fiscal year 2022. The project is currently in the construction phase and is estimated to be completed in early 2026.

The Capital Projects fund was created in fiscal year 2025 to account for transfers from the General Fund for Main Campus and stadium improvements.

Capital Assets and Debt Administration

Capital Assets

The School District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Debt

Under the modified cash basis of accounting, the School District does not report bonds, long-term notes or short-term notes in the accompanying cash basis financial statements. However, the School District issued \$10.2 million in school improvement bonds during fiscal year 2021 to finance the OFCC project to renovate the K-12 project. The bonds mature on December 1, 2051, and will be repaid with voter-approved property taxes. See Note 10 for additional information.

Current Financial Related Activities

The School District is nearing the end of a \$35 million renovation project through an Ohio Facilities Construction Commission funding. While the project will continue through the 2026 school year, it is substantially completed and students will be able to experience the new facilities after a delayed start to the school year to provide transition time. Elementary students will continue to be educated in the Annex Building through the 2026 school year.

The School District has experienced a drop in enrollment, as most public schools have, along with funding declines as the State of Ohio continues to use public tax dollars to fund private charter and parochial schools. This disturbing trend is a cause for teachers and support staff in the public sector to worry and rethink their decisions about teaching in public schools. This is not unique to Lockland, but because of its size, the School District is more vulnerable in the short-term than larger districts. The School District's student enrollment has declined by approximately 145 students over the past five years partly due to COVID and partly due to open enrollment out of district while renovations have been taking place.

In effort to combat this decline in student enrollment, the School District has embarked on an "Open Enrollment" campaign to bring out-of-district students into the School District which will increase revenues without additional expense.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at Lockland Local School District, 125 S. Cooper Avenue, Lockland, Ohio 45215.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Statement of Net Position - Modified Cash Basis

June 30, 2025

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	<u>\$ 20,412,368</u>
Net Position:	
Restricted for:	
Food service operations	12,658
Federal grant programs	169,624
Debt retirement	774,542
Capital improvements	6,629,566
Other purposes	405,836
Unrestricted	<u>12,420,142</u>
Total net position	<u><u>\$ 20,412,368</u></u>

See accompanying notes to the basic financial statements.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Statement of Activities - Modified Cash Basis

Fiscal Year Ended June 30, 2025

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 2,808,590	\$ 262,614	\$ 100,147	\$ (2,445,829)
Special	2,234,131	-	785,232	(1,448,899)
Support services:				
Pupil	1,217,741	-	54,477	(1,163,264)
Instructional staff	228,072	-	111,912	(116,160)
Board of Education	139,378	-	-	(139,378)
Administration	1,529,744	-	-	(1,529,744)
Fiscal	621,008	-	-	(621,008)
Business	56,559	-	-	(56,559)
Operation and maintenance of plant	1,172,580	-	-	(1,172,580)
Pupil transportation	696,140	-	-	(696,140)
Central	121,414	-	-	(121,414)
Non-instructional services:				
Extracurricular activities	269,481	9,852	-	(259,629)
Food service	4,727	-	-	(4,727)
Capital outlay	17,779,892	-	-	(17,779,892)
Debt service:				
Principal retirement	210,000	-	-	(210,000)
Interest on long-term debt	353,144	-	-	(353,144)
	<u>\$ 29,442,601</u>	<u>\$ 272,466</u>	<u>\$ 1,051,768</u>	<u>(28,118,367)</u>
General Receipts:				
Property taxes, levied for general purposes				2,890,830
Property taxes, levied for debt service				640,470
Property taxes, levied for permanent improvement				71,292
Grants and entitlements not restricted to specific programs				5,903,155
Grants provided for permanent improvement projects				12,960,623
Investment earnings				1,177,475
Miscellaneous				282,112
Total general receipts				<u>23,925,957</u>
Change in net position				(4,192,410)
Net position beginning of year				<u>24,604,778</u>
Net position end of year				<u>\$ 20,412,368</u>

See accompanying notes to the basic financial statements.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Statement of Assets and Fund Balances - Modified Cash Basis

Governmental Funds

June 30, 2025

	General	Building	OFCC	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in pooled cash and investments	<u>\$ 8,847,698</u>	<u>\$ 1,958,767</u>	<u>\$ 4,492,551</u>	<u>\$ 2,500,000</u>	<u>\$ 2,613,352</u>	<u>\$ 20,412,368</u>
Fund Balances:						
Restricted:						
Food service operations	-	-	-	-	12,658	12,658
Federal grant programs	-	-	-	-	169,624	169,624
Debt retirement	-	-	-	-	774,542	774,542
Capital improvements	-	1,958,767	4,492,551	-	178,248	6,629,566
Other purposes	-	-	-	-	405,836	405,836
Committed:						
Capital improvements	-	-	-	2,500,000	405,836	2,905,836
Severances	125,000	-	-	-	-	125,000
Assigned:						
Other purposes	40,244	-	-	-	-	40,244
Capital improvements	-	-	-	-	1,072,444	1,072,444
Unassigned	<u>8,682,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(405,836)</u>	<u>8,276,618</u>
Total fund balances	<u>\$ 8,847,698</u>	<u>\$ 1,958,767</u>	<u>\$ 4,492,551</u>	<u>\$ 2,500,000</u>	<u>\$ 2,613,352</u>	<u>\$ 20,412,368</u>

See accompanying notes to the basic financial statements.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Statement of Receipts, Disbursements and Changes in Fund Balance - Modified Cash Basis

Governmental Funds

Fiscal Year Ended June 30, 2025

	General	Building	OFCC	Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts						
Property taxes	\$ 2,890,830	\$ -	\$ -	\$ -	\$ 711,762	\$ 3,602,592
Tuition and fees	262,614	-	-	-	-	262,614
Interest	836,807	102,359	237,547	-	762	1,177,475
Charges for services	1,594	-	-	-	8,258	9,852
Intergovernmental	5,891,534	-	12,960,623	-	1,063,389	19,915,546
Miscellaneous	278,712	-	-	-	3,400	282,112
Total receipts	10,162,091	102,359	13,198,170	-	1,787,571	25,250,191
Disbursements						
Current:						
Instruction:						
Regular	2,676,693	-	-	-	131,897	2,808,590
Special	1,302,943	-	-	-	931,188	2,234,131
Support services:						
Pupil	1,151,520	-	-	-	66,221	1,217,741
Instructional staff	85,049	-	-	-	143,023	228,072
Board of Education	139,128	-	-	-	250	139,378
Administration	1,529,544	-	-	-	200	1,529,744
Fiscal	609,532	-	-	-	11,476	621,008
Business	56,559	-	-	-	-	56,559
Operation and maintenance of plant	1,172,580	-	-	-	-	1,172,580
Pupil transportation	696,140	-	-	-	-	696,140
Central	121,414	-	-	-	-	121,414
Non-instructional services:						
Extracurricular activities	34,616	-	-	-	234,865	269,481
Food service	-	-	-	-	4,727	4,727
Capital outlay	-	3,356,317	14,423,575	-	-	17,779,892
Debt Service:						
Principal	-	-	-	-	210,000	210,000
Interest and fiscal charges	-	-	-	-	353,144	353,144
Total disbursements	9,575,718	3,356,317	14,423,575	-	2,086,991	29,442,601
Excess (deficiency) of receipts over (under) disbursements	586,373	(3,253,958)	(1,225,405)	-	(299,420)	(4,192,410)
Other Financing Sources (Uses):						
Advances in	-	-	-	-	263,965	263,965
Advances out	(263,965)	-	-	-	-	(263,965)
Transfers in	-	-	-	2,500,000	1,000,000	3,500,000
Transfers out	(3,500,000)	-	-	-	-	(3,500,000)
Total other financing sources (uses)	(3,763,965)	-	-	2,500,000	1,263,965	-
Net change in fund balance	(3,177,592)	(3,253,958)	(1,225,405)	2,500,000	964,545	(4,192,410)
Fund balance, beginning of year	12,025,290	5,212,725	5,717,956	-	1,648,807	24,604,778
Fund balance, end of year	\$ 8,847,698	\$ 1,958,767	\$ 4,492,551	\$ 2,500,000	\$ 2,613,352	\$ 20,412,368

See accompanying notes to the basic financial statements.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lockland Local School District, Ohio (the “School District”) have been prepared on a modified cash basis. The more significant of the School District’s accounting policies are described below:

A. The Reporting Entity

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities. 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. There are no component units of the School District.

The School District is associated with two organizations that are defined as jointly governed organizations:

Great Oaks Institute of Technology and Career Development – The vocational school is a separate body politic and corporate established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. Great Oaks accepts non-tuition students from the School District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the School District. To obtain financial information, write to Great Oaks at 3254 E Kemper Rd. Cincinnati, OH 45241.

Hamilton Clermont Cooperative (HCC) – HCC is one of 19 regional information technology centers established by the state of Ohio to provide data and internet services for public and non-public schools in the Greater Cincinnati Metropolitan area. The executive committee is the managerial body responsible for directing and supervising the daily operation of the HCC, setting policy and passing legislation. The executive committee is composed of up to 12 members; two superintendents from each county, the superintendent from each County educational service center (ESC), one treasurer from each county, the treasurer of Hamilton and Clermont ESC shall serve as non-voting ex officio members. To obtain financial information, write to HCC at 1007 Cottonwood Drive, Loveland, Ohio 45140.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

B. Basis of Presentation

The School District uses the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 for financial reporting on a modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements providing more detailed financial information.

Government-Wide Financial Statements: The statement of net position and statement of activities display information about the School District as a whole. These statements report governmental activities.

The statement of net position presents the cash and investment balances of the governmental activities of the School District at fiscal year-end. The statement of activities compares disbursements with program receipts for each function of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the goods or services and grants and contributions restricted to meeting the operational and capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the School District's general receipts.

Fund Financial Statements: During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report more detailed information about the School District. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate non-major funds in a single column.

C. Fund Accounting

The School District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. All of the School District's funds are classified into the governmental fund type.

Governmental Funds

Governmental funds are those through which the governmental functions of the School District are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Cash disbursements are assigned to the fund from which they are paid. The following are the School District's major governmental funds:

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

General Fund – This fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The fund balance is available to the School District for any purpose, provided it is expended or transferred in accordance with applicable Ohio statute.

Building Fund – This fund accounts for the Series 2021 school facilities construction and improvement bond proceeds to finance the local share of the school facilities improvement project to renovate the K-12 campus.

Ohio Facilities Construction Commission (OCFF) Fund – This fund accounts for the State's share of the school facilities improvement project to renovate the K-12 campus.

Capital Projects Fund – This new fund for fiscal year 2025 accounts for transfers from the General Fund to fund improvements to the Main Campus and stadium.

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.

D. Basis of Accounting

Although required by the Ohio Administrative Code Section 117-2-03 (B) to prepare its annual financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the modified cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred, except for recording investments at fair value. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Budgets

The budgetary process is prescribed by provisions of the ORC and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2025 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed tax budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Hamilton County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year as reported by the Treasurer.

The Certificate may be further amended during the year for projected increases or if the Treasurer identifies decreases in revenue. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2025.

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund or alter object appropriations within functions must be approved by the Board of Education.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations that reallocated, increased, or decreased the original appropriated amounts. The Board legally enacted one supplemental appropriations measure during fiscal year 2025.
9. Unencumbered appropriations lapse at year-end. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level. Encumbrance accounting is utilized with School District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end are not included as part of cash disbursements, but are recorded as the equivalent of disbursements on a budgetary basis in order to demonstrate legal compliance. The required supplementary information found after the notes to the financial statements provides a reconciliation of the budgetary and modified cash basis of accounting.

F. Equity in Pooled Cash and Investments

Cash and investments consist of the total of fund cash balances of all funds as of June 30, 2025. 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 the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" in the financial statements.

During fiscal year 2025, the School District invested in money market funds, U.S. Treasuries, U.S. Agency securities, commercial paper, brokered certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR 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 GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Investments in STAR Ohio are valued at STAR Ohio's net asset value, which is the price the investment could be sold for on June 30, 2025. The School District's money market funds are recorded at the amount reported by the financial institutions at June 30, 2025.

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 Board of Education allocates investment earnings to various funds in accordance with Ohio statute. Interest receipts for the fiscal year 2025 amounted to \$836,807 in the General Fund, \$102,359 in the Building Fund, \$237,547 in the OFCC Fund, and \$762 in Other Governmental Funds.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

G. Inventory

On the modified cash basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased and are not recorded as assets in the basic financial statements.

H. Capital Assets and Depreciation

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The basic financial statements do not report these assets or the related depreciation.

I. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's modified cash basis of accounting.

J. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset and liabilities, 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 plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

K. Long-Term Debt

These modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments. Additional information regarding legal debt margin can be found in Note 5.

L. Fund Balances

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

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

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

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

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

M. Net Position

Net position represents the difference between assets and liabilities. On the modified cash basis of accounting, net position equals assets since liabilities are not recorded. The statement reports restricted net position when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use. Restricted for Other Purposes is comprised of net position restricted for athletic programs, grants and scholarships. The School District first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

N. Interfund Transactions

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs. The statements report interfund loans as advances when paid or repaid. Both interfund transfers and advances are eliminated in the statement of activities.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2025

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

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

Interim monies may be 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in 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;
6. The State Treasurer's investment pool (STAR Ohio);

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2025

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS – *continued*

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments, in stripped principal or interest obligation, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District and must be purchased with the expectation that it will be held to maturity.

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

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 with the financial institution. OPCS requires the total fair value of securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*.

A. Deposits

At fiscal year-end, the carrying amount of the School District's deposits was \$15,020,741 and the bank balance was \$17,470,998. Of the bank balance, \$250,000 was covered by federal depository insurance. The remaining balance was subject to custodial credit risk as it was covered by the OPCS maintained by the Treasurer of State. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2025

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS – continued

B. Investments

At June 30, 2025, the School District's investment balance was as follows:

	Balance at 06/30/24	Average Weighted Maturity (Yrs)	Concentration	S&P Ratings
<u>Fair Value</u>				
<u>Level 1</u>				
U.S. Treasury	\$ 252,216	0.21	4.7%	
<u>Level 2</u>				
Commercial Paper	2,418,784	0.53	44.9%	A-1
Negotiable CD	1,948,404	1.39	36.1%	
U.S. Agency Security	744,752	1.38	13.8%	AA+
	<u>5,111,940</u>			
<u>Amortized Cost/(NAV)</u>				
Money Market	12,402	0.12	0.2%	AAAm
STAR Ohio	15,069	0.08	0.3%	AAAm
Total	<u>\$ 5,391,627</u>		<u>100.0%</u>	

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board has no policy on credit risk.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment policy does not address custodial credit risk.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board of Education's formal investment policy states that "Investments held by the Treasurer must mature within five (5) years, unless they are matched to a specific obligation or debt of the School District." This policy is intended to mitigate interest rate risk. STAR Ohio maturity dates are varied and short and are not subject to interest rate risk.

Concentration of Credit Risk: The School District places no limit on the amount it may invest in any one issue.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO**Notes to the Basic Financial Statements****Year Ended June 30, 2025**

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS – continued

Fair Value Measurements. The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Investments classified as Level 1 are valued using prices quoted in active markets. Investments classified as Level 2 are valued using price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Investments in the money market funds and STAR Ohio are excluded from fair value measurement requirements and instead, are reported at amortized cost and net asset value (NAV), respectively, which approximates fair value.

NOTE 3 – INTERFUND TRANSACTIONS

The General Fund provides advances to the Other Governmental Funds as cash is required and these funds repay such advances as cash is available.

The School District's transfers for the year ended June 30, 2025 were as follows:

	Transfers		Advances	
	In	Out	In	Out
General Fund	\$ -	\$ 3,500,000	\$ -	\$ 263,965
Capital Projects Fund	2,500,000	-	-	-
Other Governmental Funds	<u>1,000,000</u>	<u>-</u>	<u>263,965</u>	<u>-</u>
Total	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>	<u>\$ 263,965</u>	<u>\$ 263,965</u>

The transfers from the General Fund of \$3,500,000 were to Capital Projects and Other Governmental Funds to subsidize capital improvements, termination benefits and athletic programs in those funds.

NOTE 4 – PROPERTY TAXES

Property taxes are levied and assessed on a calendar-year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year, except monies available to be advanced against such distributions which may be appropriated and used in the current fiscal year. Property taxes include amounts levied against all real, public, and certain tangible (i.e., used in business) property located in the School District.

Real property taxes and public utility taxes are levied after April against the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised value.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2025

NOTE 4 – PROPERTY TAXES – continued

Public utility property taxes are assessed on tangible personal property as well as land and improvements. Real property is assessed at 35% of true value and tangible personal property is currently assessed at varying percentages of true value. These taxes attach as a lien against local and inter-exchange telephone companies and are levied January 1 of the current year. Tangible personal property tax on business inventory, manufacturing machinery, and equipment is no longer levied and collected.

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

	<u>2024 Second- Half Collections</u>		<u>2025 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 78,015,560	85.73%	\$ 77,583,020	84.77%
Personal Property	<u>12,989,180</u>	<u>14.27%</u>	<u>13,939,560</u>	<u>15.23%</u>
Total Assessed Value	<u>\$ 91,004,740</u>	<u>100.00%</u>	<u>\$ 91,522,580</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$55.09		\$55.09	

NOTE 5 – LEGAL DEBT MARGIN

The ORC provides that voted net general obligation debt of a school district should never exceed 9 percent of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1 percent of the property valuation of the School District. The School District's voted legal debt margin was \$8,237,032 with an unvoted debt margin of \$91,523 at June 30, 2025.

NOTE 6 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters. During fiscal year 2025, the School District purchased from the Liberty Mutual Insurance Company general liability insurance, which carried a \$1 million per occurrence/\$2 million annual aggregate limitation. Fleet and property/casualty insurance are purchased through commercial carriers and traditionally funded, as are all benefit plans offered to employees. Settled claims have not exceeded these coverages in any of the past three fiscal years.

Cincinnati USA Regional Chamber Group Rating Program

For fiscal year 2025, the School District participated in the Cincinnati USA Regional Chamber Group Rating Program, an incentive-based program to reduce overall costs. The intent of the Group Rating Program is to achieve the benefit of reduced premiums for the School District by virtue of its grouping and representation with other participants in the group. Each participant pays its individual premium for the program year based on the group's performance.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability represents the School District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability has not been reported in the accompanying financial statements, however, information on the net pension liability has been disclosed below.

The net pension liability 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 this estimate annually.

ORC 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 are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by ORC 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.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2025

NOTE 7 – DEFINED BENEFIT PENSION PLANS – continued

Age and service requirements for retirement are as follows:

Benefits	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; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% 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% for plan members and 14% 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 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund and Medicare B Fund).

The School District's contractually required contribution to SERS was approximately \$160,396 for fiscal year 2025.

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 retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2025

NOTE 7 – DEFINED BENEFIT PENSION PLANS – continued

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. For members who were eligible to retire on July 1, 2015, the annual benefit is the greater of the benefit amount calculated upon retirement under the new benefit formula or the frozen benefit amount as of July 1, 2015. Effective August 1, 2021 to July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective August 1, 2023 to May 31, 2025, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit at age 65. Retirement eligibility for reduced benefits is 29 years of service credit at any age; or 5 years of service credit and age 60. Effective June 1, 2025 to July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age or 5 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 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 29 years of service credit at any age or 5 years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liabilities. 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 CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate is deposited into the member's DC account and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the CO Plan payment is payable to a member on or after age 60 with 5 years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC Plan or CO 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 Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CO Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2025

NOTE 7 – DEFINED BENEFIT PENSION PLANS – continued

A DB or CO 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 10 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 ORC. For the fiscal year ended June 30, 2025, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2025 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was approximately \$507,624 for fiscal year 2025.

Net Pension Liability

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$732,095	\$4,977,192	\$5,709,287
Proportion of the Net Pension Liability	0.0143110%	0.02586681%	
Change in Proportion	-0.0001976%	-0.00151324%	

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.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2025

NOTE 7 – DEFINED BENEFIT PENSION PLANS – continued

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

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

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

Valuation Date	June 30, 2024 (the measurement date)
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Experience Study Date	Period of 5 years ended June 30, 2020
Investment Rate of Return	7.00%, net of investment expenses, including inflation
COLA or "Ad Hoc" COLA	2.00%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Future Salary Increases, including Inflation	3.25% - 13.58%
Inflation	2.40%

NOTE 7 – DEFINED BENEFIT PENSION PLANS – continued

Mortality Assumptions

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

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

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

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 the *Statement of Investment Policy*. ORC 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2025

NOTE 7 – DEFINED BENEFIT PENSION PLANS – continued

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate – Total pension liability was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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%, 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%), or one percentage point higher (8.00%) 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	\$1,120,004	\$732,095	\$405,497

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2025

NOTE 7 – DEFINED BENEFIT PENSION PLANS – continued

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Varies by service from 2.5% to 8.5%
Payroll increases	3.00%
Investment rate of return	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%
Cost-of-living adjustments (COLA)	0%

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

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

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

Asset Class	Target Allocation*	Long-Term Expected Rate of Return**
Domestic Equity	26.00%	6.90%
International Equity	22.00%	7.70%
Alternatives	19.00%	9.10%
Fixed Income	22.00%	4.50%
Real Estate	10.00%	5.10%
Liquidity Reserves	1.00%	2.40%
	<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%, and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2025

NOTE 7 – DEFINED BENEFIT PENSION PLANS – continued

Assumption and benefit changes since the prior measurement date include: retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages, and demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes 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’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 pension plan investments of 7.00% 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%, 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%) or one-percentage-point higher (8.00%) 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	\$8,029,083	\$4,977,192	\$2,395,817

Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS Ohio have an option to choose Social Security. The School District’s liability is 6.2% of wages paid.

NOTE 8 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/(Asset)

OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2025

NOTE 8 – DEFINED BENEFIT OPEB PLANS – continued

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

ORC limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the way OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. ORC permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description—SERS' Health Care program provides health care 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.

Funding Policy—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. SERS' 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, SERS shall manage the Health Care Fund on a pay-as-you-go basis.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2025

NOTE 8 – DEFINED BENEFIT OPEB PLANS – continued

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, there was no portion allocated 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, the minimum compensation amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$10,419.

Plan Description - State Teachers Retirement System (STRS)

Plan Description—The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing, multiple-employer health care plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS Board to offer this plan.

Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. 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 to recover part of the cost for providing prescription coverage since all eligible STRS 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2025, no employer allocation was made to the health care fund.

Net OPEB Liability/(Asset)

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

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2025

NOTE 8 – DEFINED BENEFIT OPEB PLANS – continued

Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability (Asset)	\$ 147,506	\$ (490,644)	\$ (343,138)
Proportion of the Net OPEB Liability (Asset)	0.0144827%	0.02586681%	
Change in Proportion	-0.0004488%	-0.00151324%	

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. 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 pension liability in the latest actuarial valuation, prepared as of June 30, 2024, are presented below:

Valuation Date	June 30, 2024 (the measurement date)
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Experience Study Date	Period of 5 years ended June 30, 2020
Investment Rate of Return	7.00%, net of investment expenses, including inflation

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2025

NOTE 8 – DEFINED BENEFIT OPEB PLANS – continued

Municipal Bond Index Rate:	
Prior Measurement Date	3.86%
Current Measurement Date	3.93%
Year Fiduciary Net Position is	
Projected to be depleted	2059
Single Equivalent Interest Rate:	
Prior Measurement Date	4.27%
Current Measurement Date	4.88%
Future Salary Increases, including Inflation	3.25% - 13.58%
Inflation	2.40%
Health Care Cost Trend Rate	7.00% - 4.40%

Mortality Assumptions

Base Mortality

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

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

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

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

Mortality Projection

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

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2025

NOTE 8 – DEFINED BENEFIT OPEB PLANS – continued

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

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

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

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2024 was 4.88%. The discount rate used to measure total OPEB liability prior to June 30, 2024 was 4.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 1.5% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from 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.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO**Notes to the Basic Financial Statements****Year Ended June 30, 2025****NOTE 8 – DEFINED BENEFIT OPEB PLANS – continued**

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and 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 calculated using the discount rate of 4.88%, as well as what the School District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.88%) and one percentage point higher (5.88%) 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	\$ 196,694	\$ 147,506	\$ 108,419

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the School District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.00% decreasing to 3.40%) and one percentage point higher (8.00% decreasing to 5.40%) than the current rates.

	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	\$ 99,709	\$ 147,506	\$ 210,332

Actuarial Assumptions - STRS

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	Varies by service from 2.5% to 8.5%
Payroll increases	3.0%
Investment rate of return	7.0%, net of investment expenses, including inflation
Discount rate of return	7.0%

Health care cost trends	<u>Initial</u>	<u>Ultimate</u>
Medical		
Pre-Medicare	7.50%	3.94%
Medicare	-112.22%	3.94%
Prescription Drug		
Pre-Medicare	8.00%	3.94%
Medicare	-15.14%	3.94%

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2025

NOTE 8 – DEFINED BENEFIT OPEB PLANS – continued

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

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

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

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

* Final target weights reflected at October 1, 2022.

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

Benefit term changes since the prior measurement date include 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.

Discount Rate – The discount rate used to measure the total OPEB liability was 7.0% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes STRS Ohio 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 of current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on OPEB plan assets of 7.0% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO**Notes to the Basic Financial Statements****Year Ended June 30, 2025**

NOTE 8 – DEFINED BENEFIT OPEB PLANS – continued

Sensitivity of the School District's Proportionate Share of the Net OPEB (Asset) to Changes in the Discount Rate and the Health Care Cost Trend Rates – The following table presents the School District's proportionate share of the net OPEB (asset) calculated using the current period discount rate assumption of 7.0%, as well as what the School District's proportionate share of the net OPEB (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.0%) and one percentage point higher (8.0%) than the current rate. Also shown is the net OPEB (asset) as if it were calculated using health care cost trend rates that are one percentage point lower and 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)	\$ (398,926)	\$ (490,644)	\$ (570,459)
	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
School District's proportionate share of the net OPEB (asset)	\$ (575,850)	\$ (490,644)	\$ (388,173)

NOTE 9 – CONTINGENCIES**A. Grants**

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

B. Litigation

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

C. School District Funding

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (ODEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, the impact of future FTE adjustments on the fiscal year 2025 financial statements is not determinable at this time.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO
Notes to the Basic Financial Statements
Year Ended June 30, 2025

NOTE 10 – LONG-TERM OBLIGATIONS

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

	Principal Outstanding 7/1/24	Additions	Reductions	Principal Outstanding 6/30/25	Amounts Due in One Year
<i>Governmental Activities:</i>					
<i>Direct Placement:</i>					
Series 2021 School Facilities Construction and Improvement Bonds	\$ 9,795,000	\$ -	\$ (210,000)	\$ 9,585,000	\$ 215,000
Total	<u>\$ 9,795,000</u>	<u>\$ -</u>	<u>\$ (210,000)</u>	<u>\$ 9,585,000</u>	<u>\$ 215,000</u>

In December 2021, the School District issued \$10,215,000 in school facilities construction and improvement bonds to refinance the school facilities construction and improvement notes. The bonds were issued with interest rates that range from 2.375% to 4.0% and mature on December 1, 2051. The bonds are being retired from the Debt Service Fund.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 215,000	\$ 346,769	\$ 561,769
2027	225,000	340,169	565,169
2028	230,000	332,194	562,194
2029	240,000	322,794	562,794
2030	250,000	312,994	562,994
2031-2035	1,405,000	1,403,869	2,808,869
2036-2040	1,685,000	1,119,897	2,804,897
2041-2045	1,935,000	866,394	2,801,394
2046-2050	2,330,000	454,600	2,784,600
2051-2052	1,070,000	43,200	1,113,200
	<u>\$ 9,585,000</u>	<u>\$ 5,542,878</u>	<u>\$ 15,127,878</u>

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements

Year Ended June 30, 2025

NOTE 11 – REQUIRED SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance as of June 30, 2024	\$ -
Current year set-aside requirement	115,263
Prior year offset from bond proceeds	<u>(115,263)</u>
Total	<u><u>-</u></u>

NOTE 12 – COMPLIANCE

GAAP Reporting

Contrary to the ORC § 117.38 and Ohio Administrative Code §117-03(B), the School District does not prepare its financial statements in accordance with accounting principles generally accepted in the United States of America.

NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE AND CHANGE WITHIN FINANCIAL REPORTING ENTITY

For 2025, GASB Statement No. 101, *Compensated Absences*, was effective. The implementation of GASB 101 had no effect on beginning net position/fund balance as unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

During fiscal year 2025, the School District created the Capital Projects Fund, as approved by Board Resolution Nos. 93 and 94, committed for capital projects funded by transfers from the General Fund. This fund meets the quantitative threshold to be presented as a major fund.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Supplementary Information

Schedule of Receipts, Disbursements and Changes in Fund

Balance - Budget and Actual (Budgetary Basis)

General Fund

Fiscal Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
Receipts				
Property taxes	\$ 2,631,625	\$ 2,890,830	\$ 2,890,830	\$ -
Tuition and fees	65,000	262,614	262,614	-
Interest	15,000	795,261	795,261	-
Intergovernmental	6,287,427	5,891,534	5,891,534	-
Miscellaneous	61,250	87,874	133,382	45,508
Total receipts	<u>9,060,302</u>	<u>9,928,113</u>	<u>9,973,621</u>	<u>45,508</u>
Disbursements				
Current:				
Instruction:				
Regular	3,968,626	2,676,694	2,676,694	-
Special	2,267,604	1,302,943	1,302,943	-
Support services:				
Pupil	1,868,805	1,151,520	1,151,520	-
Instructional staff	163,124	85,049	85,049	-
Board of Education	267,263	139,128	139,128	-
Administration	1,826,927	1,529,544	1,529,544	-
Fiscal	745,589	609,532	609,532	-
Business	162,922	56,559	56,559	-
Operation and maintenance of plant	1,831,135	1,172,580	1,172,580	-
Pupil transportation	852,913	696,140	696,140	-
Central	135,970	121,414	121,414	-
Non-instructional services:				
Extracurricular activities	35,962	15,846	15,846	-
Total disbursements	<u>14,126,840</u>	<u>9,556,949</u>	<u>9,556,949</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	(5,066,538)	371,164	416,672	45,508
Other financing sources (uses):				
Transfers out	(500,000)	(3,625,000)	(3,625,000)	-
Advances out	-	(263,965)	(263,965)	-
Other financing sources	65,000	131,083	131,083	-
Other financing uses	-	(54,086)	-	54,086
Total other financing sources (uses)	<u>(435,000)</u>	<u>(3,811,968)</u>	<u>(3,757,882)</u>	<u>54,086</u>
Net change in fund balance	(5,501,538)	(3,440,804)	(3,341,210)	\$ 99,594
Fund balance, beginning of year	11,955,904	11,955,904	11,955,904	
Fund balance, end of year	<u>\$ 6,454,366</u>	<u>\$ 8,515,100</u>	<u>\$ 8,614,694</u>	

See accompanying notes to the supplementary information.

LOCKLAND LOCAL SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information

Fiscal Year Ended June 30, 2025

Note A Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the modified cash basis of accounting, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedule of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual (Budgetary Basis) 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 modified cash basis are that:

Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types (modified cash basis). There were no outstanding encumbrances at June 30, 2025.

Certain funds accounted for as separate funds internally with legally adopted budgets (budgetary basis) do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (modified cash basis).

The following tables summarize the adjustments necessary to reconcile the cash basis statements and the budgetary basis schedules:

	<u>General</u>
Net change in fund balance - Modified Cash Basis	<u>\$ (3,177,592)</u>
Increase / (decrease):	
Fair value adjustment	(41,546)
GASB 54 fund classifications	<u>(122,072)</u>
Net change in fund balance - Budget Basis	<u><u>\$ (3,341,210)</u></u>

**LOCKLAND LOCAL SCHOOL DISTRICT
HAMILTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION AND WORKFORCE		
<i>Passed Through Ohio Department of Education and Workforce:</i>		
School Improvement Grants	84.010	211,325
Title I Grants to Local Agencies	84.010	702,958
Total Title I Grants to Local Educational Agencies		914,283
Special Education Grants to States	84.027	187,657
Special Education Preschool Grant	84.173	1,517
Total Special Education Grants to Local Educational Agencies		189,174
Career-Technical Education: Carl D. Perkins Career Technical Education	84.048	460
Twenty First Century Learning Centers	84.287	4,126
Title III English Language Learners	84.365	18,995
Title II-A Supporting Effective Instruction	84.367	50,249
Academic Enrichment & Student Support	84.424	52,145
Elementary and Secondary School Emergency Relief (ESSER)	84.425 D	15,000
Total U.S. Department of Education and Workforce		1,244,432
Total Expenditures of Federal Awards		\$1,244,432

 SEFA Supp

The accompanying notes are an integral part of this schedule.

**LOCKLAND LOCAL SCHOOL DISTRICT
HAMILTON 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 Lockland Local School District (the School District) under programs of the federal government for the year ended June 30, 2025. The information on 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 School District, it is not intended to and does not present the financial position or changes in net position of the School District.

Note B – Summary of Significant Accounting Policies

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

Note C – Indirect Cost Rate

The School District has elected not to use the 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D – Transfers Between Program Years

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODEW's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The School District transferred the following amounts from 2024 to 2025 programs:

Program Title	AL Number	Amount Transferred
Title I Grants to Local Educational Agencies	84.010	\$ 30,727
School Improvement Grants	84.010	6,983
Special Education Grants to States	84.027	11,302
Career-Technical Education	84.048	460
Special Education Preschool Grant	84.173	463
21 st Century Learning Centers	84.287	4,126
English Language Acquisition Grants	84.365	11,890
Title II-A Supporting Effective Instruction State Grants	84.367	5,270
Title IV-A Student Support and Academic Enrichment	84.424	16,083
Elementary and Secondary School Emergency Relief	84.425D	<u>15,000</u>
		Totals \$ <u>102,304</u>



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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**

Lockland Local School District
Hamilton County
210 North Cooper Avenue
Lockland, Ohio 45215

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 the Lockland Local School District, Hamilton 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 School District's basic financial statements and have issued our report thereon dated April 14, 2026, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion 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 School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2025-001.

District's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

April 14, 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**

Lockland Local School District
Hamilton County
210 North Cooper Avenue
Lockland, Ohio 45215

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Lockland Local School District's, Hamilton County, Ohio (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 Lockland School District's major federal program for the year ended June 30, 2025. Lockland 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, Lockland 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.

Lockland Local School District
Hamilton County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control Over Compliance
by the Uniform Guidance
Page 3

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 that reads "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

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

April 14, 2026

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**LOCKLAND LOCAL SCHOOL DISTRICT
HAMILTON 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)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	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):	Title 1 (84.010)
(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?	No

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

FINDING NUMBER 2025-001

Noncompliance – Failure to File GAAP

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

Ohio Administrative Code 117-2-03 further clarifies the requirements of Ohio Rev. Code § 117.38. Ohio Admin. Code § 117-2-03(B) requires school districts to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

FINDING 2025-001
(Continued)

The District prepared its financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the modified cash basis of accounting rather than GAAP. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

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

To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

Please refer to the Corrective Action Plan for the officials' response to this finding.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.



locklandschools.org

LOCKLAND LOCAL SCHOOL DISTRICT

Administrative Offices

210 N. Cooper Ave.
Lockland, Ohio 45215
Phone: 513-563-5000
Fax: 513-653-0434

Main Campus

Grades 4-12
210 N. Cooper Ave.
Lockland, Ohio 45215
513-563-5000

Educational Annex

Grades K-3
125 S. Cooper Ave.
Lockland, Ohio 45215
513-563-5000

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR § 200.511(b) JUNE 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001	Failure to file the annual report in accordance with generally accepted accounting principles (GAAP)	Not corrected	Repeated as Finding 2025-001

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CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) Year Ended June 30, 2025

Finding Number:	2025-001
Planned Corrective Action:	Discuss with the Board of Education the reasons to file GAAP, and the correlation to Federal funding.
Anticipated Completion Date:	Reassess annually
Responsible Contact Person:	Robert Giuffré, Interim Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



LOCKLAND LOCAL SCHOOL DISTRICT

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/7/2026

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