

London City School District

Madison County, Ohio

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2025





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Columbus, Ohio 43215
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Board of Education
London City School District
380 Elm Street, 2nd Floor
London, Ohio 43140

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

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

KEITH FABER
Ohio Auditor of State

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

May 04, 2026

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MADISON COUNTY
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MADISON COUNTY
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INDEPENDENT AUDITOR'S REPORT

London City School District
Madison County
380 Elm St., 2nd Floor
London, Ohio 43140

To the Board of Education:

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position and cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards (Schedule) is presented for purposes of additional analysis 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*, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 15, 2025

London City School District
Madison County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

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

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$34.9 million.
- The District's total net position increased by \$3.7 million from the prior fiscal year.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$23.2 million, an increase of \$1.7 million in comparison with the prior fiscal year.

Using the Basic Financial Statements

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity.

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds with all other non-major funds presented in total in one column. The major funds for the District are the General Fund and Debt Service Fund.

Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during fiscal year 2025?"

The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in the District's net position. The change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

London City School District
Madison County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

Proprietary Funds - Proprietary funds use the accrual basis of accounting; the same as on the entity-wide statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various funds. The District uses an internal service fund to account for dental and health claims and premiums. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

Fiduciary Fund - The District's fiduciary fund is used to account for resources held for the benefit of parties outside the District. The fiduciary fund is not reflected in the government-wide financial statement because the resources of the fund are not available to support the District's programs. The accounting used for the fiduciary fund is much like that used for proprietary funds.

London City School District
Madison County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position for fiscal year 2025 and fiscal year 2024.

Table 1
Net Position

	Governmental Activities		
	2025	2024	Change
Assets			
Current & Other Assets	\$ 38,216,895	\$ 35,254,383	\$ 2,962,512
Net OPEB Asset	1,550,153	1,535,400	14,753
Capital Assets	36,860,900	36,651,994	208,906
<i>Total Assets</i>	<i>76,627,948</i>	<i>73,441,777</i>	<i>3,186,171</i>
Deferred Outflows of Resources			
Pension & OPEB	5,421,784	5,072,070	349,714
<i>Total Deferred Outflows of Resources</i>	<i>5,421,784</i>	<i>5,072,070</i>	<i>349,714</i>
Liabilities			
Current & Other Liabilities	5,083,005	3,797,250	1,285,755
Long-Term Liabilities:			
Due Within One Year	1,546,646	1,501,610	45,036
Due In More Than One Year:			
Pension & OPEB	20,121,411	21,925,703	(1,804,292)
Other Amounts	8,236,356	8,744,287	(507,931)
<i>Total Liabilities</i>	<i>34,987,418</i>	<i>35,968,850</i>	<i>(981,432)</i>
Deferred Inflows of Resources			
Property Taxes	6,821,449	6,505,539	315,910
Deferred Charges on Refunding	159,923	195,461	(35,538)
Leases	703,849	719,432	(15,583)
Pension & OPEB	4,503,033	3,980,484	522,549
<i>Total Deferred Inflows of Resources</i>	<i>12,188,254</i>	<i>11,400,916</i>	<i>787,338</i>
Net Position			
Net Investment in Capital Assets	31,162,930	31,005,790	157,140
Restricted	5,294,528	5,476,004	(181,476)
Unrestricted	(1,583,398)	(5,337,713)	3,754,315
<i>Total Net Position</i>	<i>\$ 34,874,060</i>	<i>\$ 31,144,081</i>	<i>\$ 3,729,979</i>

London City School District
Madison County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Current and other assets increased significantly in comparison with the prior fiscal year-end. This increase is primarily the result of an increase in Pooled Cash and Investments. This increase in Pooled Cash and Investments correlates with the excess of revenues over expenditures in the District's General Fund.

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

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London City School District
Madison County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

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

Table 2
Changes in Net Position

	Governmental Activities		
	2025	2024	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$ 813,478	\$ 854,915	\$ (41,437)
Operating Grants	2,935,641	3,377,183	(441,542)
Capital Grants	193,263	300,000	(106,737)
<i>Total Program Revenues</i>	<u>3,942,382</u>	<u>4,532,098</u>	<u>(589,716)</u>
General Revenues			
Property Taxes	11,435,599	11,366,451	69,148
Income Taxes	5,442,816	4,964,417	478,399
Grants & Entitlements	12,024,845	11,631,419	393,426
Payments in Lieu of Taxes	87,364	3,938	83,426
Investment Earning	1,152,754	971,057	181,697
Miscellaneous	180,446	59,564	120,882
<i>Total General Revenues</i>	<u>30,323,824</u>	<u>28,996,846</u>	<u>1,326,978</u>
<i>Total Revenues</i>	<u>34,266,206</u>	<u>33,528,944</u>	<u>737,262</u>
Program Expenses			
Instruction:			
Regular	13,448,373	12,445,135	1,003,238
Special	4,978,935	4,845,755	133,180
Vocational	149,102	132,875	16,227
Student Intervention Services	109,365	5,379	103,986
Other	22,945	30,758	(7,813)
Support Services:			
Pupils	1,485,971	1,709,937	(223,966)
Instructional Staff	820,787	701,104	119,683
Board of Education	108,065	72,303	35,762
Administration	2,186,136	2,054,930	131,206
Fiscal	904,126	854,737	49,389
Business	225,549	202,935	22,614
Operation and Maintenance of Plant	2,633,516	2,908,467	(274,951)
Pupil Transportation	1,385,932	1,137,829	248,103
Central	258,110	256,550	1,560
Non-Instructional Services:			
Food Service Operations	1,183,215	1,033,005	150,210
Community Services	42,380	74,230	(31,850)
Extracurricular Activities	531,156	1,290,550	(759,394)
Debt Service:			
Interest and Fiscal Charges	62,564	84,777	(22,213)
<i>Total Expenses</i>	<u>30,536,227</u>	<u>29,841,256</u>	<u>694,971</u>
<i>Change in Net Position</i>	<u>3,729,979</u>	<u>3,687,688</u>	<u>42,291</u>
<i>Net Position Beginning of Year</i>	<u>31,144,081</u>	<u>27,456,393</u>	<u>3,687,688</u>
<i>Net Position End of Year</i>	<u>\$ 34,874,060</u>	<u>\$ 31,144,081</u>	<u>\$ 3,729,979</u>

London City School District
Madison County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Income taxes revenue increased in comparison with the fiscal year prior. This increase is related to overall economic growth in comparison with the prior fiscal year.

Investment earnings increased significantly in comparison with the prior fiscal year. This increase is primarily the result of favorable interest rates during the fiscal year.

The primary reason for the changes in program expenses is associated with inflationary and payroll increases during the fiscal year.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board.

The general fund is the chief operating fund of the District. The general fund's net change in fund balance for fiscal year 2025 was a decrease of \$3,610,003 from \$16,717,044. This decrease is mainly due to transfers out to other funds for capital projects.

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The debt service fund's net change in fund balance for fiscal year 2025 was an increase of \$141,532 from \$2,667,258. This increase is mainly due to property taxes and related revenues exceeding debt service payments during the fiscal year.

The permanent improvement fund is a fund provided to account for all transactions related to the acquiring, constructing, or improving permanent improvements as are authorized by Chapter 5705, Revised Code. The permanent improvement fund's net change in fund balance for fiscal year 2025 was an increase of \$3,474,123 from \$1,152,039. This increase is mainly due to transfers in from the District's General Fund.

General Fund – Budget Highlights

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

The District's final estimated revenues and other financing sources were greater than the original estimated amounts. This increase is the result of an increase in both expected property tax and intergovernmental receipts. The difference between the District's actual revenues and other financing sources and final estimated resources and other financing sources was insignificant.

The District's final appropriations and other financing uses exceeded its original amounts. This increase is mainly due to inflationary increases. The variances between final estimated appropriations and other financing uses and actual expenditures and other financing uses were insignificant.

London City School District
Madison County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Capital Assets

At fiscal year-end, the District's capital assets increased in comparison with the prior fiscal year. This increase represents the amount in which current year additions exceeded current year depreciation/amortization and net disposals. See note 11 to the basic financial statements for additional information on capital assets.

Debt

At fiscal year-end, the District's notes, bonds, and leases decreased in comparison with the prior fiscal year. This decrease represents current principle payments and amortization. See note 12 to the basic financial statements for additional information on debt.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. For questions about this report or additional information, contact Kristine Blind, Treasurer of London City School District, 380 Elm Street, London, Ohio 43140.

London City School District
Madison County, Ohio
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 20,706,737
Cash with Fiscal Agent	1,774,355
Accounts Receivable	4,279
Intergovernmental Receivable	509,799
Property Taxes Receivable	12,114,196
Income Taxes Receivable	2,232,880
Payments in Lieu of Taxes Receivable	108,468
Leases Receivable	766,181
Net OPEB Asset	1,550,153
Capital Assets, Not Being Depreciated/Amortized	1,785,681
Capital Assets, Being Depreciated/Amortized, Net	35,075,219
<i>Total Assets</i>	<u>76,627,948</u>
Deferred Outflows of Resources	
Pension	4,745,198
OPEB	676,586
<i>Total Deferred Outflows of Resources</i>	<u>5,421,784</u>
Liabilities	
Accounts Payable	134,541
Accrued Wages and Benefits	2,778,764
Contracts Payable	524,099
Intergovernmental Payable	520,872
Claims Payable	693,330
Matured Compensated Absences Payable	144,409
Unearned Revenue	286,990
Long-Term Liabilities:	
Due Within One Year	1,546,646
Due In More Than One Year:	
Net Pension Liability	19,382,131
Net OPEB Liability	739,280
Other Amounts Due in More Than One Year	8,236,356
<i>Total Liabilities</i>	<u>34,987,418</u>
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	6,821,449
Deferred Charges on Refunding	159,923
Leases	703,849
Pension	2,272,246
OPEB	2,230,787
<i>Total Deferred Inflows of Resources</i>	<u>12,188,254</u>
Net Position	
Net Investment in Capital Assets	31,162,930
Restricted for:	
Debt Service	2,858,093
Food Service	218,214
Classroom Facilities Maintenance	268,842
Student Activities	141,916
State and Federal Grants	76,889
Net OPEB Asset	1,550,153
Other Purposes	180,421
Unrestricted	(1,583,398)
<i>Total Net Position</i>	<u>\$ 34,874,060</u>

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2025

	Program Revenues				Net (Expense)
					Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 13,448,373	\$ 71,258	\$ 142,088	\$ 193,002	\$ (13,042,025)
Special	4,978,935	110,722	1,010,649	-	(3,857,564)
Vocational	149,102	-	52	-	(149,050)
Student Intervention Services	109,365	-	-	-	(109,365)
Other	22,945	507	-	261	(22,177)
Support Services:					
Pupils	1,485,971	-	153,010	-	(1,332,961)
Instructional Staff	820,787	-	8,466	-	(812,321)
Board of Education	108,065	-	-	-	(108,065)
Administration	2,186,136	-	59,548	-	(2,126,588)
Fiscal	904,126	-	-	-	(904,126)
Business	225,549	-	-	-	(225,549)
Operation and Maintenance of Plant	2,633,516	11,655	592,740	-	(2,029,121)
Pupil Transportation	1,385,932	23,057	19,879	-	(1,342,996)
Central	258,110	-	-	-	(258,110)
Non-Instructional Services:					
Food Service Operations	1,183,215	348,448	803,925	-	(30,842)
Community Services	42,380	-	50,700	-	8,320
Extracurricular Activities	531,156	247,831	94,584	-	(188,741)
Interest and Fiscal Charges	62,564	-	-	-	(62,564)
Total	\$ 30,536,227	\$ 813,478	\$ 2,935,641	\$ 193,263	(26,593,845)

General Revenues

Property Taxes Levied for:	
General Purposes	10,471,095
Debt Service	817,384
Classroom Facilities Maintenance	147,120
Income Taxes	5,442,816
Grants and Entitlements not Restricted to Specific Programs	12,024,845
Payments in Lieu of Taxes	87,364
Investment Earnings	1,152,754
Miscellaneous	180,446
Total General Revenues	30,323,824
Change in Net Position	3,729,979
Net Position Beginning of Year	31,144,081
Net Position End of Year	\$ 34,874,060

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Balance Sheet
Governmental Funds
June 30, 2025

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	\$ 10,161,177	\$ 2,468,416	\$ 5,087,929	\$ 2,722,831	\$ 20,440,353
Accounts Receivable	2,579	-	1,700	-	4,279
Interfund Receivable	129,451	-	-	-	129,451
Intergovernmental Receivable	215,391	-	-	294,408	509,799
Property Taxes Receivable	11,079,893	1,034,303	-	-	12,114,196
Income Taxes Receivable	2,232,880	-	-	-	2,232,880
Payments in Lieu of Taxes Receivable	108,468	-	-	-	108,468
Lease Receivable	-	-	766,181	-	766,181
Total Assets	\$ 23,929,839	\$ 3,502,719	\$ 5,855,810	\$ 3,017,239	\$ 36,305,607
Liabilities					
Accounts Payable	\$ 134,541	\$ -	\$ -	\$ -	\$ 134,541
Accrued Wages and Benefits	2,622,271	-	-	156,493	2,778,764
Contracts Payable	-	-	524,099	-	524,099
Intergovernmental Payable	498,920	-	-	21,952	520,872
Interfund Payable	-	-	-	129,451	129,451
Matured Compensated Absences Payable	144,409	-	-	-	144,409
Unearned Revenue	-	-	-	8,978	8,978
Total Liabilities	3,400,141	-	524,099	316,874	4,241,114
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	6,176,823	644,626	-	-	6,821,449
Unavailable Revenue	1,245,834	49,303	1,700	76,863	1,373,700
Leases	-	-	703,849	-	703,849
Total Deferred Inflows of Resources	7,422,657	693,929	705,549	76,863	8,898,998
Fund Balances					
Restricted	168,034	2,808,790	-	756,571	3,733,395
Committed	532,333	-	614,773	-	1,147,106
Assigned	88,410	-	4,011,389	1,950,000	6,049,799
Unassigned	12,318,264	-	-	(83,069)	12,235,195
Total Fund Balance	13,107,041	2,808,790	4,626,162	2,623,502	23,165,495
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 23,929,839	\$ 3,502,719	\$ 5,855,810	\$ 3,017,239	\$ 36,305,607

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2025

Total Governmental Fund Balances	\$ 23,165,495
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	36,860,900
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Intergovernmental	\$ 272,653
Accounts Receivable	4,279
Delinquent Property Taxes	686,267
Income Tax	371,901
Payments in Lieu of Taxes	38,600
	1,373,700

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	1,069,397
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The net pension liability and net OPEB liability (asset) are not due and payable in the current period, therefore, the liability (asset) and related deferred inflows/outflows are not reported in governmental funds.	
Net OPEB Asset	1,550,153
Deferred Outflows - Pension	4,745,198
Deferred Outflows - OPEB	676,586
Net Pension Liability	(19,382,131)
Net OPEB Liability	(739,280)
Deferred Inflows - Pension	(2,272,246)
Deferred Inflows - OPEB	(2,230,787)
	(17,652,507)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(4,065,000)
Notes Payable	(213,120)
Deferred Amount on Refunding	(159,923)
Unamortized Bond Premium	(90,309)
Lease	(17,388)
Compensated Absences	(5,397,185)
	(9,942,925)

Net Position of Governmental Activities	\$ 34,874,060
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See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	\$ 10,233,007	\$ 816,547	\$ -	\$ 147,120	\$ 11,196,674
Income Taxes	5,413,830	-	-	-	5,413,830
Intergovernmental	11,626,114	217,973	-	3,080,479	14,924,566
Investment Income	1,054,977	-	18,977	92	1,074,046
Tuition and Fees	220,534	-	-	-	220,534
Extracurricular Activities	3,794	-	-	262,464	266,258
Charges for Services	1,663	-	-	348,448	350,111
Rent	16,740	-	17,732	-	34,472
Contributions and Donations	75,102	-	10,000	94,106	179,208
Payments in Lieu of Taxes	77,199	-	-	-	77,199
Lease Revenue	-	-	15,583	-	15,583
Miscellaneous	130,967	1,058	-	-	132,025
Total Revenues	28,853,927	1,035,578	62,292	3,932,709	33,884,506
Expenditures					
Current:					
Instruction:					
Regular	11,135,776	-	50,948	193,649	11,380,373
Special	4,067,887	-	-	1,041,347	5,109,234
Vocational	150,520	-	-	499	151,019
Student Intervention Services	101,527	-	-	-	101,527
Other	9,521	-	9,783	-	19,304
Support Services:					
Pupils	1,869,290	-	-	137,127	2,006,417
Instructional Staff	810,432	-	-	7,869	818,301
Board of Education	108,065	-	-	-	108,065
Administration	2,150,654	-	-	53,367	2,204,021
Fiscal	898,367	20,377	-	-	918,744
Business	205,803	-	-	-	205,803
Operation and Maintenance of Plant	2,665,939	-	181,487	679,077	3,526,503
Pupil Transportation	1,112,408	-	-	85,601	1,198,009
Central	253,758	-	-	-	253,758
Operation of Non-Instructional/Shared Services:					
Food Service Operations	20,748	-	-	1,174,939	1,195,687
Community Services	-	-	-	40,406	40,406
Extracurricular Activities	528,270	-	132,791	502,448	1,163,509
Capital Outlay	-	-	630,255	191,643	821,898
Debt Service					
Principal Retirement	23,184	786,999	-	-	810,183
Interest and Fiscal Charges	-	141,191	-	-	141,191
Total Expenditures	26,112,149	948,567	1,005,264	4,107,972	32,173,952
Excess of Revenues Over (Under) Expenditures	2,741,778	87,011	(942,972)	(175,263)	1,710,554
Other Financing Sources (Uses)					
Insurance Recoveries	25,740	-	-	7,095	32,835
Transfers In	-	54,521	4,417,095	2,173,000	6,644,616
Transfers Out	(6,377,521)	-	-	(267,095)	(6,644,616)
Total Other Financing Sources (Uses)	(6,351,781)	54,521	4,417,095	1,913,000	32,835
Net Change in Fund Balances	(3,610,003)	141,532	3,474,123	1,737,737	1,743,389
Fund Balances Beginning of Year, as Previously Presented	16,717,044	2,667,258	-	2,037,804	21,422,106
Fund Balances Beginning of Year, as Restated	16,717,044	2,667,258	1,152,039	885,765	21,422,106
Fund Balances End of Year	\$ 13,107,041	\$ 2,808,790	\$ 4,626,162	\$ 2,623,502	\$ 23,165,495

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 1,743,389
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital Asset Additions	\$2,802,927	
Current Year Depreciation/Amortization	<u>(2,354,264)</u>	448,663
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(239,757)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	49,885	
Property Taxes	238,925	
Income Tax	28,986	
Payment in Lieu of Taxes	10,165	
Accounts	<u>(57,897)</u>	270,064
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	735,000	
Notes Payable	51,999	
Lease	<u>23,184</u>	810,183
Amortization of bond premium on bonds are not reported in the fund but are allocated as an expense over the life of the debt in the statement of activities.		43,089
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Amortization of Refunding Loss		35,538
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,275,008	
OPEB	<u>56,411</u>	2,331,419
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability (asset) are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,155,412)	
OPEB	<u>470,203</u>	(685,209)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(637,023)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>(390,377)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ 3,729,979</u></u>

See accompanying notes to the basic financial statements.

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property and Other Local Taxes	\$ 8,831,526	\$ 10,394,547	\$ 10,393,585	\$ (962)
Income Taxes	4,672,369	5,378,774	5,378,774	-
Intergovernmental	10,033,837	11,640,769	11,649,498	8,729
Investment Income	910,491	850,000	930,899	80,899
Tuition and Fees	190,330	220,567	220,567	-
Charges for Services	1,435	1,663	1,663	-
Rent	14,447	19,762	16,740	(3,022)
Contributions and Donations	34,191	39,617	39,617	-
Payments in Lieu of Taxes	66,626	77,199	77,199	-
Miscellaneous	105,498	117,270	122,239	4,969
Total Revenues	24,860,750	28,740,168	28,830,781	90,613
Expenditures				
Current:				
Instruction:				
Regular	11,277,383	10,716,422	10,716,350	72
Special	4,251,399	4,040,642	4,009,493	31,149
Vocational	155,217	147,522	147,522	-
Student Intervention Services	110,155	104,684	104,694	(10)
Support Services:				
Pupils	1,896,496	1,797,285	1,800,705	(3,420)
Instructional Staff	822,075	778,471	774,572	3,899
Board of Education	113,702	108,065	108,065	-
Administration	2,170,705	2,062,858	2,062,858	-
Fiscal	942,064	895,363	895,363	-
Business	194,779	207,158	207,158	-
Operation and Maintenance of Plant	2,941,973	2,796,129	2,796,129	-
Pupil Transportation	1,115,772	1,060,459	1,060,459	-
Central	254,303	241,696	241,696	-
Extracurricular Activities	491,636	467,264	467,264	-
Debt Service				
Principal Retirement	23,184	23,184	23,184	-
Total Expenditures	26,760,843	25,447,202	25,415,512	31,690
Excess of Receipts Over (Under) Expenditures	(1,900,093)	3,292,966	3,415,269	122,303
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	5,000	-	(5,000)
Insurance Recoveries	-	25,740	25,740	-
Refund of Prior Year Expenditures	-	948	-	(948)
Transfers Out	-	(6,950,283)	(6,899,641)	50,642
Total Other Financing Sources (Uses)	-	(6,918,595)	(6,873,901)	44,694
Net Change in Fund Balance	(1,900,093)	(3,625,629)	(3,458,632)	166,997
Fund Balance Beginning of Year	12,144,546	12,144,546	12,144,546	-
Prior Year Encumbrances Appropriated	760,843	760,843	760,843	-
Fund Balance End of Year	\$ 11,005,296	\$ 9,279,760	\$ 9,446,757	\$ 166,997

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Statement of Fund Net Position
Proprietary Funds
June 30, 2025

	Governmental Activities
	Internal Service Funds
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Investments	\$ 266,384
Cash with Fiscal Agent	1,774,355
<i>Total Current Assets</i>	<u>2,040,739</u>
 <i>Current Liabilities:</i>	
Unearned Revenue	278,012
Claims Payable	693,330
<i>Total Current Liabilities</i>	<u>971,342</u>
 Net Position	
Unrestricted	<u>1,069,397</u>
Total Net Position	<u><u>\$ 1,069,397</u></u>

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2025

	Governmental Activities
	Internal Service Funds
Operating Revenues	
Charges for Services	\$ 3,387,554
Other	68,467
<i>Total Operating Revenues</i>	<u>3,456,021</u>
Operating Expenses	
Purchased Services	839,388
Claims	3,332,454
<i>Total Operating Expenses</i>	<u>4,171,842</u>
<i>Operating Loss</i>	<u>(715,821)</u>
Non-Operating Revenues	
Interest	78,798
<i>Total Non-Operating Revenues</i>	<u>78,798</u>
<i>Change in Net Position</i>	(637,023)
<i>Net Position Beginning of Year</i>	<u>1,706,420</u>
<i>Net Position End of Year</i>	<u><u>\$ 1,069,397</u></u>

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2025

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities	
Cash Received from Charges for Services	\$ 3,381,655
Cash Received from Other Operating Receipts	68,467
Cash Payments for Purchased Services	(839,388)
Cash Payments for Claims	(3,141,381)
<i>Net Cash Used for Operating Activities</i>	<u>(530,647)</u>
Cash Flows from Investing Activities	
Interest	78,798
<i>Net Cash Provided by Investing Activities</i>	<u>78,798</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(451,849)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>2,492,588</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$ 2,040,739</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	\$ (715,821)
Adjustments:	
Increase (Decrease) in Liabilities:	
Claims Payable	191,073
Unearned Revenue	(5,899)
<i>Net Cash Used for Operating Activities</i>	<u><u>\$ (530,647)</u></u>
See accompanying notes to the basic financial statements.	

London City School District
Madison County, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2025

	<u>Custodial</u>
Assets	
Equity in Pooled Cash and Investments	<u>\$ 535</u>
<i>Total Assets</i>	<u>535</u>
Liabilities	
Accounts Payable	<u>535</u>
<i>Total Liabilities</i>	<u>535</u>
Net Position	
<i>Total Net Position</i>	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2025

	<u>Custodial</u>
Additions	
Extracurricular Amounts Collected for Other Governments	\$ 19,034
<i>Total Additions</i>	<u>19,034</u>
 Deductions	
Extracurricular Distributions to Other Governments	<u>19,034</u>
<i>Total Deductions</i>	<u>19,034</u>
 <i>Change in Net Position</i>	-
 <i>Net Position Beginning of Year</i>	<u>-</u>
 <i>Net Position End of Year</i>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

London City School District
Madison County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 1 – DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

The District serves an area of approximately 54 square miles. The District is located in Madison County and encompasses all of the City of London and portions of Deer Creek, Somerford, and Union Townships. The District currently operates three instructional buildings and one bus garage.

Reporting Entity

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

Non-public Schools – Within the District boundaries, there is one non-public school. Current State legislature provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the District, as directed by the non-public school. These transactions are reported in a special revenue fund and as a governmental activity of the District.

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

The District participates in the following jointly governed organizations:

META Solutions

The District participates in the Metropolitan Educational Technology Association (META). META is composed of over 200 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 37 counties in Central Ohio.

META helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of META is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County and one representative from each county outside of Franklin County. Each year, the participating school districts pay a membership fee to META to cover the costs of administering the programs. Financial information may be obtained from META at 2100 Citygate Dr., Columbus, OH 43219.

London City School District
Madison County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Tolles Career and Technical Center

The Tolles Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school district's elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Tolles Career and Technical Center, Treasurer, 7877 U.S. Route 42 South, Plain City, Ohio 43064.

London Schools Foundation

The London Schools Foundation is a non-profit organization whose purpose is to raise funds for scholarships for the graduates of the District. The London Schools Foundation operates under the direction of a eight-member board consisting of representatives from area businesses, which are self- appointed, and one from the District's Board of Education. The Superintendent and Treasurer of the District serve as ex-officio members. To obtain financial information, contact Susan Thompson, Treasurer, 500 Elm St., London, Ohio 43140.

The District participates in the following insurance purchasing pools:

Ohio School Comp Workers' Compensation Group Rating Plan

The District participates in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials (OASBO) co-sponsor the GRP. The Executive Directors of the OSBA and the OASBO, or their designees, serve as coordinators of the program.

Jefferson Health Plan

The District is a participant with several other districts in an insurance purchasing pool operated through the Jefferson Health Plan. The Jefferson Health Plan was formed for the purpose of providing a cooperative program to administer medical benefits to employees and dependents of participating entities. The Jefferson Health plan is governed by a Board of Directors consisting of the superintendents of the member districts. The degree of control exercised by any participating district is limited to its representation on the Board.

The District participates in the following public entity shared risk pool:

Schools of Ohio Risk Sharing Authority

The District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing insurance pool. The pool consists of 62 school districts, joint vocational schools, and educational service centers throughout Ohio who pool risk for property, crime, liability, boiler and machinery, and public official liability coverage. SORSA is governed by a board of trustees elected by members.

Reinsurance is purchased to cover claims exceeding the coverage amount and for all claims related to equipment breakdown coverage. In the event that the District would withdraw from SORSA, the District would be required to give advance written notice prior to the end of their three-year contract. There is no penalty for early withdrawal and the District would not be held responsible for any outstanding claims.

London City School District
Madison County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The District has the following related organization:

London Public Library

The London Public Library, a related organization of the District, is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the London Public Library, Rebecca Stickel, Fiscal Officer, 20 E. First Street, London, Ohio 43410.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government. The government-wide statements usually distinguish between those activities of the District that are governmental and those that are considered business-type; however, the District has no business-type activities. The activity of the internal service fund is also eliminated to avoid 'doubling up' revenues and expenses.

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

London City School District
Madison County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Fund Financial Statements

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

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All funds of the District fall within two categories: governmental and proprietary.

Governmental Funds

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

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Permanent Improvement Fund – The Permanent Improvement Fund is a fund provided to account for all transactions related to the acquiring, constructing, or improving permanent improvements as are authorized by Chapter 5705, Revised Code.

The other governmental funds of the District account for grants and other resources whose use is restricted or assigned to a particular purpose.

Internal Service Fund

The Internal Service Fund is used to account for money received from other funds as payment for providing medical and dental insurance. Payments are made to a third-party administrator for claims payments, claims administration and stop-loss coverage.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund are charges for services. Operating expenses for internal service fund include

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the claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds focus on net position and changes in net position. The fiduciary funds are split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's fiduciary fund is a custodial fund. The custodial fund is used to account for the District's Ohio High School Athletic Association events.

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Basis of Accounting

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

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Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance, income tax, grants, accrued interest, tuition and fees, extracurricular activities, and customer sales and services.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide Statement of Net Position for pensions and other post-employment benefits (OPEB). The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include deferred amount on refunding, property taxes, unavailable revenue, pension, and OPEB.

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. This amount is only reported on the Statement of Net Position. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide Statement of Net Position and the governmental funds balance sheet.

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Unavailable revenue includes delinquent property taxes. These amounts are only reported on the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position (See Notes 13 and 14).

Expenses/Expenditures

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

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

Cash and Cash Equivalents

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

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

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during the fiscal year was \$1,054,977, which included \$311,876 assigned from other District funds.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivable” and “Interfund Payable”. These amounts are eliminated in the governmental activities column of the Statement of Net Position.

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Capital Assets

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

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

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 50 years
Buildings and Improvements	15 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	8 years
Textbooks and Software	6 years

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

Compensated Absences

For the District, compensated absences cover leave for which employees may receive cash payments either when used as time off or as a payout for unused leave upon termination of employment. These payments may occur during employment or at termination. Generally, compensated absences do not follow a fixed payment schedule.

Liabilities should be recognized for unused leave if it is attributable to services already rendered, the leave accumulates, and it is more likely than not that it will be used or paid out in cash. For the District, this includes sick, vacation, and personal leave.

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

A key component in determining the estimate of the amount of accumulated compensated absences that will be used as time off is the flows assumption. The flows assumption determines whether leave used by employees will be attributed first to (a) the recognized liability at the date of the financial statements (a first-in, first-out (FIFO) flows assumption) or (b) the leave earned in the next reporting period (a last-in, first-out (LIFO) flows assumption). The District uses the FIFO flows assumption.

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The amount of compensated absences recognized as expenditures in financial statements prepared using the current financial resources measurement focus should be the amount that normally would be liquidated with expendable available financial resources.

Bond Premiums/Issuance Costs

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Unamortized bond premiums are presented as an addition to the face amount of the bonds payable.

On the fund financial statements, bond premiums are reported as Other Financing Sources and issuance costs are reported as expenditures/expenses when the debt is issued.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current fiscal year. Bonds and capital leases that will be paid from governmental funds are recognized as an expenditure in the governmental fund financial statements when due.

Pensions/Other Postemployment Benefits (OPEB)

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

Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District. Those committed amounts cannot

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be used for any other purpose unless the Board 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 District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Unearned Revenue

Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue.

Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of

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control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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

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

Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

Estimates

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

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

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3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Due to the implementation of GASB 54, some funds were reclassified to the General Fund. These funds are not required to be included in the General Fund Budgetary Statement. Therefore, the activity from these funds is excluded with an adjustment for their change in fund balance.
6. Transfers In and Transfers Out between the General Fund and the funds that were reclassified to the General Fund with the implementation of GASB 54 (GAAP basis). Since these funds are not required to be included in the General Fund Budgetary Statement, Transfers In and Transfers Out included (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

GAAP Basis	\$ (3,610,003)
Net Adjustment for Revenue Accruals	399,861
Net Adjustment for Expenditure Accruals	12,070
Funds Budgeted Elsewhere	(253,874)
Adjustment for Encumbrances	<u>(6,686)</u>
Budget Basis	<u>\$ (3,458,632)</u>

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances (for a period not to exceed 180 days) and commercial paper notes (for a period not to exceed 270 days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

Cash with Fiscal Agent: The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit since it is held in a pool made up of numerous participants. This amount is not included in the "deposits" or "investments" reported below.

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the bank balance was \$1,320,512. Federal depository insurance covered \$250,000 of the bank balance and \$1,070,512 was collateralized with securities held in the Ohio Pooled Collateral.

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

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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

Investments: At June 30, 2025, the District had the following investments:

S&P Global Ratings		Measurement	Investment Maturities			Percent of Total
	Investment Type	Value	12 Months or Less	12 to 36 Months	More Than 36 Months	
	Net Asset Value (NAV):					
AAAm	STAR Ohio	\$ 8,686,037	\$ 8,686,037	\$ -	\$ -	44.72%
AAAm	Money Market	511,974	511,974	-	-	2.64%
	Fair Value:					
AA+	FFCB	652,156	-	-	652,156	3.36%
AA+	FHLB	99,744	-	-	99,744	0.51%
AA+	FNMA	296,586	296,586	-	-	1.53%
AA+	US Treasury Note	2,057,021	-	-	2,057,021	10.59%
N/A	Negotiable Certificates of Deposit	6,115,689	2,589,003	2,084,547	1,442,139	31.50%
A-1	Commercial Paper	1,000,420	1,000,420	-	-	5.15%
	Total Investments	<u>\$ 19,419,627</u>	<u>\$ 13,084,020</u>	<u>\$ 2,084,547</u>	<u>\$ 4,251,060</u>	<u>100.00%</u>

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

The above table identifies the District's recurring fair value measurements as of June 30, 2025. The District's fair value investments are Level 2 since valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data.

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The District's investment policy follows State statute, which requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization.

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The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2025, is 30 days.

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

Concentration of Credit Risk: The District's investment policy follows State statute, which limits investments in commercial paper and bankers' acceptances of the interim monies available for investment at any one time.

NOTE 5 – PROPERTY TAXES

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

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

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

The District receives property taxes from Madison County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2025 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2024 Second Half Collections		2025 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 503,996,330	95.65%	\$ 514,266,080	95.16%
Public Utility Personal Property	22,928,380	4.35%	26,141,460	4.84%
	<u>\$ 526,924,710</u>	<u>100.00%</u>	<u>\$ 540,407,540</u>	<u>100.00%</u>
Full Tax Rate per \$1,000 of assessed value	\$ 39.80		\$ 39.00	

NOTE 6 – INCOME TAX

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The District passed an income tax renewal on May 4, 2010. The renewal levy was renewed on November 5, 2019 for a continuing period of time. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

NOTE 7 – TAX ABATEMENTS

Under Community Reinvestment Area (CRA) and other property tax abatements entered into by the City of London, the District's property tax revenues were reduced by \$230,815 during the fiscal year. Compensation payments received from the City during the fiscal year totaled \$70,927. The amount receivable from other governments totaled \$108,468 at fiscal year-end.

NOTE 8 – RECEIVABLES

Receivables at June 30, 2025, consisted of property taxes, payments in lieu of taxes, income taxes, intergovernmental grants and reimbursements, accounts, leases, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivable amounts are expected to be received within one year with the exception of delinquent property and income taxes. Property and income taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

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NOTE 9 – LEASE RECEIVABLE

The District is reporting leases receivable of \$766,181 in the governmental funds. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. The lease commenced in fiscal year 2015 with an initial term of 5 years, and renews automatically for up to ten additional terms of five years each. Payments are made monthly.

Revenue for the lease during the fiscal year is as follows:

	Fiscal Year Ending 6/30/2025
Lease Revenue	\$ 15,583
Interest Revenue	25,975
Total	<u>\$ 41,558</u>

A summary of future payments to be received is as follows:

Fiscal Year	Governmental Activities	
	Principal	Interest
2026	\$ -	\$ 19,546
2027	-	20,132
2028	-	20,736
2029	-	21,358
2030	-	21,999
2031-2035	-	120,300
2036-2040	-	139,461
2041-2045	-	161,673
2046-2050	7,973	179,451
2051-2055	98,058	119,217
2056-2060	152,230	99,652
2061-2065	221,823	70,177
2066-2070	286,097	286,097
Total	<u>\$ 766,181</u>	<u>\$ 1,021,720</u>

NOTE 10 – RISK MANAGEMENT

Property and Liability Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for property, fleet, and liability insurance (For more information on SORSA, see Note 1).

Settled claims have not exceeded this coverage in any of the past three fiscal years. There has been no significant change in coverage from the prior fiscal years.

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Workers' Compensation

For the fiscal year, the District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 1). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate applies to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

Employee Dental Insurance

The District provides dental insurance to employees through Delta Dental. A claims liability at fiscal year-end in the self-insurance internal service fund reflects an estimate of incurred but unpaid claims liability. This liability was estimated by a third party based on claims experience. Changes in the fund's claim liability for the past two years are as follows:

		Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2024	\$	13,656	\$ 168,229	\$ (170,438)	\$ 11,447
2025		11,447	160,117	(150,189)	21,375

Employee Group Medical Insurance

The District provides medical insurance to employees through the Jefferson Health Plan (the Plan). A claims liability at fiscal year-end in the general fund reflects an estimate of incurred but unpaid claims liability. The Plan has purchased stop loss coverage for individual employee claim amounts exceeding \$1,500,000. This liability was estimated by a third party based on claims experience. Change in the fund's claim liability for the past year is as follows:

		Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2024	\$	389,060	\$ 2,645,030	\$ (2,543,280)	\$ 490,810
2025		490,810	3,172,337	(2,991,192)	671,955

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NOTE 11 – CAPITAL ASSETS

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

	Balance 7/1/2024	Additions	Deletions	Reclass	Balance 6/30/2025
Governmental Activities					
<i>Capital Assets, Not Being Depreciated/Amortized</i>					
Land	\$ 524,550	\$ -	\$ -	\$ 633,000	\$ 1,157,550
Construction in Progress	211,654	1,067,684	(651,207)	-	628,131
<i>Total Capital Assets, Not Being Depreciated</i>	<u>736,204</u>	<u>1,067,684</u>	<u>(651,207)</u>	<u>633,000</u>	<u>1,785,681</u>
<i>Capital Assets, Being Depreciated/Amortized</i>					
Land Improvements	6,672,431	788,439	-	(633,000)	6,827,870
Buildings and Improvements	64,747,343	685,945	-	-	65,433,288
Furniture, Fixtures and Equipment	3,394,037	136,125	(33,656)	-	3,496,506
Intangible Right-to-Use Furniture, Fixtures and Equipment	115,920	-	-	-	115,920
Vehicles	1,870,845	124,734	-	-	1,995,579
Textbooks and Software	684,589	-	-	-	684,589
<i>Total Capital Assets, Being Depreciated/Amortized</i>	<u>77,485,165</u>	<u>1,735,243</u>	<u>(33,656)</u>	<u>(633,000)</u>	<u>78,553,752</u>
<i>Accumulated Depreciation/Amortization</i>					
Land Improvements	(4,346,894)	(208,250)	411,450	-	(4,143,694)
Buildings and Improvements	(33,524,876)	(1,655,363)	-	-	(35,180,239)
Furniture, Fixtures and Equipment	(2,131,024)	(277,397)	33,656	-	(2,374,765)
Intangible Right-to-Use Furniture, Fixtures and Equipment	(81,144)	(23,184)	-	-	(104,328)
Vehicles	(813,048)	(186,500)	-	-	(999,548)
Textbooks and Software	(672,389)	(3,570)	-	-	(675,959)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(41,569,375)</u>	<u>(2,354,264)</u>	<u>445,106</u>	<u>-</u>	<u>(43,478,533)</u>
<i>Total Capital Assets Being Depreciated/Amortized, Net</i>	<u>35,915,790</u>	<u>(619,021)</u>	<u>411,450</u>	<u>(633,000)</u>	<u>35,075,219</u>
<i>Governmental Activities, Capital Assets, Net</i>	<u>\$ 36,651,994</u>	<u>\$ 448,663</u>	<u>\$ (239,757)</u>	<u>\$ -</u>	<u>\$ 36,860,900</u>

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

Instruction:	
Regular	\$ 1,813,368
Special	1,994
Support Services:	
Pupils	1,970
Instructional Staff	19,953
Administration	1,545
Fiscal	874
Operation and Maintenance of Plant	162,890
Pupil Transportation	188,048
Operation of Non-instructional Services:	
Food Service Operations	22,002
Other	1,460
Extracurricular Activities	140,160
Total Depreciation/Amortization Expense	<u>\$ 2,354,264</u>

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NOTE 12 – LONG-TERM OBLIGATIONS

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

	Outstanding 7/1/2024	Additions	Deductions	Outstanding 6/30/2025	Amounts Due Within One Year
<u>Governmental Activities</u>					
<i>Notes and Bonds</i>					
ARRA State Energy Program - 1.0%	\$ 265,119	\$ -	\$ (51,999)	\$ 213,120	\$ 52,521
London Refunding Series 2015A					
Serial Bonds - 1.25% - 3%	2,270,000	-	(735,000)	1,535,000	755,000
Premium on Refunding Series 2015A	86,325	-	(34,530)	51,795	
London Refunding Series 2015B					
Serial Bonds - 3.25%	2,530,000	-	-	2,530,000	
Premium on Refunding Series 2015B	47,073	-	(8,559)	38,514	
Total Notes and Bonds	<u>5,198,517</u>	<u>-</u>	<u>(830,088)</u>	<u>4,368,429</u>	<u>807,521</u>
<i>Net Pension/OPEB Liability</i>					
Pension	20,771,797	-	(1,389,666)	19,382,131	-
OPEB	<u>1,153,906</u>	<u>-</u>	<u>(414,626)</u>	<u>739,280</u>	<u>-</u>
Total Net Pension Liability	<u>21,925,703</u>	<u>-</u>	<u>(1,804,292)</u>	<u>20,121,411</u>	<u>-</u>
<i>Other Long-Term Obligations</i>					
Lease Payable	40,572	-	(23,184)	17,388	17,388
Compensated Absences	<u>5,006,808</u>	<u>390,377</u>	<u>-</u>	<u>5,397,185</u>	<u>721,737</u>
Total Long-Term Obligations	<u>\$ 32,171,600</u>	<u>\$ 390,377</u>	<u>\$ (2,657,564)</u>	<u>\$ 29,904,413</u>	<u>\$ 1,546,646</u>

* The change in the compensated absences liability is presented as a net change.

The District pays bond and note obligations from the Debt Service Fund and obligations related to employee pension from the fund benefitting from the employee's service.

ARRA State Energy Program Loan - On August 29, 2013, the District took out a loan in the amount of \$796,968 for the purpose of constructing and install certain energy conservation improvements to existing school buildings and facilities. Payments on the loan are due semiannually in the amount of \$27,260 with the final payment due August 15, 2028.

London Refunding Series Bonds 2015A - On September 3, 2015, the District issued \$8,950,000 in General Obligation Bonds to refund a portion of the outstanding General Obligation Refunding Bonds Series 2005 and all the outstanding General Obligation Refunding Bonds Series 2006. The serial bonds will mature on December 1, 2015 through December 1, 2026. This refunding resulted in cash flow savings and an economic gain of \$710,737.

London Refunding Series Bonds 2015B – On September 3, 2015, the District issued \$2,530,000 in General Obligation Bonds to refund the remaining portion of the outstanding General Obligation Refunding Bonds Series 2015. The serial bonds will mature on December 1, 2027 through December 1, 2029. This refunding also resulted in cash flow savings and an economic gain of \$323,869.

In March 2021, the District entered an agreement to lease copiers for a term of sixty months. Payments are due monthly with the final payment due in fiscal year 2026.

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Principal and interest requirements to retire long-term obligations outstanding at the fiscal year end, are as follows:

Fiscal Year Ending June 30	Notes and Bonds		Lease Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 807,521	\$ 118,450	\$ 17,388	\$ -	\$ 824,909	\$ 118,450
2027	833,047	95,030	-	-	833,047	95,030
2028	868,579	69,687	-	-	868,579	69,687
2029	898,973	42,226	-	-	898,973	42,226
2030	870,000	14,138	-	-	870,000	14,138
	<u>\$ 4,278,120</u>	<u>\$ 339,531</u>	<u>\$ 17,388</u>	<u>\$ -</u>	<u>\$ 4,295,508</u>	<u>\$ 339,531</u>

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

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percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$457,434 for fiscal year 2025.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

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

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

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

The District's contractually required contribution to STRS was \$1,817,574 for fiscal year 2025.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0714885%	0.08172426%	
Prior Measurement Date	0.0682421%	0.07894646%	
Change in Proportionate Share	0.0032464%	0.00277780%	
Proportionate Share of the Net			
Pension Liability	\$ 3,657,063	\$ 15,725,068	\$ 19,382,131
Pension Expense	\$ 348,958	\$ 806,454	\$ 1,155,412

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and			
Actual Experience	\$ 139,624	\$ 990,266	\$ 1,129,890
Changes of Assumptions	32,715	724,696	757,411
Changes in Proportion and Differences between			
District Contributions and Proportionate			
Share of Contributions	127,289	455,600	582,889
District Contributions Subsequent to the			
Measurement Date	457,434	1,817,574	2,275,008
Total Deferred Outflows of Resources	<u>\$ 757,062</u>	<u>\$ 3,988,136</u>	<u>\$ 4,745,198</u>

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ -	\$ 8,611	\$ 8,611
Net Difference between Projected and			
Actual Earnings on Pension Plan Investments	228,746	1,352,037	1,580,783
Change of Assumptions	-	545,489	545,489
Changes in Proportion and Differences between			
District Contributions and Proportionate			
Share of Contributions	86,362	51,001	137,363
Total Deferred Outflows of Resources	<u>\$ 315,108</u>	<u>\$ 1,957,138</u>	<u>\$ 2,272,246</u>

\$2,275,008 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	\$ (185,428)	\$ (836,311)	\$ (1,021,739)
2027	234,344	1,553,862	1,788,206
2028	2,868	(288,610)	(285,742)
2029	(67,264)	(215,517)	(282,781)
Total	<u>\$ (15,480)</u>	<u>\$ 213,424</u>	<u>\$ 197,944</u>

Actuarial Assumptions - SERS

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

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

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

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

Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
COLA or Ad Hoc COLA	2.5 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement

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

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	\$ 5,594,800	\$ 3,657,063	\$ 2,025,593

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Actuarial Assumptions – STRS

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

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

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

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

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

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	\$ 25,367,290	\$ 15,725,068	\$ 7,569,404

NOTE 14 - DEFINED BENEFIT OPEB PLANS

See Note 13 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

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

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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$56,411, which is reported as an intergovernmental payable.

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

Plan Description - State Teachers Retirement System (STRS)

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

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

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

Net OPEB Liability (Asset)

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

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	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.0725855%	0.08172426%	
Prior Measurement Date	0.0700422%	0.07894646%	
Change in Proportionate Share	0.0025433%	0.00277780%	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 739,280	\$ (1,550,153)	
OPEB Expense	\$ (118,477)	\$ (351,726)	\$ (470,203)

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and			
Actual Experience	\$ -	\$ 67,388	\$ 67,388
Net Difference between Projected and			
Actual Earnings on OPEB Plan Investments	3,609	\$ -	3,609
Changes of Assumptions	317,299	190,799	508,098
Changes in Proportion and Differences between			
District Contributions and Proportionate			
Share of Contributions	40,708	372	41,080
District Contributions Subsequent to the			
Measurement Date	56,411	-	56,411
Total Deferred Outflows of Resources	\$ 418,027	\$ 258,559	\$ 676,586

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 797,139	\$ 167,053	\$ 964,192
Net Difference between Projected and			
Actual Earnings on OPEB Plan Investments	-	66,557	66,557
Changes of Assumptions	339,601	699,106	1,038,707
Changes in Proportion and Differences between			
District Contributions and Proportionate			
Share of Contributions	127,671	33,660	161,331
Total Deferred Outflows of Resources	\$ 1,264,411	\$ 966,376	\$ 2,230,787

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\$56,411 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	\$ (232,007)	\$ (252,861)	\$ (484,868)
2027	(166,681)	(108,228)	(274,909)
2028	(120,367)	(136,439)	(256,806)
2029	(102,287)	(127,098)	(229,385)
2030	(101,201)	(103,447)	(204,648)
Thereafter	(180,252)	20,256	(159,996)
Total	<u>\$ (902,795)</u>	<u>\$ (707,817)</u>	<u>\$ (1,610,612)</u>

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 985,803	\$ 739,280	\$ 543,384
	1% Decrease	Current Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 499,726	\$ 739,280	\$ 1,054,155

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Actuarial Assumptions – STRS

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

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

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

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

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

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

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

*Final target weights reflected at October 1, 2022.

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB (Asset)	\$ (1,260,459)	\$ (1,550,153)	\$ (1,802,321)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB (Asset)	\$ (1,819,355)	\$ (1,550,153)	\$ (1,226,402)

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NOTE 15 – EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and 10 month administrators do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 350 days for all employees who earn sick leave.

Employees who have been employed by the District for a minimum of 10 consecutive years at the time of retirement are entitled to retirement severance pay. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit.

Employee Benefits

The District offers health insurance to its employees through the Jefferson Health Plan. Vision insurance is offered through Vision Services Plan. The provider for life insurance is Mutual of Omaha. The District provides dental insurance through a self-insurance program.

Deferred Compensation

District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 16 – INTERFUND ACTIVITY

Interfund Balances at the fiscal year end consist of the following interfund receivable and payable:

	<u>Interfund Payable</u>	<u>Interfund Receivable</u>
General	\$ -	\$ 129,451
Other Governmental Funds:		
IDEA Part B Special Education	53,374	-
Title I-A Improving Basic Programs	44,038	-
Title IV-A Student Support and Academic Enrichment	25,564	-
Title II-A Supporting Effective Instruction	6,231	-
Sub A School Improvement	244	-
Total	<u>\$ 129,451</u>	<u>\$ 129,451</u>

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Amounts due to the general fund are the result of the District moving unrestricted monies to support grant funds. The general fund will be reimbursed when the funds become available in the grant funds.

Interfund transfers for fiscal year 2025 were as follows:

	Transfer Out	Transfer In
General	\$ 6,377,521	\$ -
Debt Service	-	54,521
Other Governmental Funds:		
Permanent Improvement	-	4,417,095
Building Construction Fund	267,095	-
Capital Projects Fund	-	1,950,000
District Managed Student Activities	-	223,000
Total	<u>\$ 6,644,616</u>	<u>\$ 6,644,616</u>

Transfers were made from the General Fund for debt service payments and to support programs and projects accounted for in other funds. The Transfer from the Building Construction Fund to the Permanent Improvement Fund is the result of the District closing the Building Construction Fund during the fiscal year.

NOTE 17 – SET-ASIDES

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

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

	<u>Set Aside Balance</u>
Balance at 6/30/2024	\$ -
Required Set-Aside	491,373
Prior Year Offset from Bond Proceeds	<u>(491,373)</u>
Balance at 6/30/2025	-
Amount Carried Forward as of 6/30/2025	<u>\$ -</u>

In a prior fiscal year the District issued \$29,910,000 in capital-related debt based on a building project undertaken by the District. These proceeds may be used as an offset to the capital acquisition set-aside requirement for future years. At fiscal year-end, the District still has \$26,202,834 in capital-related debt offsets that may be used to reduce the set-aside requirement for future years.

London City School District
Madison County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 18 – CONTINGENCIES

Grants

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

Litigation

The District is not party to any legal proceedings.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. Additional DEW adjustments for fiscal year 2025 have been finalized. As a result, DEW's adjustments did not materially affect the financial statements.

NOTE 19 – FUND BALANCE

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

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total
Restricted for:					
Debt Service	\$ -	\$ 2,808,790	\$ -	\$ -	\$ 2,808,790
Food Service	-	-	-	257,539	257,539
Other Purposes	-	-	-	230,190	230,190
Classroom Facilities Maintenance	-	-	-	268,842	268,842
State Grants	168,034	-	-	-	168,034
Total Restricted	168,034	2,808,790	-	756,571	3,733,395
Committed for:					
Severance	532,333	-	-	-	532,333
Capital Outlay	-	-	614,773	-	614,773
Total Committed	532,333	-	614,773	-	1,147,106
Assigned for:					
Support Services	6,686	-	-	-	6,686
Capital Outlay	-	-	-	1,950,000	1,950,000
Other Purposes	81,724	-	4,011,389	-	4,093,113
Total Assigned	88,410	-	4,011,389	1,950,000	6,049,799
Unassigned	12,318,264	-	-	(83,069)	12,235,195
Total Fund Balance	\$ 13,107,041	\$ 2,808,790	\$ 4,626,162	\$ 2,623,502	\$ 23,165,495

London City School District
Madison County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

At June 30, 2025, the following funds had deficit fund balances:

	<u>Deficit</u>
Non-Major Governmental Funds	
ESSER	\$ 4
Sub A School Improvement	1
IDEA Part B	69,116
Drug Free School Grant	8,434
IDEA Preschool Grant	42
Improving Teacher Quality	<u>5,472</u>
Total	<u><u>\$ 83,069</u></u>

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 20 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For fiscal year 2025, GASB Statement No. 102, Certain Risk Disclosures, was effective. The objective of GASB 102 is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This GASB did not have any effect on the financial statements.

Required Supplementary Information

London City School District
Madison County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

Year	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<i>School Employees Retirement System (SERS)</i>					
2025	0.0714885%	\$ 3,657,063	\$ 2,914,236	125.49%	78.52%
2024	0.0682421%	3,770,725	2,690,207	140.16%	76.06%
2023	0.0717327%	3,879,862	2,861,336	135.60%	75.82%
2022	0.0699537%	2,581,089	2,379,786	108.46%	82.86%
2021	0.0695482%	4,600,064	2,445,786	188.08%	68.55%
2020	0.0738826%	4,420,526	2,553,050	180.74%	70.85%
2019	0.0715488%	4,097,732	2,389,677	160.50%	71.36%
2018	0.0776576%	4,639,870	2,528,629	194.16%	69.50%
2017	0.0778738%	5,699,644	2,433,693	225.40%	62.98%
2016	0.0742185%	4,234,980	2,639,294	174.01%	69.16%
<i>State Teachers Retirement System (STRS)</i>					
2025	0.08172426%	\$ 15,725,068	\$ 11,504,393	136.69%	82.55%
2024	0.07894646%	17,001,072	10,756,071	158.06%	80.02%
2023	0.07808810%	17,359,083	10,430,764	166.42%	78.90%
2022	0.07875367%	10,069,364	9,756,771	103.20%	87.80%
2021	0.07885223%	19,079,434	9,512,300	200.58%	75.50%
2020	0.08305448%	18,366,999	9,544,118	192.44%	77.40%
2019	0.08517599%	18,728,288	9,446,374	198.26%	77.30%
2018	0.08483625%	20,153,033	9,564,757	210.70%	75.30%
2017	0.08449937%	28,284,486	9,110,500	310.46%	66.80%
2016	0.08228629%	22,741,524	9,007,379	252.48%	72.10%

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.
See accompanying notes to the required supplementary information.

London City School District
Madison County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Nine Fiscal Years (1)

<u>Year</u>	<u>School District's Proportion of the Net OPEB Liability (Asset)</u>	<u>School District's Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>School District's Covered Payroll</u>	<u>School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
<i>School Employees Retirement System (SERS)</i>					
2025	0.0725855%	\$ 739,280	\$ 2,914,236	25.37%	44.50%
2024	0.0700422%	1,153,906	2,690,207	42.89%	30.02%
2023	0.0733258%	1,029,502	2,861,336	35.98%	30.34%
2022	0.0721170%	1,364,881	2,379,786	57.35%	24.08%
2021	0.0723040%	1,571,409	2,445,786	64.25%	18.17%
2020	0.7565300%	1,902,501	2,553,050	74.52%	15.57%
2019	0.0727496%	2,018,270	2,389,677	84.46%	13.57%
2018	0.0787174%	2,112,568	2,528,629	83.55%	12.46%
2017	0.0786227%	2,241,039	2,433,693	92.08%	11.49%
<i>State Teachers Retirement System (STRS)</i>					
2025	0.08172426%	\$ (1,550,153)	\$ 11,504,393	-13.47%	158.01%
2024	0.07894646%	(1,535,400)	10,756,071	-14.27%	168.52%
2023	0.07808810%	(2,021,961)	10,430,764	-19.38%	230.73%
2022	0.07875400%	(1,660,464)	9,756,771	-17.02%	174.73%
2021	0.07885200%	(1,385,822)	9,512,300	-14.57%	182.10%
2020	0.08305400%	(1,375,574)	9,544,118	-14.41%	174.70%
2019	0.08517599%	(1,368,691)	9,446,374	-14.49%	176.00%
2018	0.08483625%	3,309,998	9,564,757	34.61%	47.10%
2017	0.08449937%	4,519,048	9,110,500	49.60%	37.30%

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

(1) Information prior to 2017 is not available.

See accompanying notes to the required supplementary information.

London City School District
Madison County, Ohio
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

<u>Year</u>	<u>Contractually Required Contribution - Pension (1)</u>	<u>Contractually Required Contribution - OPEB (1)(2)</u>	<u>School District's Covered Payroll</u>	<u>Pension Contributions as a Percentage of Covered Payroll</u>	<u>OPEB Contributions as a Percentage of Covered Payroll (2)</u>
<i>School Employees Retirement System (SERS)</i>					
2025	\$ 457,434	\$ 56,411	\$ 3,267,386	14.00%	1.73%
2024	407,993	50,682	2,914,236	14.00%	1.74%
2023	376,629	50,236	2,690,207	14.00%	1.87%
2022	400,587	47,776	2,861,336	14.00%	1.67%
2021	333,170	46,264	2,379,786	14.00%	1.94%
2020	342,410	47,085	2,445,786	14.00%	1.93%
2019	344,662	46,990	2,553,050	13.50%	2.30%
2018	322,607	81,112	2,389,677	13.50%	3.39%
2017	354,008	42,500	2,528,629	14.00%	1.68%
2016	340,717	38,357	2,433,693	14.00%	1.58%
<i>State Teachers Retirement System (STRS)</i>					
2025	\$ 1,817,574	\$ -	\$ 12,982,671	14.00%	0.00%
2024	1,610,615	-	11,504,393	14.00%	0.00%
2023	1,505,850	-	10,756,071	14.00%	0.00%
2022	1,460,307	-	10,430,764	14.00%	0.00%
2021	1,365,948	-	9,756,771	14.00%	0.00%
2020	1,331,722	-	9,512,300	14.00%	0.00%
2019	1,336,176	-	9,544,118	14.00%	0.00%
2018	1,322,492	-	9,446,374	14.00%	0.00%
2017	1,339,066	-	9,564,757	14.00%	0.00%
2016	1,275,470	-	9,110,500	14.00%	0.00%

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

(2) SERS contributions include surcharge

See accompanying notes to the required supplementary information.

London City School District
Madison County
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

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

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions - SERS

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

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

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

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

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

Changes in Benefit Terms - SERS

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

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

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

London City School District
Madison County
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Changes in Assumptions – STRS

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

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

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

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

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

Changes in Benefit Terms - STRS

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

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

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

London City School District
Madison County
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

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

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

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

Changes in Assumptions – STRS

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

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

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

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

London City School District
Madison County
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Changes in Benefit Terms – STRS

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

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

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

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

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

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

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

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

**LONDON CITY SCHOOL DISTRICT
MADISON COUNTY**

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

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Federal AL Number	Grant Year	Expenditures	Non-Cash Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
<i>Nutrition Cluster:</i>				
School Breakfast Program	10.553	N/A	\$ 131,597	\$ -
<i>Non-Cash Assistance (Food Distribution):</i>				
National School Lunch Program	10.555	N/A	-	84,866
<i>Cash Assistance:</i>				
National School Lunch Program	10.555	N/A	419,896	-
National School Lunch Program Total			419,896	84,866
Fruit and Vegetable Program	10.582	N/A	56,899	-
Nutrition Cluster Total (Cash and Non-Cash)			608,392	84,866
Total U.S. Department of Agriculture			\$608,392	84,866
UNITED STATES DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Title 1 Grants to Local Educational Agencies	84.010A	2024	79,674	-
Title 1 Grants to Local Educational Agencies	84.010A	2025	517,945	-
Title 1 Supplemental School Improvement	84.010A	2025	4,709	-
Title I Total			602,328	-
<i>Special Education Cluster:</i>				
Special Education - Grants to States (IDEA, Part B)	84.027A	2024	76,984	-
Special Education - Grants to States (IDEA, Part B)	84.027A	2025	552,511	-
Special Education - Preschool Grants (IDEA Preschool)	84.173A	2025	24,284	-
Special Education Cluster Total			653,779	-
Supporting Effective Instruction State Grants				
Supporting Effective Instruction State Grants	84.367A	2024	12,915	-
Supporting Effective Instruction State Grants	84.367A	2025	73,626	-
Supporting Effective Instruction State Grants Total			86,541	-
Student Support and Academic Enrichment Program				
Student Support and Academic Enrichment Program	84.424A	2025	39,088	-
Student Support and Academic Enrichment Program	84.424F	2025	17,218	-
Student Support and Academic Enrichment Program Total			56,306	-
Education Stabilization Fund (ESF) Under the Coronavirus Aid, Relief, and Economic Security Act				
Education Stabilization Fund - American Rescue Plan	84.425U	2024	552,398	-
Total U.S. Department of Education			1,951,352	-
Totals			\$ 2,559,744	\$ 84,866

The accompanying notes are an integral part of this schedule.

**LONDON CITY SCHOOL DISTRICT
MADISON COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-15 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

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

London City School District
Madison County
380 Elm St. 2nd Flr
London, Ohio 43140

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the London City School District, Madison County, Ohio (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our 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.

London City School District

Madison County

Independent Auditor's Report on Internal Control Over

Financial Report and on Compliance and Other Matters

Required By *Government Auditing Standards*

Page 2

Report on Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.

December 15, 2025

**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**

London City School District
Madison County
380 Elm St. 2nd Flr
London, Ohio 43140

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the London City School District, Madison County, Ohio's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2025. The District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

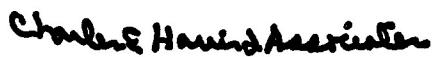
Report on Internal Control Over Compliance

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

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

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

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



Charles E. Harris & Associates, Inc.
December 15, 2025

**LONDON CITY SCHOOL DISTRICT
MADISON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster – ALN # 10.555, # 10.553, # 10.582
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



LONDON CITY SCHOOL DISTRICT

MADISON 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 5/14/2026

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