



**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Balance Sheet – Governmental Funds	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Net Position – Proprietary Fund	21
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	22
Statement of Cash Flows – Proprietary Fund	23
Statement of Fiduciary Net Position – Fiduciary Funds	24
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	25
Notes to the Basic Financial Statements	26
Required Supplementary Information	69
Schedule of Expenditures of Federal Awards	83
Notes to the Schedule of Expenditures of Federal Awards	84

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	85
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	87
Schedule of Findings.....	91
Summary Schedule of Prior Audit Findings (Prepared By Management)	93

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

Olmsted Falls City School District
Cuyahoga County
26937 Bagley Road
Olmsted Falls, Ohio 44138

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

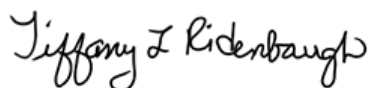
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements,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

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

Other Reporting Required by *Government Auditing Standards*

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

KEITH FABER
Ohio Auditor of State

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

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

March 18, 2026

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

The management's discussion and analysis of the Olmsted Falls 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 basic financial statements and the 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:

- In total, net position of governmental activities increased \$3,018,453 which represents a 10.55% increase from the 2024 net position (as restated). Net position was restated at beginning of year, as described in Note 3 in the notes to the basic financial statements.
- General revenues accounted for \$52,222,595 in revenue or 88.13% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$7,030,585 or 11.87% of total revenues of \$59,253,180.
- The District had \$56,234,727 in expenses related to governmental activities; only \$7,030,585 of these expenses were offset by program specific charges for services and sales, grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$52,222,595 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$52,445,601 in revenues and \$53,519,268 in expenditures and other financing uses. During fiscal 2025, the general fund's fund balance decreased \$1,073,667 from a balance of \$7,703,441 to a balance of \$6,629,774.

Reporting the District as a Whole

Statement of Net position and the Statement of Activities

While this document contains all of the funds used by the District to provide programs and activities, the view of the District as a whole considers all financial transactions and asks the questions, "Are we in a better financial position this year than last?" and "why" or "why not". The Statement of Net Position and the Statement of Activities provide the basis for answering these questions. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting which is similar to that used by most private-sector companies. Accrual accounting takes into account all of the current 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 that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

All of the District's programs and services are reported as Governmental Activities in the Statement of Net Position and the Statement of Activities. Governmental Activities consist of functions that are principally supported by taxes and intergovernmental revenues. Such activities include instruction, support services, food service operations and extracurricular activities among others for the District.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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 most significant fund. The District's major governmental fund is the general fund.

Governmental Funds

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

Proprietary Fund

Proprietary funds have historically operated as enterprise and internal service funds using the same basis of accounting as business-type activities. The District has one self-insurance fund.

Fiduciary Funds

The District's custodial fund accounts for services as fiscal agent for outside organizations.

Notes to the Basic Financial Statements

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

Required Supplementary Information

The required supplementary information provides detailed information regarding the District's proportionate share of the net pension liability and net OPEB liability/asset of the retirement system and a ten-year schedule of the District's contributions to the retirement systems to fund pension and OPEB obligations.

The District as a Whole

The statement of net position provides the perspective of the District as a whole.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

The statement of net position provides the perspective of the District as a whole. For the following table, amounts for 2025 have been presented in accordance with the provisions of GASB Statement No. 101 (see Note 3 in the notes to the basic financial statements) while amounts for 2024 have been presented in accordance with previous guidance. The table below provides a summary of the District's net position for June 30, 2025 and June 30, 2024.

	Net Position	
	Governmental Activities 2025	Governmental Activities 2024
<u>Assets</u>		
Current and other assets	\$ 60,781,639	\$ 51,996,258
Net OPEB asset	3,137,411	3,213,097
Capital assets, net	<u>42,227,948</u>	<u>43,846,476</u>
Total assets	<u>106,146,998</u>	<u>99,055,831</u>
<u>Deferred outflows of resources</u>		
Deferred charges	379,951	414,492
Pension	8,503,152	9,119,541
OPEB	<u>1,500,819</u>	<u>1,747,657</u>
Total deferred outflows of resources	<u>10,383,922</u>	<u>11,281,690</u>
<u>Liabilities</u>		
Current liabilities	8,361,289	8,423,919
Long-term liabilities	<u>88,982,186</u>	<u>82,380,747</u>
Total liabilities	<u>97,343,475</u>	<u>90,804,666</u>
<u>Deferred inflows of resources</u>		
Property taxes	32,936,802	28,671,060
Leases	697,606	729,557
Pension	5,742,181	4,839,576
OPEB	<u>5,415,971</u>	<u>5,726,854</u>
Total deferred inflows of resources	<u>44,792,560</u>	<u>39,967,047</u>
<u>Net Position</u>		
Net investment in capital assets	13,020,345	14,218,537
Restricted	8,380,517	7,921,559
Unrestricted (deficit)	<u>(47,005,977)</u>	<u>(42,574,288)</u>
Total net position (deficit)	<u>\$ (25,605,115)</u>	<u>\$ (20,434,192)</u>

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2025 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District previously adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the Net OPEB asset, and deferred outflows related to pension and OPEB.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2025, the District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$25,605,115.

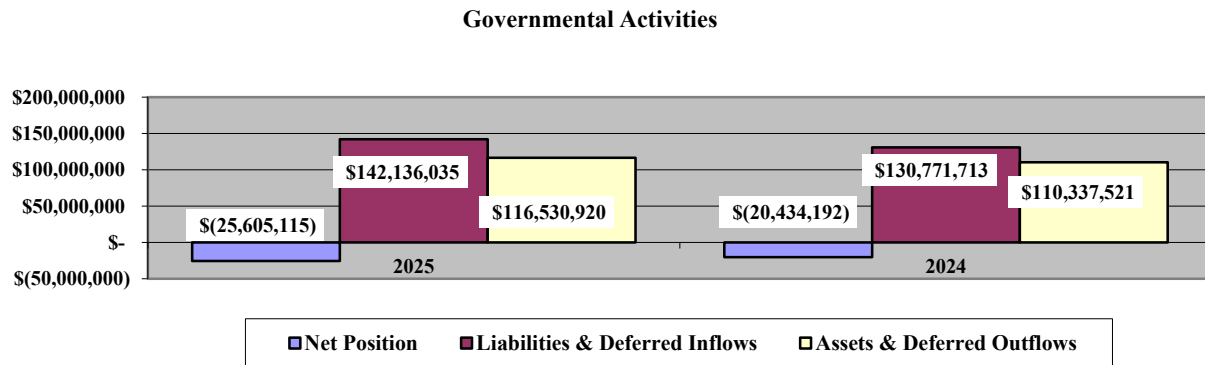
At year end, capital assets represented 39.78% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2025, was \$13,020,345. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

A portion of the District's net position, \$8,380,517, represents resources that are subject to external restriction on how they may be used. The remaining balance is a deficit of unrestricted net position.

The graph below presents the District's governmental assets and deferred outflows of resources, liabilities and deferred inflows of resources and net position for fiscal years 2025 and 2024.



Total assets increased by \$7,091,167 and deferred outflows decreased by \$897,768.

Total liabilities for governmental activities totaled \$97,343,475; of this amount \$88,982,186 or 91.41% is included in long-term liabilities.

By comparing assets, deferred outflows of resources, liabilities, and deferred inflows of resources one can see the overall position of the District is acceptable.

During fiscal year 2025, the District implemented GASB Statement No. 101 (see Note 3.C in the notes to the basic financial statements). For the table below, the implementation has been reported as a change in accounting principle. The table that follows shows the change in net position for fiscal years 2025 and 2024.

	Change in Net Position	
	Governmental Activities 2025	Governmental Activities 2024
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 2,000,249	\$ 1,840,870
Operating grants and contributions	4,996,287	5,680,410
Capital grants and contributions	34,049	265,351
General revenues:		
Property taxes	35,606,497	34,104,831
Grants and entitlements	15,367,925	15,388,992
Investment earnings	976,140	953,699
Other	272,033	305,533
Total revenues	<u>\$ 59,253,180</u>	<u>\$ 58,539,686</u>

(Continued)

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

	Change in Net Position	
	Governmental Activities 2025	Governmental Activities 2024
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 22,740,532	\$ 23,955,773
Special	9,480,274	8,742,848
Other	426,427	286,617
Support services:		
Pupil	2,520,068	2,181,421
Instructional staff	1,820,074	1,942,586
Board of education	390,705	428,172
Administration	4,037,296	4,550,261
Fiscal	1,476,071	1,236,086
Operations and maintenance	4,622,034	5,840,051
Pupil transportation	2,576,886	2,060,944
Central	1,055,438	1,160,607
Operation of non-instructional services:		
Other non-instructional services	275,354	233,680
Food service operations	1,373,066	1,409,536
Extracurricular activities	2,174,344	2,220,500
Interest and fiscal charges	1,266,158	1,182,549
Total expenses	<u>56,234,727</u>	<u>57,431,631</u>
Change in net position	3,018,453	1,108,055
Net position (deficit) as previously reported	(20,434,192)	-
Restatement - change in accounting principle	(8,189,376)	-
Net position (deficit) at beginning of year	<u>(28,623,568)</u>	<u>(21,542,247)</u>
Net position (deficit) at end of year	<u>\$ (25,605,115)</u>	<u>\$ (20,434,192)</u>

Governmental Activities

Net position of the District's governmental activities increased \$3,018,453 from the 2024 balance. Total governmental expenses of \$56,234,727 were offset by program revenues of \$7,030,585 and general revenues of \$52,222,595. Program revenues supported 12.50% of the total governmental expenses.

The majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$52,222,595 or 88.13% of total revenue. The most significant portion of the general revenue is the local property tax. The remaining amount of revenue received was in the form of program revenues, which equated to \$7,030,585 or 11.87% of total revenue.

Although the District relies heavily upon local property taxes to support its operations, the District does actively solicit and receive grant and entitlement funds to help offset some operating costs. Property taxes made up 60.09% of revenues for governmental activities for the District in fiscal year 2025.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

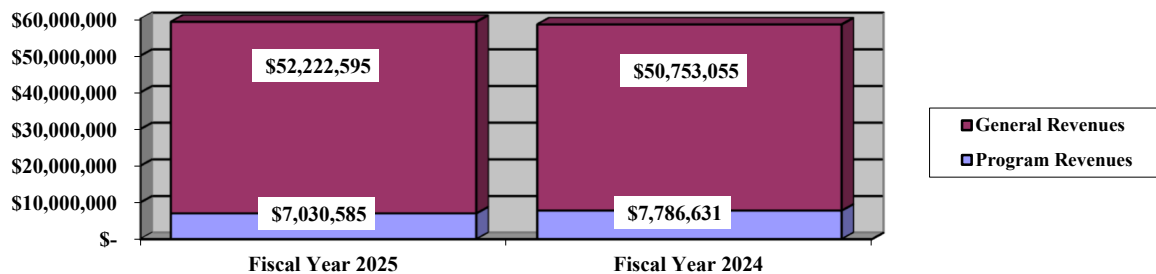
Governmental Activities

	Total Cost of Services <u>2025</u>	Net Cost of Services <u>2025</u>	Total Cost of Services <u>2024</u>	Net Cost of Services <u>2024</u>
Program expenses:				
Instruction:				
Regular	\$ 22,740,532	\$ 22,143,095	\$ 23,955,773	\$ 22,778,642
Special	9,480,274	6,599,339	8,742,848	6,119,820
Vocational	-	(5,278)	-	(5,648)
Other	426,427	426,427	286,617	286,617
Support services:				
Pupil	2,520,068	2,100,784	2,181,421	1,475,671
Instructional staff	1,820,074	1,717,705	1,942,586	1,729,587
Board of Education	390,705	384,455	428,172	422,359
Administration	4,037,296	4,037,296	4,550,261	4,550,261
Fiscal	1,476,071	1,476,071	1,236,086	1,236,086
Operations and maintenance	4,622,034	4,538,167	5,840,051	5,800,195
Pupil transportation	2,576,886	2,340,602	2,060,944	1,678,647
Central	1,055,438	1,055,438	1,160,607	1,160,607
Operation of non-instructional services				
Other non-instructional services	275,354	11,998	233,680	(5,106)
Food service operations	1,373,066	(193,372)	1,409,536	(124,522)
Extracurricular activities	2,174,344	1,305,257	2,220,500	1,359,235
Interest and fiscal charges	1,266,158	1,266,158	1,182,549	1,182,549
Total expenses	\$ 56,234,727	\$ 49,204,142	\$ 57,431,631	\$ 49,645,000

The dependence upon tax and other general revenues for governmental activities is apparent; 89.33% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 87.50%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for District's students.

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

Governmental Activities - General and Program Revenues



**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

The District's Funds

The District's governmental funds reported a combined fund balance of \$16,148,319 which is greater than last year's total balance of \$12,873,015. The schedule that follows indicates the fund balance and the total change in fund balance as of June 30, 2025 and 2024.

	<u>Fund Balance June 30, 2025</u>	<u>Fund Balance June 30, 2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General	\$ 6,629,774	\$ 7,703,441	\$ (1,073,667)	(13.94) %
Other Governmental	<u>9,518,545</u>	<u>5,169,574</u>	<u>4,348,971</u>	84.13 %
Total	<u>\$ 16,148,319</u>	<u>\$ 12,873,015</u>	<u>\$ 3,275,304</u>	25.44 %

General Fund

The District's general fund balance decreased \$1,073,667 from a fund balance of \$7,703,441 to a fund balance of \$6,629,774.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2025 Amount</u>	<u>2024 Amount</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 32,399,087	\$ 31,800,009	\$ 599,078	1.88 %
Tuition and fees	350,229	382,929	(32,700)	(8.54) %
Earnings on investments	907,987	895,629	12,358	1.38 %
Intergovernmental	17,798,353	17,689,014	109,339	0.62 %
Other revenues	<u>989,945</u>	<u>936,832</u>	<u>53,113</u>	5.67 %
Total	<u>\$ 52,445,601</u>	<u>\$ 51,704,413</u>	<u>\$ 741,188</u>	1.43 %
<u>Expenditures</u>				
Instruction	\$ 32,962,070	\$ 31,325,249	\$ 1,636,821	5.23 %
Support services	18,565,676	17,680,164	885,512	5.01 %
Extracurricular activities	765,317	862,294	(96,977)	(11.25) %
Debt service	<u>218,205</u>	<u>282,267</u>	<u>(64,062)</u>	(22.70) %
Total	<u>\$ 52,511,268</u>	<u>\$ 50,149,974</u>	<u>\$ 2,361,294</u>	4.71 %

Revenues of the general fund increased \$741,188 or 1.43%. Property taxes revenue increased \$599,078 or 1.88% due to increased collections during fiscal year 2025. Intergovernmental revenue increased \$109,339 due to an increase in grant revenue during fiscal year 2025. The \$12,358 increase in earnings on investments is due to an increase in interest rates and fair market values of investments during the current fiscal year. All other revenues remained consistent with the prior year.

Expenditures of the general fund increased \$2,361,294 or 4.71%. Instruction expenditures increased \$1,636,821 primarily due to an increase in special and other expenditures during fiscal year 2025. Support service expenditure increased \$885,512 or 5.01% due to large increases in pupil, administration, and pupil transportation expenditures. All other expenditures remained consistent with the prior year.

General Fund Budgeting Highlights

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

During the course of fiscal year 2025, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources of \$48,240,095 were increased in the final budget to \$52,367,027. Actual revenues and other financing sources for fiscal year 2025 were \$52,460,273. This represents a \$93,246 increase from final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures including other financing uses) of \$53,656,060 were increased in the final appropriations to \$54,917,202. The actual budget basis expenditures for fiscal year 2025 totaled \$54,696,264 which was \$220,938 lower than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025, the District had \$42,227,948 in land, construction in progress, buildings and improvements, furniture and equipment, intangible right to use asset and vehicles. This entire amount is reported in governmental activities.

The following table shows fiscal 2025 balances compared to 2024.

**Capital Assets at June 30
(Net of Depreciation/Amortization)**

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Land	\$ 211,920	\$ 211,920
Construction in progress	142,059	198,223
Building and improvements	35,978,689	38,192,043
Furniture and equipment	4,040,157	3,405,327
Intangible right to use asset	24,837	74,510
Vehicles	<u>1,830,286</u>	<u>1,764,453</u>
Total	<u>\$ 42,227,948</u>	<u>\$ 43,846,476</u>

The overall decrease in capital assets of \$1,618,528 is due primarily to depreciation/amortization expense of \$3,213,177 exceeding capital outlays of \$1,682,915. See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2025, the District had general obligation bonds, certificates of participation, financed purchase agreements, direct placement bonds, and lease payable outstanding. Of the total long-term debt outstanding, \$1,403,491 due within one year and \$32,242,004 is due in greater than one year.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

The following table summarizes the long-term debt outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
General Obligation Bonds, Net	\$ 28,055,659	\$ 29,079,076
Certificates of Participation, Net	4,388,790	-
Financed Purchase Agreements	170,774	342,480
Direct Placement Bonds	979,981	728,332
Lease Payable	<u>50,291</u>	<u>102,593</u>
Total	<u>\$ 29,085,931</u>	<u>\$ 29,910,001</u>

See Note 13 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District is set in a bedroom community made up of Olmsted Township, Olmsted Falls and small residential areas in North Olmsted, Berea and Columbia Township. Overall the District has kept a steady student enrollment averaging about 240 students per grade level.

As the preceding information shows, the District heavily depends on its residential property taxpayers. With multiple growing residential developments and rising property values, the District expects to see a slow increase in real estate taxes. This increase will help offset the amount of additional revenue that is needed. Through prudent management, the District had managed without new operating money since February 2, 2010. An 8.9 mil current expense levy successfully passed on the ballot April 28, 2021. The continued financial support of the District demonstrates the strong belief of parents and community members that their schools are one of the highest priorities and one of the most important public institutions in the community.

The District is working hard to provide complete transparency to the Community through various mailing publications. These are mailed to all homes within the District. Some of the publications include quarterly school news reports, annual quality profile along with an annual financial prospectus. These publications have shown all the wonderful things that are occurring throughout the District thanks to the dollars received from all our taxpayers.

The Olmsted Falls City School District has committed itself to not only Arts, Academic and Athletic success but also financial excellence with 11 consecutive years of receiving the Auditor of State Award. This report represents the School District's implementation of the Governmental Accounting Standards Board's (GASB) financial reporting model under Governmental Accounting and Financial Reporting Standards Statement No. 34 (GASB Statement No. 34). Olmsted Falls City School District is committed to continuous improvement in financial reporting to our community.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the district's finances and to demonstrate accountability over the money it receives. If you have questions about this report or need additional financial information, contact Patrick Goclano, Treasurer, at Olmsted Falls City School District, 26937 Bagley Road, Olmsted Falls, Ohio 44138.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 20,632,045
Cash in segregated accounts	2,061,958
Receivables:	
Property taxes	36,392,400
Accounts	66,120
Accrued interest	35,456
Intergovernmental	188,663
Leases	775,417
Prepayments	47,477
Materials and supplies inventory	469,254
Inventory held for resale	31,652
Net OPEB asset	3,137,411
Restricted cash	81,197
Capital assets:	
Nondepreciable capital assets	353,979
Depreciable capital assets, net	41,873,969
Capital assets, net	<u>42,227,948</u>
Total assets	<u>106,146,998</u>
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	379,951
Pension	8,503,152
OPEB	1,500,819
Total deferred outflows of resources	<u>10,383,922</u>
Liabilities:	
Accounts payable	471,439
Contracts payable	142,059
Accrued wages and benefits payable	5,398,216
Compensated absences payable	318,829
Intergovernmental payable	189,864
Pension and post employment benefits payable	803,300
Accrued interest payable	92,533
Claims payable	945,049
Long-term liabilities:	
Due within one year	5,261,569
Due in more than one year:	
Net pension liability	40,922,272
Net OPEB liability	1,829,473
Other amounts due in more than one year	40,968,872
Total liabilities	<u>97,343,475</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	32,936,802
Leases	697,606
Pension	5,742,181
OPEB	5,415,971
Total deferred inflows of resources	<u>44,792,560</u>
Net position:	
Net investment in capital assets	13,020,345
Restricted for:	
Capital projects	361,570
Permanent fund - expendable	2,620
Permanent fund - nonexpendable	100,000
Classroom facilities maintenance	52,016
Debt service	3,504,948
OPEB	3,137,411
State funded programs	25,173
Food service operations	935,806
Extracurricular	183,333
Other purposes	77,640
Unrestricted (deficit)	<u>(47,005,977)</u>
Total net position (deficit)	<u>\$ (25,605,115)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA 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 and Contributions	Capital Grants and Contributions		Governmental Activities
Governmental activities:						
Instruction:						
Regular	\$ 22,740,532	\$ 523,703	\$ 39,685	\$ 34,049	\$	(22,143,095)
Special	9,480,274	68,811	2,812,124	-		(6,599,339)
Vocational	-	-	5,278	-		5,278
Other	426,427	-	-	-		(426,427)
Support services:						
Pupil	2,520,068	-	419,284	-		(2,100,784)
Instructional staff	1,820,074	-	102,369	-		(1,717,705)
Board of education	390,705	-	6,250	-		(384,455)
Administration	4,037,296	-	-	-		(4,037,296)
Fiscal	1,476,071	-	-	-		(1,476,071)
Operations and maintenance	4,622,034	28,398	55,469	-		(4,538,167)
Pupil transportation	2,576,886	-	236,284	-		(2,340,602)
Central	1,055,438	-	-	-		(1,055,438)
Operation of non-instructional services:						
Food service operations	1,373,066	885,164	681,274	-		193,372
Other non-instructional services	275,354	-	263,356	-		(11,998)
Extracurricular activities	2,174,344	494,173	374,914	-		(1,305,257)
Interest and fiscal charges	1,266,158	-	-	-		(1,266,158)
Totals	\$ 56,234,727	\$ 2,000,249	\$ 4,996,287	\$ 34,049		(49,204,142)

General revenues:

Property taxes levied for:	
General purposes	32,866,724
Debt service	2,174,095
Permanent improvement	565,678
Grants and entitlements not restricted to specific programs	15,367,925
Investment earnings	976,140
Miscellaneous	272,033
Total general revenues	52,222,595
 Change in net position	 3,018,453
 Net position (deficit) at beginning of year, as previously reported	 (20,434,192)
 Restatement - change in accounting principle	 (8,189,376)
 Net position (deficit) at beginning of year, as adjusted	 (28,623,568)
 Net position (deficit) at end of year	 \$ (25,605,115)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 10,927,555	\$ 9,698,910	\$ 20,626,465
Receivables:			
Property taxes	34,211,851	2,180,549	36,392,400
Accounts	65,232	888	66,120
Accrued interest	32,225	3,231	35,456
Interfund loans	151,664	-	151,664
Intergovernmental	171,059	1,994	173,053
Leases	-	775,417	775,417
Prepayments	45,712	1,765	47,477
Materials and supplies inventory	459,880	9,374	469,254
Inventory held for resale	-	31,652	31,652
Restricted assets:			
Equity in pooled cash and cash equivalents	81,197	-	81,197
Total assets	<u>\$ 46,146,375</u>	<u>\$ 12,703,780</u>	<u>\$ 58,850,155</u>
Liabilities:			
Accounts payable	\$ 424,772	\$ 46,667	\$ 471,439
Contracts payable	-	142,059	142,059
Accrued wages and benefits payable	5,291,796	106,420	5,398,216
Compensated absences payable	318,829	-	318,829
Intergovernmental payable	188,670	1,194	189,864
Pension and post employment benefits payable	782,347	20,953	803,300
Interfund loans payable	-	151,664	151,664
Total liabilities	<u>7,006,414</u>	<u>468,957</u>	<u>7,475,371</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	31,015,672	1,921,130	32,936,802
Delinquent property tax revenue not available	1,479,698	94,311	1,574,009
Accrued interest not available	14,817	3,231	18,048
Leases	-	697,606	697,606
Total deferred inflows of resources	<u>32,510,187</u>	<u>2,716,278</u>	<u>35,226,465</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory	459,880	9,374	469,254
Prepays	45,712	1,765	47,477
Permanent fund	-	100,000	100,000
Unclaimed monies	27,399	-	27,399
Restricted:			
Debt service	-	3,519,964	3,519,964
Capital improvements	-	4,541,248	4,541,248
Classroom facilities maintenance	-	52,016	52,016
Food service operations	-	1,042,638	1,042,638
Non-public schools	-	9,138	9,138
State funded programs	-	16,035	16,035
Extracurricular	-	183,333	183,333
Permanent fund	-	2,620	2,620
Other purposes	-	50,241	50,241
Assigned:			
Student instruction	293,423	-	293,423
Student and staff support	953,558	-	953,558
Subsequent year's appropriations	1,507,656	-	1,507,656
Unassigned (deficit)	3,342,146	(9,827)	3,332,319
Total fund balances	<u>6,629,774</u>	<u>9,518,545</u>	<u>16,148,319</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 46,146,375</u>	<u>\$ 12,703,780</u>	<u>\$ 58,850,155</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

Total governmental fund balances		\$ 16,148,319
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		42,227,948
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 1,574,009	
Accrued interest receivable	18,048	
Total		1,592,057
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		1,138,099
Unamortized amounts on refundings are not recognized in the funds.		379,951
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(92,533)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	8,503,152	
Deferred inflows - pension	(5,742,181)	
Net pension liability	(40,922,272)	
Deferred outflows - OPEB	1,500,819	
Deferred inflows - OPEB	(5,415,971)	
Net OPEB asset	3,137,411	
Net OPEB liability	(1,829,473)	
Total		(40,768,515)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds, net	(28,055,659)	
Certificates of participation, net	(4,388,790)	
Financed purchase obligations	(170,774)	
Lease obligations	(50,291)	
Other bonds payable	(979,981)	
Compensated absences	(12,584,946)	
Total		(46,230,441)
Net position (deficit) of governmental activities		\$ (25,605,115)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 32,399,087	\$ 2,726,078	\$ 35,125,165
Intergovernmental	17,798,353	2,169,067	19,967,420
Investment earnings	907,987	107,637	1,015,624
Tuition and fees	350,229	-	350,229
Extracurricular	389,867	328,147	718,014
Rental income	28,398	-	28,398
Charges for services	224,090	885,164	1,109,254
Contributions and donations	24,615	71,935	96,550
Miscellaneous	322,975	89,274	412,249
Total revenues	<u>52,445,601</u>	<u>6,377,302</u>	<u>58,822,903</u>
Expenditures:			
Current:			
Instruction:			
Regular	23,246,081	101,046	23,347,127
Special	9,289,562	1,075,016	10,364,578
Other	426,427	-	426,427
Support services:			
Pupil	2,694,834	-	2,694,834
Instructional staff	1,738,080	99,544	1,837,624
Board of education	383,992	8,189	392,181
Administration	4,655,681	-	4,655,681
Fiscal	1,297,756	78,446	1,376,202
Operations and maintenance	4,377,093	364,499	4,741,592
Pupil transportation	2,470,702	248,611	2,719,313
Central	947,538	-	947,538
Operation of non-instructional services:			
Food service operations	-	1,522,921	1,522,921
Other non-instructional services	-	269,847	269,847
Extracurricular activities	765,317	1,464,062	2,229,379
Facilities acquisition and construction	-	188,357	188,357
Debt service:			
Principal retirement	194,605	820,630	1,015,235
Interest and fiscal charges	23,600	1,109,708	1,133,308
Debt issuance costs	-	112,061	112,061
Accreted interest	-	450,040	450,040
Total expenditures	<u>52,511,268</u>	<u>7,912,977</u>	<u>60,424,245</u>
Excess of expenditures over revenues	<u>(65,667)</u>	<u>(1,535,675)</u>	<u>(1,601,342)</u>
Other financing sources (uses):			
Sale of certificates of participation	-	4,410,000	4,410,000
Sale of bonds	-	487,916	487,916
Discount on debt issuance	-	(21,270)	(21,270)
Transfers in	-	1,008,000	1,008,000
Transfers (out)	(1,008,000)	-	(1,008,000)
Total other financing sources (uses)	<u>(1,008,000)</u>	<u>5,884,646</u>	<u>4,876,646</u>
Net change in fund balances	(1,073,667)	4,348,971	3,275,304
Fund balances at beginning of year	7,703,441	5,169,574	12,873,015
Fund balances at end of year	<u>\$ 6,629,774</u>	<u>\$ 9,518,545</u>	<u>\$ 16,148,319</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA 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		\$ 3,275,304
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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 expense.		
Capital asset additions	\$ 1,682,915	
Current year depreciation	<u>(3,213,177)</u>	
Total		(1,530,262)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(88,266)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	481,332	
Earnings on investments	3,716	
Intergovernmental	<u>(70,965)</u>	
Total		414,083
Repayment of debt principal and accreted interest is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities.		1,465,275
Issuances of debt is recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(4,897,916)
Discounts on certificates of participation are amortized over the life of the issuance in the statement of activities		21,270
In the statement of activities, interest is accrued on outstanding debt obligations, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	(4,605)	
Accreted interest on capital appreciation bonds	(41,767)	
Amortization of discounts	(5,530)	
Amortization of premiums	65,654	
Amortization of deferred charges	<u>(34,541)</u>	
Total		(20,789)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	4,330,076	
OPEB	<u>130,886</u>	
Total		4,460,962
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,777,049)	
OPEB	<u>921,873</u>	
Total		(855,176)
Some expenses reported in the statement of activities (compensated absences), do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(543,354)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		<u>1,317,322</u>
Change in net position of governmental activities		<u><u>\$ 3,018,453</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025

	Governmental Activities - Internal Service Fund
Assets:	
Equity in pooled cash and cash equivalents	\$ 5,580
Cash in segregated accounts	2,061,958
Receivables:	
Intergovernmental	15,610
Total assets	<u>2,083,148</u>
Liabilities:	
Claims payable	945,049
Total liabilities	<u>945,049</u>
Net position:	
Unrestricted (deficit)	<u>1,138,099</u>
Total net position (deficit)	<u>\$ 1,138,099</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 8,923,215
Stop-loss premium	856,113
Total operating revenues	<u>9,779,328</u>
Operating expenses:	
Purchased services	674,569
Claims and administrative services	7,803,631
Total operating expenses	<u>8,478,200</u>
Operating income	<u>1,301,128</u>
Nonoperating revenues:	
Investment income	<u>16,194</u>
Change in net position	1,317,322
Net position (deficit) at beginning of year	<u>(179,223)</u>
Net position at end of year	<u><u>\$ 1,138,099</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services	\$ 8,907,605
Cash received from stop-loss premiums	856,113
Cash payments for purchased services	(674,569)
Cash payments for claims and administrative services	<u>(7,772,056)</u>
Net cash provided by operating activities	<u>1,317,093</u>
Cash flows from investing activities:	
Interest received	<u>16,194</u>
Net cash provided by investing activities	<u>16,194</u>
Net increase in cash and cash equivalents	1,333,287
Cash and cash equivalents at beginning of year	<u>734,251</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,067,538</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,301,128
Changes in assets and liabilities:	
Intergovernmental receivable	(7,218)
Claims payable	<u>23,183</u>
Net cash provided by operating activities	<u><u>\$ 1,317,093</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	<u>\$ 2,470</u>
Net position:	
Restricted for individuals, organizations and other governments	<u><u>\$ 2,470</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

	<u>Custodial</u>
Net position at beginning of year	<u>\$ 2,470</u>
Net position at end of year	<u><u>\$ 2,470</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 1 - DESCRIPTION OF THE DISTRICT

The Olmsted Falls City School District (the “District”) operates under a locally elected five-member Board and provides educational services as mandated by State statute and federal guidelines.

The District includes the City of Olmsted Falls, Olmsted Township, small portions of the Cities of Berea and North Olmsted, and a small portion of Columbia Township. All of the communities served are located in Cuyahoga County with the exception of Columbia Township, which is located in Lorain County. The District is staffed by 292 certified, 225 non-certified, and 21 administrative personnel who provide services to 3,480 students and other community members. The District currently operates an early childhood center (Pre K-K), primary school (1-3), an intermediate school (4-5), a middle school (6-8) and a high school (9-12).

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 funds, agencies, departments and offices that are not legally separate from the District. For Olmsted Falls City School District, the agencies and departments provide the following services: general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District does not have any component units.

The District participates in three jointly governed organizations, two insurance purchasing pools and one risk sharing pool. These organizations are META, the Ohio Schools Council Association, the Polaris Career Center, Great Lake Regional COG, the Ohio School Boards Association Workers’ Compensation Group Rating Program, and the Ohio School Plan.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The District’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund 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, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” of revenues and expenses. These statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

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

The statement of net position presents the financial condition of the governmental activities of the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. The internal service fund is presented in a single column on the face of the internal service fund statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

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

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.

Other governmental funds of the District are used to account for

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

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

Nonmajor debt service funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Nonmajor permanent funds - Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

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

Proprietary Fund Type - Proprietary funds focus on the determination of operating income, changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The District has an internal service fund and no enterprise funds.

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The District's internal service fund is:

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

Fiduciary Fund Type - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's only fiduciary funds are custodial funds.

C. Measurement Focus

Government-Wide Financial Statements - The government-wide statements are prepared using the economic resources measurement focus. All assets and deferred inflows of resources and all liabilities and deferred outflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (i.e.; revenues) and decreases (i.e.; expenses) in total net position.

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its internal service fund activity.

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

D. Basis of Accounting

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

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

Revenues - Exchange and 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 10 and 11 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

See Notes 10 and 11 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

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

E. Budgetary Process

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

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

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

F. Cash and Cash Equivalents

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

During the fiscal year, the District had investments in federal agency securities, the State Treasury Asset Reserve of Ohio (STAR Ohio), U.S. Treasury note, commercial paper, negotiable certificates of deposit, and U.S. Government money market. Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices.

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

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

Under existing Ohio statute, interest earnings are allocated to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal 2025 amounted to \$907,987, which includes \$226,683 assigned from other District funds.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

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

Investments with original maturities 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 are reported as investments.

G. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include financed-purchase agreement proceeds held by an escrow agent.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of donated food, purchased food, school supplies held for resale and materials and supplies held for consumption.

I. Capital Assets

All capital assets of the District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They 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) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value. 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. Interest incurred during the construction of proprietary fund capital assets is also capitalized. In addition, assets having an estimated useful life of more than one year that are below the capitalization threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

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

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	15 - 40 years
Furniture and Equipment	5 - 15 years
Intangible leased assets	5 years
Vehicles	5 - 10 years

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

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

J. Bond Premium and Discount

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the bonds payable. On the governmental fund statements, bond premiums are receipted in the year the bonds are issued. On the government-wide financial statements, bond discounts are presented as a decrease of the face amount of the bonds payable. On the fund financial statements, bond discounts are expended in the year the bonds are issued.

Bond issuance costs are expended when incurred.

K. Gain/Loss on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method, and is presented as deferred outflows of resources on the statement of net position.

L. Compensated Absences

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

Vacation

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

Sick Leave

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

Personal Time

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

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the internal service fund financial statements.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

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

In general, governmental fund payables and accrued liabilities, that have been incurred, are paid in a timely manner from current financial resources and are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, certificates of participation, financed purchase agreements, and leases payable are recognized as a liability on the government fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

N. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. 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 classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds, 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 assigns fund balance by resolution. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

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

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

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

P. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable" and "due to/from other funds". These amounts are eliminated in the governmental activities column on the statement of net position.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the goods or service that are the primary activity of the funds. All revenues and expenses not meeting this definition are reported as non-operating.

R. Extraordinary and Special Items

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

S. Estimates

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

T. Pensions/Other Postemployment Benefits (OPEB)

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

U. Fair Value

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.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

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

V. Prepayments

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

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

W. Interfund Activity

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

Interfund activities between governmental funds are eliminated in the statement of activities.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

B. Deficit Fund Balances

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
District managed student activity	\$ 7,035
IDEA Part B	1,434
Supporting effective instruction	230

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Restatement of Net Position

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

8. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time.

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

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

A. Cash with Segregated Account

The District is self-insured through the Great Lakes COG. The cash held in segregated accounts for the COG at June 30, 2025 was held by Berea City School District, the fiscal agent. The District's portion is \$2,061,958 and this is the amount reported in the District's internal service fund.

B. Cash on Hand

At fiscal year end, the District had \$3,180 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

C. Deposits with Financial Institutions

At June 30, 2025, the carrying amount of all District deposits was \$416,050 and the bank balance of all District deposits was \$635,303. Of the bank balance, \$250,000 was covered by federal depository insurance and \$385,303 was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District's and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2025, the District's financial institutions were approved for collateral rates ranging from 50 to 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

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

		Investment Maturities				
Measurement/ Investment type	Fair Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
Negotiable CD's	\$ 356,098	\$ -	\$ -	\$ -	\$ -	\$ 356,098
FHLB	650,001	109,587	146,782	96,689	-	296,943
FHLMC	165,080	74,207	-	-	-	90,873
FMAC	70,331	-	-	-	-	70,331
FFCB	1,318,617	164,228	89,799	58,198	-	1,006,392
Commercial Paper	197,672	197,672				
U.S. Government money market	34,982	34,982	-	-	-	-
U.S. Treasury Note	2,662,132	194,017	344,835	460,948	582,520	1,079,812
Amortized Cost:						
STAR Ohio	14,841,569	14,841,569	-	-	-	-
Total	\$ 20,296,482	\$ 15,616,262	\$ 581,416	\$ 615,835	\$ 582,520	\$ 2,900,449

The weighted average maturity of investments is 0.57 years.

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

Interest Rate Risk: Interest rate risk arises potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not address credit risk beyond the adherence to Chapter 135 of the Ohio Revised Code. The commercial papers and federal agency securities have been assigned a rating of AA+ by Standard & Poor's and a rating of Aa1 by Moody's.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

<u>Measurement/ Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
Negotiable CD's	\$ 356,098	1.75
FFCB	1,318,617	6.50
FHLB	650,001	3.20
FHLMC	165,080	0.81
FMAC	70,331	0.35
U.S. Government money market	34,982	0.17
U.S. Treasury note	2,662,132	13.12
Commercial Paper	197,672	0.97
<i>Amortized Cost:</i>		
STAR Ohio	14,841,569	73.12
Total	<u>\$ 20,296,482</u>	<u>100.00</u>

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

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 416,050
Investments	20,296,482
Cash on hand	3,180
Cash in segregated accounts	<u>2,061,958</u>
Total	<u>\$ 22,777,670</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 22,775,200
Custodial funds	<u>2,470</u>
Total	<u>\$ 22,777,670</u>

NOTE 5 - INTERFUND TRANSACTIONS

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

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 1,008,000</u>

Transfers are used to move revenues from the fund that statute or budget requires them to be collected into the fund that statute or budget requires them to be expended from and to use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations. The general fund transferred \$1,008,000 to the district managed activities fund during fiscal year 2025 to supplement athletic programs.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

Transfers between governmental funds are eliminated on the government-wide statements.

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

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 151,664</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid in one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed values as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Public utility real and personal property taxes received in calendar year 2025 became a lien on December 31, 2023, were levied after April 1, 2024, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Cuyahoga and Lorain Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2025 operations. The amount available as an advance at June 30, 2025 and 2024 were:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Major governmental funds:		
General fund	\$ 1,661,516	\$ 1,953,196
Nonmajor governmental funds:		
Bond retirement fund	133,011	171,417
Permanent improvement fund	27,085	38,319

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.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 6 - PROPERTY TAXES – (Continued)

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

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

	2024 Second Half Collections		2025 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 687,753,360	96.71	\$ 868,617,580	97.08
Public utility personal	<u>23,385,010</u>	<u>3.29</u>	<u>26,118,820</u>	<u>2.92</u>
Total	<u>\$ 711,138,370</u>	<u>100.00</u>	<u>\$ 894,736,400</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$106.90		\$101.90	

NOTE 7 - RECEIVABLES

A. Governmental Receivables

Receivables at June 30, 2025 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported in the statement of net position follows:

Governmental activities:	
Property taxes	\$ 36,392,400
Accounts	66,120
Accrued interest	35,456
Intergovernmental	<u>188,663</u>
Total	<u>\$ 36,682,639</u>

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

B. Leases Receivable

The District is reporting leases receivable of \$775,417 in the permanent improvement fund, a nonmajor governmental fund. For fiscal year 2025, the District recognized lease revenue of \$31,951, which is reported in rental income, and interest revenue of \$38,890.

The District has entered into a lease agreement for farmland with terms as follows:

<u>Company</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Crown Castle	2023	25	2047	Monthly

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 7 - RECEIVABLES - (Continued)

Lease payments will be paid into the permanent improvement fund, a nonmajor governmental fund. The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 5,428	\$ 38,648	\$ 44,076
2027	6,810	38,368	45,178
2028	12,820	37,868	50,688
2029	13,476	37,212	50,688
2030	14,166	36,522	50,688
2031 - 2035	108,515	169,017	277,532
2036 - 2040	186,283	132,900	319,183
2041 - 2045	293,122	73,942	367,064
2046 - 2048	<u>134,797</u>	<u>6,553</u>	<u>141,350</u>
Total	<u>\$ 775,417</u>	<u>\$ 571,030</u>	<u>\$ 1,346,447</u>

NOTE 8 - CAPITAL ASSETS

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

	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2025</u>
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 211,920	\$ -	\$ -	\$ 211,920
Construction in progress	<u>198,223</u>	<u>142,059</u>	<u>(198,223)</u>	<u>142,059</u>
Total capital assets, not being depreciated/amortized	<u>410,143</u>	<u>142,059</u>	<u>(198,223)</u>	<u>353,979</u>
<i>Capital assets, being depreciated/amortized:</i>				
Buildings and improvements	73,164,990	-	-	73,164,990
Furniture and equipment	9,430,181	1,312,210	(98,838)	10,643,553
Intangible right to use asset	248,367	-	-	248,367
Vehicles	<u>4,268,907</u>	<u>426,869</u>	<u>(422,852)</u>	<u>4,272,924</u>
Total capital assets, being depreciated/amortized	<u>87,112,445</u>	<u>1,739,079</u>	<u>(521,690)</u>	<u>88,329,834</u>
<i>Less: accumulated depreciation/amortization:</i>				
Buildings and improvements	(34,972,947)	(2,213,354)	-	(37,186,301)
Furniture and equipment	(6,024,854)	(673,498)	94,956	(6,603,396)
Intangible right to use asset	(173,857)	(49,673)	-	(223,530)
Vehicles	<u>(2,504,454)</u>	<u>(276,652)</u>	<u>338,468</u>	<u>(2,442,638)</u>
Total accumulated depreciation/amortization	<u>(43,676,112)</u>	<u>(3,213,177)</u>	<u>433,424</u>	<u>(46,455,865)</u>
Governmental activities capital assets, net	<u>\$ 43,846,476</u>	<u>\$ (1,332,039)</u>	<u>\$ (286,489)</u>	<u>\$ 42,227,948</u>

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,829,427
<u>Support services:</u>	
Pupil	3,290
Fiscal	3,900
Operations and maintenance	958,912
Pupil transportation	164,892
Central	116,409
Operation of non-instructional services	5,507
Extracurricular activities	81,970
Food service operations	<u>48,870</u>
Total depreciation expense	<u>\$ 3,213,177</u>

NOTE 9 - RISK MANAGEMENT

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 fiscal year 2025, the District contracted with the Ohio School Plan, administered by the Hylant Group, for property insurance. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant. The primary deductibles are \$0 for property coverage. Professional liability is protected by the Ohio School Plan for all Board Members, administrators and employees with a limit of \$15,000,000 per occurrence and \$15,000,000 aggregate limit.

The Hylant Administrative Services Company maintains a \$20,000 public official bond each for the Superintendent and the Board President. The Treasurer in his capacity of handling money is covered by a blanket bond in the amount of \$100,000.

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

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the immediate Past President of the Ohio School Boards Association. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The District provides health, prescription drugs, dental and vision insurance benefits to eligible employees who elect to participate. These benefits are partially self-insured as a result of the District's participation in the Great Lakes Regional Council of Governments. At fiscal year-end, self-insurance was in effect with stop-loss of \$250,000 per person and an aggregate stop-loss of 125% of expected claims for medical and prescription. Excess losses are insured by Medical Mutual of Ohio.

The accounting for the self-insurance operation is maintained in the internal service fund. The internal service fund accounts for receipts of premiums from employees and other District funds. The internal service fund also accounts for payments of claims and administrative fees.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 9 - RISK MANAGEMENT - (Continued)

The claims liability of \$945,049, which is reported in the internal service fund as of June 30, 2025, is based on unpaid claims costs, including an estimate for claims which have been incurred but not reported. The estimate was provided by an actuary and the third party administrator. The change in the claims liability for the last two years is presented in the following table:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2025	\$ 921,866	\$ 7,826,814	\$ (7,803,631)	\$ 945,049
2024	865,850	7,779,667	(7,723,651)	921,866

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The District's contractually required contribution to SERS was \$1,062,226 for fiscal year 2025. Of this amount, \$105,733 is reported as pension and postemployment benefits payable.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The District's contractually required contribution to STRS was \$3,267,850 for fiscal year 2025. Of this amount, \$542,312 is reported as pension and postemployment benefits payable.

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.170419000%	0.165209520%	
Proportion of the net pension liability current measurement date	<u>0.177804100%</u>	<u>0.165404670%</u>	
Change in proportionate share	<u>0.007385100%</u>	<u>0.000195150%</u>	
Proportionate share of the net pension liability	\$ 9,095,741	\$ 31,826,531	\$ 40,922,272
Pension expense	\$ 503,194	\$ 1,273,855	\$ 1,777,049

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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	\$ 347,268	\$ 2,004,238	\$ 2,351,506
Changes of assumptions	81,368	1,466,743	1,548,111
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	273,459	-	273,459
Contributions subsequent to the measurement date	<u>1,062,226</u>	<u>3,267,850</u>	<u>4,330,076</u>
Total deferred outflows of resources	<u>\$ 1,764,321</u>	<u>\$ 6,738,831</u>	<u>\$ 8,503,152</u>
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 17,428	\$ 17,428
Net difference between projected and actual earnings on pension plan investments	568,933	2,736,430	3,305,363
Changes of assumptions	-	1,104,034	1,104,034
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>356,449</u>	<u>958,907</u>	<u>1,315,356</u>
Total deferred inflows of resources	<u>\$ 925,382</u>	<u>\$ 4,816,799</u>	<u>\$ 5,742,181</u>

\$4,330,076 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	\$ (559,757)	\$ (2,493,775)	\$ (3,053,532)
2027	509,283	2,762,274	3,271,557
2028	(5,515)	(966,766)	(972,281)
2029	<u>(167,298)</u>	<u>(647,551)</u>	<u>(814,849)</u>
Total	<u>\$ (223,287)</u>	<u>\$ (1,345,818)</u>	<u>\$ (1,569,105)</u>

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

In 2024, mortality rates were based on the following:

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

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

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

As of June 30, 2024:

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

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

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 13,915,223	\$ 9,095,741	\$ 5,037,995
<i>Actuarial Assumptions - STRS</i>			

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

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

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

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

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

* Final target weights reflected at October 1, 2022.

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 51,341,772	\$ 31,826,531	\$ 15,319,990

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

Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 10 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2025, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$130,886.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$130,886 for fiscal year 2025. Of this amount, \$130,886 is reported as pension and postemployment benefits payable.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB			
liability/asset prior measurement date	0.175658200%	0.165209520%	
Proportion of the net OPEB			
liability/asset current measurement date	<u>0.179625000%</u>	<u>0.165404670%</u>	
Change in proportionate share	<u>0.003966800%</u>	<u>0.000195150%</u>	
Proportionate share of the net			
OPEB liability	\$ 1,829,473	\$ -	\$ 1,829,473
Proportionate share of the net			
OPEB asset	\$ -	\$ (3,137,411)	\$ (3,137,411)
OPEB expense	\$ (251,845)	\$ (670,028)	\$ (921,873)

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 136,391	\$ 136,391
Net difference between projected and actual earnings on OPEB plan investments	8,932	-	8,932
Changes of assumptions	785,208	386,171	1,171,379
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	36,114	17,117	53,231
Contributions subsequent to the measurement date	<u>130,886</u>	<u>-</u>	<u>130,886</u>
Total deferred outflows of resources	<u>\$ 961,140</u>	<u>\$ 539,679</u>	<u>\$ 1,500,819</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,972,644	\$ 338,117	\$ 2,310,761
Net difference between projected and actual earnings on OPEB plan investments	-	134,708	134,708
Changes of assumptions	840,393	1,414,950	2,255,343
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>712,526</u>	<u>2,633</u>	<u>715,159</u>
Total deferred inflows of resources	<u>\$ 3,525,563</u>	<u>\$ 1,890,408</u>	<u>\$ 5,415,971</u>

\$130,886 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2026.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	\$ (679,411)	\$ (474,364)	\$ (1,153,775)
2027	(517,958)	(209,018)	(726,976)
2028	(370,901)	(268,950)	(639,851)
2029	(309,924)	(249,570)	(559,494)
2030	(307,238)	(201,693)	(508,931)
Thereafter	<u>(509,877)</u>	<u>52,866</u>	<u>(457,011)</u>
Total	<u>\$ (2,695,309)</u>	<u>\$ (1,350,729)</u>	<u>\$ (4,046,038)</u>

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

In 2024, the following mortality assumptions were used:

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

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

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

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

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

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

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

As of June 30, 2024:

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 %	

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,439,536	\$ 1,829,473	\$ 1,344,694

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,236,655	\$ 1,829,473	\$ 2,608,683

Actuarial Assumptions - STRS

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

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

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

* Final target weights reflected at October 1, 2022.

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 2,550,922	\$ 3,137,411	\$ 3,647,783

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 3,682,259	\$ 3,137,411	\$ 2,482,160

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn up to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time acquired by classified employees expires at the end of each year. Administrators may elect to have vacation days paid out at the end of each fiscal year. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is one-fourth of accrued, but unused sick leave credit to a maximum payment of 90 days.

B. Retirement Incentive

Certified Employees

Any member who is eligible for an unreduced benefit and retires at the end of the school year in which they first become eligible for unreduced benefit in accordance with the applicable STRS rules in effect during the life of this Agreement is eligible for this benefit and elects to return to employment as a retire/rehire.

Incentive of five hundred dollars (\$500) for each year of STRS service with OFCS up to a maximum of twenty (20) years. Payment of incentive will be made in accordance with Section 20.5 – 403(b) Special Pay Plan. Forty percent (40%) paid by July 15 following the first year of retire/rehire employment. The remaining balance paid by July 15 following the second year of retire/rehire employment. If the employee is not offered a second year retire/rehire contract the balance will be paid in full by July 15 in year of separation.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 12 - OTHER EMPLOYEE BENEFITS - (Continued)

Classified Employees

Any employee who has not been eligible to retire prior to July 1, 2004 under the School Employees Retirement System (SERS) pursuant to Ohio Revised Code Section 3309.34 and any applicable SERS regulations and who becomes eligible to retire can receive a retirement incentive of 50 percent of the employee's base wage at the time of retirement, excluding overtime, bonuses, extra trips or "extra" compensation if the employee retires at the end of the school year in which the employee first becomes eligible. If the employee has not yet completed 30 years of SERS service and does not retire at the end of the school year in which the employee first becomes eligible, the employee will have one more opportunity to take advantage of this incentive by retiring during or at the end of the school year in which the employee completes 30 years of SERS service. This incentive, combined with any severance pay entitlement, will be paid within 60 days after the date of retirement. To be eligible for this incentive, the employee must submit a resignation 90 days prior to the employee's date of retirement.

C. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to its eligible employees. Coverage is equal to double the employee's annual salary amount rounded to the nearest one thousand dollars. Life insurance is covered through MetLife.

THIS SPACE IS INTENTIONALLY LEFT BLANK

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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

	(Restated) Balance <u>06/30/24</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/25</u>	Due in <u>One Year</u>
Governmental Activities:					
General Obligation Bonds:					
2015A Classroom Facilities Refunding Bonds					
Serial Bonds	\$ 8,020,000	\$ -	\$ -	\$ 8,020,000	\$ 610,000
Capital Appreciation Bonds	159,960	-	(159,960)	-	-
Accretion on Capital Appreciation Bonds	408,273	41,767	(450,040)	-	-
Premium	501,445	-	(41,787)	459,658	-
2017A School Improvement Bonds					
Serial and Term Bonds	19,485,000	-	(395,000)	19,090,000	405,000
Premium	654,354	-	(23,867)	630,487	-
Discount	(149,956)	-	5,470	(144,486)	-
Total General Obligation Bonds	<u>29,079,076</u>	<u>41,767</u>	<u>(1,065,184)</u>	<u>28,055,659</u>	<u>1,015,000</u>
2025 Certificates of Participation	-	4,410,000	-	4,410,000	-
Discount	-	(21,270)	60	(21,210)	-
Certificates of Participation, Net	<u>-</u>	<u>4,388,730</u>	<u>60</u>	<u>4,388,790</u>	<u>-</u>
Financed Purchase Agreement					
(Direct Borrowing)	342,480	-	(171,706)	170,774	65,920
Turf Acquisition Bond (Direct Borrowing)	254,132	-	(40,000)	214,132	40,000
Bus Acquisition Bonds (Direct Borrowing)	474,200	487,916	(196,267)	765,849	232,280
Lease Payable	102,593	-	(52,302)	50,291	50,291
Net Pension Liability	44,994,293	-	(4,072,021)	40,922,272	-
Net OPEB Liability	2,893,873	-	(1,064,400)	1,829,473	-
Retirement Incentive	27,529	-	(27,529)	-	-
Compensated Absences*	<u>12,041,592</u>	<u>543,354</u>	<u>-</u>	<u>12,584,946</u>	<u>3,858,078</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 90,209,768</u>	<u>\$ 5,461,767</u>	<u>\$ (6,689,349)</u>	<u>\$ 88,982,186</u>	<u>\$ 5,261,569</u>

*The change in compensated absences liability is presented as a net change. Beginning in fiscal year 2025, matured compensated absences are no longer presented as a long-term obligation. This reduced the beginning balance of compensated absences in this above table by \$360,355.

Net Pension and OPEB Liabilities

The District's net pension liability is described in Note 10. The District pays obligations related to employee compensation from the fund benefitting from their service. The District's net OPEB liability/asset is described in Note 11. The District pays obligations related to employee compensation from the fund benefitting from their service.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Bonds

On June 24, 2015, the District issued \$8,624,960 of Classroom Facilities & School Improvement Refunding Bonds, Series 2015 A bonds, which included \$8,465,000 in serial bonds and \$159,960 in capital appreciation bonds at interest rates varying from 3.00 percent to 14.70 percent. For fiscal year 2025, \$41,767 was accreted. Proceeds of these refunding bonds were used to refund \$8,625,000 of the outstanding 2007 School Improvement Bonds.

The Series 2015 A bonds were sold at a premium of \$877,528. Proceeds of \$9,350,315 (after a \$152,173 reduction for underwriting fees and other issuance costs) were deposited into an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded portion of the 2007 School Improvement Bonds.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$725,355. The difference, reported as deferred outflow of resources, is being charged to interest through fiscal year 2036.

The Series 2015 A serial bonds were issued for a twenty-one year period with a final maturity at December 1, 2035.

On March 2, 2017, the District issued \$20,000,000 of School Improvement Bonds, Series 2017A and \$1,900,000 of School Improvement Bonds, Series 2017B for the purpose of constructing, rehabilitating, adding to, renovating, remodeling, furnishing, equipping and otherwise improving school district buildings. Some of the bonds were sold at a premium of \$882,816 and some of the bonds were sold at a discount of \$189,611. The bonds have varying interest rates between 2.0 percent to 5.0 percent and a final maturity date of December 1, 2051.

All general obligation bonds will be paid from the bond retirement fund (a nonmajor governmental fund).

Financed Purchase Agreements

On March 13, 2018, the District entered into a financed-purchase agreement, in the amount of \$1,407,938, with Key Government Finance, Inc. to finance the cost of HVAC equipment. This is a direct borrowing collateralized by the related equipment. The annual payments are made from the permanent improvement fund (a nonmajor governmental fund). At June 30, 2025, the District has no future obligations outstanding related to this agreement.

On October 25th, 2022, the District entered into a financed-purchase agreement, in the amount of \$322,676, with Key Government Finance, Inc. to finance the cost of buses. This is a direct borrowing collateralized by the related vehicles. The annual payments are made from the permanent improvement fund (a nonmajor governmental fund). At June 30, 2025, the District had outstanding borrowings of \$170,774.

Certificates of Participation (COPs)

On June 25, 2025, the District issued \$4,410,000 in certificates of participation (COPs) for the purpose of construction, renovating and improving District facilities. The COPs were issued for a thirty-year period with final maturity in fiscal year 2055. The COPs were issued through a series of lease agreements and trust indentures in accordance with Ohio Revised Code Section 3313.375. In accordance with the lease terms, the project assets are leased to the Ohio School Building Leasing Corporation, and then subleased back to the District. The COPs were issued through a series of annual leases with the initial lease beginning on June 25, 2025 and expiring on June 30, 2025. The lease may be renewed for successive one-year terms each beginning on July 1 and terminating on June 30, except that the final renewal period will terminate on December 1, 2054. Renewals of the lease are subject to annual appropriations. To satisfy the trustee agreements, the District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 2.00-4.00 percent. The District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. The COPs will be paid from the building fund (a nonmajor governmental fund).

Turf Acquisition Bond

On August 6, 2021 the District also issued \$400,000 of turf acquisition bonds at interest rates varying from 3.25 percent. These bonds will be retired from the general fund and have a final maturity date of December 1, 2030.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Bus Acquisition Bonds

On August 6, 2021 the District issued \$197,000 of bus acquisition bonds at interest rates varying from 3.25 percent. These bonds will be retired from the general fund and have a final maturity date of December 1, 2025.

On October 19, 2023 the District issued \$221,112 of bus acquisition bonds at an interest rate of 5.24 percent. These bonds will be retired from the permanent improvement fund (a nonmajor governmental fund) and have a final maturity date of November 1, 2027.

On May 23, 2024 the District issued \$245,128 of bus acquisition bonds at an interest rate of 5.07 percent. These bonds will be retired from the permanent improvement fund (a nonmajor governmental fund) and have a final maturity date of June 1, 2028.

On October 24, 2024 the District issued \$243,958 of bus acquisition bonds at an interest rate of 4.47 percent. These bonds will be retired from the permanent improvement fund (a nonmajor governmental fund) and have a final maturity date of June 1, 2028.

On February 13, 2025, the District issued \$243,958 of bus acquisition bonds at an interest rate of 4.62 percent. These bonds will be retired from the permanent improvement fund (a nonmajor governmental fund) and have a final maturity date of June 1, 2029.

Leases Payable

The District has entered into lease agreements for the use of right to use equipment. The lease payments will be paid from the general fund. Capital assets consisting of furniture and equipment has been recorded in the amount of \$248,367. A corresponding liability is recorded on the statement of net position. Accumulated depreciation as of June 30, 2025 was \$223,530, leaving a current book value of \$24,837.

The District's overall legal debt margin was \$55,956,259 with an unvoted debt margin of \$894,736 at June 30, 2025.

Principal and interest requirements to debt outstanding at June 30, 2025, are as follows:

Fiscal Year Year Ended	General Obligation Bonds			Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 1,015,000	\$ 1,058,000	\$ 2,073,000	\$ -	\$ 200,439	\$ 200,439
2027	1,045,000	1,022,975	2,067,975	75,000	212,881	287,881
2028	1,080,000	986,825	2,066,825	75,000	209,131	284,131
2029	1,120,000	946,050	2,066,050	80,000	205,256	285,256
2030	1,160,000	900,450	2,060,450	85,000	201,131	286,131
2031-2035	6,555,000	3,761,088	10,316,088	490,000	935,530	1,425,530
2036-2040	4,070,000	2,637,500	6,707,500	620,000	808,458	1,428,458
2041-2045	3,995,000	1,794,363	5,789,363	765,000	652,938	1,417,938
2046-2050	4,855,000	928,781	5,783,781	975,000	438,125	1,413,125
2051-2055	2,215,000	89,500	2,304,500	1,245,000	161,875	1,406,875
Total	<u>\$ 27,110,000</u>	<u>\$ 14,125,532</u>	<u>\$ 41,235,532</u>	<u>\$ 4,410,000</u>	<u>\$ 4,025,764</u>	<u>\$ 8,435,764</u>

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Year Ended	Financed Purchase Agreement			Lease Payable		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 65,920	\$ 7,322	\$ 73,242	\$ 50,291	\$ 1,266	\$ 51,557
2027	69,080	4,161	73,241	-	-	-
2028	35,774	848	36,622	-	-	-
Total	<u>\$ 170,774</u>	<u>\$ 12,331</u>	<u>\$ 183,105</u>	<u>\$ 50,291</u>	<u>\$ 1,266</u>	<u>\$ 51,557</u>

Fiscal Year Year Ended	Turf Acquisition Bond			Bus Acquisition Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 40,000	\$ 6,635	\$ 46,635	\$ 232,280	\$ 39,297	\$ 271,577
2027	40,000	5,335	45,335	228,258	25,774	254,032
2028	40,000	4,035	44,035	239,323	14,548	253,871
2029	40,000	2,735	42,735	65,988	3,108	69,096
2030	40,000	1,435	41,435	-	-	-
2031	14,132	230	14,362	-	-	-
Total	<u>\$ 214,132</u>	<u>\$ 20,405</u>	<u>\$ 234,537</u>	<u>\$ 765,849</u>	<u>\$ 82,727</u>	<u>\$ 848,576</u>

NOTE 14 - SET-ASIDES

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

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

	Capital Improvements
Set-aside balance June 30, 2024	\$ -
Current year set-aside requirement	799,957
Current year qualifying expenditures	(220,844)
Current year offsets	<u>(579,113)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2026	<u>\$ -</u>
Set-aside balance June 30, 2025	<u>\$ -</u>

In prior fiscal years, the District issued \$47,225,932 in general obligation bonds. These proceeds may be used to reduce the capital improvements set-aside amount to zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$46,758,241 at June 30, 2025.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 15- JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META)

The District is a participant in META Solutions which is a computer consortium that develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2025, the District paid META Solutions \$88,985 for services. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Ohio Schools Council Association

The Ohio Schools Council Association (the "Council") is a jointly governed organization comprised of one- hundred twenty-one member districts. The mission of the Council is to identify, plan and provide services to member districts that can be more effectively achieved by cooperative endeavors of member districts than by an individual district operating on its own. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2025, the District paid for membership and other services through Connect. Financial information can be obtained by contacting the Treasurer at Cuyahoga County ESC, who serves as fiscal agent, at 6393 Oak Tree Boulevard, Independence, Ohio 44131.

Polaris Career Center

The Polaris Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of students. The Board of Education is comprised of representatives from the boards of each participating school district. The board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. Olmsted Falls City School District students may attend the Polaris Career Center. Each participating school district's control is limited to its representation on the board. The District did not contribute financially to Polaris Career Center during this fiscal year. Financial information can be obtained by contacting the Treasurer at Polaris Career Center, 7285 Old Oak Boulevard, Middleburg Heights, Ohio 44130.

NOTE 16 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefits of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its worker's compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings is then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant share equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

Great Lakes Regional Council of Governments

The District participates in the Great Lakes Regional Council of Governments (COG), an insurance purchasing pool. The COG contracts with Medical Mutual, LLC to process and pay health benefit claims incurred by its members. The Berea City School District began acting as the COG's fiscal agent beginning in fiscal year 2022. The COG's activity is accounted for as a custodial fund within the Berea City School District. To obtain a copy of that District's financial statements visit the Ohio Auditor of State's website.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 17 - RISK SHARING POOL

Ohio School Plan

The District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, a member of the Harcum-Schuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which established agreements between the Plan and its members. Financial information can be obtained from the Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

NOTE 18 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not aware of any legal proceedings that may have a material effect on the financial condition of the District.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODEW has not finalized the impact of enrollment adjustments to the June 30, 2025 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODEW and management believe this will result in either a receivable to or liability of the District.

NOTE 19 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General	\$ 564,587
Other governmental	<u>305,749</u>
Total	<u>\$ 870,336</u>

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE 20 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of Olmsted Falls and Olmsted Township entered into Community Redevelopment Area and Economic Zone agreements with various businesses for the abatement of property taxes to bring jobs and economic development into the City. Under the agreement, the companies' property taxes assessed to the District have been abated. During fiscal year 2025, the District's property taxes were reduced by \$558,031.

NOTE 21 - CONTRACTUAL COMMITMENTS

As of June 30, 2025, the District had contractual commitments for construction projects:

<u>Contractor</u>	<u>Contractual Commitments</u>	<u>Amount Paid as of 6/30/2025</u>	<u>Amount Remaining on Contracts</u>
Architectural Vision Group, LTD.	<u>\$ 328,025</u>	<u>\$ -</u>	<u>\$ 328,025</u>

**OLDMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - over (under) Actual Amounts
	Original	Final		
Budgetary revenues and other financing sources	\$ 48,240,095	\$ 52,367,027	\$ 52,460,273	\$ 93,246
Budgetary expenditures and other financing uses	53,656,060	54,917,202	54,696,264	(220,938)
Net change in fund balance	(5,415,965)	(2,550,175)	(2,235,991)	314,184
Budgetary fund balance at beginning of year	10,742,873	10,742,873	10,742,873	-
Prior year encumbrances appropriated	1,121,800	1,121,800	1,121,800	-
Budgetary fund balance at end of year	<u>\$ 6,448,708</u>	<u>\$ 9,314,498</u>	<u>\$ 9,628,682</u>	<u>\$ 314,184</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE IS INTENTIONALLY LEFT BLANK

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.177804100%	\$ 9,095,741	\$ 7,296,743	124.65%	78.52%
2024	0.170419000%	9,416,525	6,790,436	138.67%	76.06%
2023	0.184928700%	10,002,382	6,664,036	150.09%	75.82%
2022	0.194856600%	7,189,643	7,198,950	99.87%	82.86%
2021	0.202851100%	13,416,999	7,042,043	190.53%	68.55%
2020	0.214539400%	12,836,268	7,175,378	178.89%	70.85%
2019	0.197549700%	11,314,037	6,809,274	166.16%	71.36%
2018	0.205776800%	12,294,709	6,516,307	188.68%	69.50%
2017	0.201558900%	14,752,252	5,436,457	271.36%	62.98%
2016	0.200613100%	11,447,178	5,707,371	200.57%	69.16%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 1,062,226	\$ (1,062,226)	\$ -	\$ 7,587,329	14.00%
2024	1,021,544	(1,021,544)	-	7,296,743	14.00%
2023	950,661	(950,661)	-	6,790,436	14.00%
2022	932,965	(932,965)	-	6,664,036	14.00%
2021	1,007,853	(1,007,853)	-	7,198,950	14.00%
2020	985,886	(985,886)	-	7,042,043	14.00%
2019	968,676	(968,676)	-	7,175,378	13.50%
2018	919,252	(919,252)	-	6,809,274	13.50%
2017	912,283	(912,283)	-	6,516,307	14.00%
2016	761,104	(761,104)	-	5,707,371	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.165404670%	\$ 31,826,531	\$ 23,325,579	136.44%	82.55%
2024	0.165209520%	35,577,768	22,414,079	158.73%	80.02%
2023	0.167673770%	37,274,091	21,581,243	172.72%	78.88%
2022	0.171553833%	21,934,699	21,676,107	101.19%	87.78%
2021	0.177553430%	42,961,612	21,429,179	200.48%	75.48%
2020	0.173801100%	38,435,069	20,257,064	189.74%	77.40%
2019	0.170785420%	37,551,879	19,967,664	188.06%	77.31%
2018	0.168655440%	40,064,461	18,493,443	216.64%	75.30%
2017	0.164728800%	55,139,695	17,496,950	315.14%	66.80%
2016	0.163524390%	45,193,358	16,949,134	266.64%	72.10%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 3,267,850	\$ (3,267,850)	\$ -	\$ 23,341,786	14.00%
2024	3,265,581	(3,265,581)	-	23,325,579	14.00%
2023	3,137,971	(3,137,971)	-	22,414,079	14.00%
2022	3,021,374	(3,021,374)	-	21,581,243	14.00%
2021	3,034,655	(3,034,655)	-	21,676,107	14.00%
2020	3,000,085	(3,000,085)	-	21,429,179	14.00%
2019	2,835,989	(2,835,989)	-	20,257,064	14.00%
2018	2,795,473	(2,795,473)	-	19,967,664	14.00%
2017	2,589,082	(2,589,082)	-	18,493,443	14.00%
2016	2,449,573	(2,449,573)	-	17,496,950	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.179625000%	\$ 1,829,473	\$ 7,296,743	25.07%	44.50%
2024	0.175658200%	2,893,873	6,790,436	42.62%	30.02%
2023	0.188826700%	2,651,147	6,664,036	39.78%	30.34%
2022	0.196421100%	3,717,430	7,198,950	51.64%	24.08%
2021	0.201651800%	4,382,554	7,042,043	62.23%	18.17%
2020	0.216456800%	5,443,433	7,175,378	75.86%	15.57%
2019	0.200205100%	5,554,230	6,809,274	81.57%	13.57%
2018	0.207724400%	5,574,777	6,516,307	85.55%	12.46%
2017	0.203327110%	5,795,575	5,436,457	106.61%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 130,886	\$ (130,886)	\$ -	\$ 7,587,329	1.73%
2024	120,172	(120,172)	-	7,296,743	1.65%
2023	130,009	(130,009)	-	6,790,436	1.91%
2022	121,961	(121,961)	-	6,664,036	1.83%
2021	105,399	(105,399)	-	7,198,950	1.46%
2020	87,704	(87,704)	-	7,042,043	1.25%
2019	152,043	(152,043)	-	7,175,378	2.12%
2018	141,277	(141,277)	-	6,809,274	2.07%
2017	108,166	(108,166)	-	6,516,307	1.66%
2016	136,940	(136,940)	-	5,707,371	2.40%

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability/(Asset)	District's Proportionate Share of the Net OPEB Liability/(Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2025	0.165404670%	\$ (3,137,411)	\$ 23,325,579	13.45%	158.01%
2024	0.165209520%	(3,213,097)	22,414,079	14.34%	168.52%
2023	0.167673770%	(4,341,631)	21,581,243	20.12%	230.73%
2022	0.171553833%	(3,617,072)	21,676,107	16.69%	174.73%
2021	0.177553430%	(3,120,500)	21,429,179	14.56%	182.10%
2020	0.173801100%	(2,878,563)	20,257,064	14.21%	174.74%
2019	0.170785420%	(2,744,347)	19,967,664	-13.74%	176.00%
2018	0.168655440%	6,580,313	18,493,443	35.58%	47.10%
2017	0.164728800%	8,809,739	17,496,950	50.35%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ -	\$ -	\$ -	\$ 23,341,786	0.00%
2024	-	-	-	23,325,579	0.00%
2023	-	-	-	22,414,079	0.00%
2022	-	-	-	21,581,243	0.00%
2021	-	-	-	21,676,107	0.00%
2020	-	-	-	21,429,179	0.00%
2019	-	-	-	20,257,064	0.00%
2018	-	-	-	19,967,664	0.00%
2017	-	-	-	18,493,443	0.00%
2016	-	-	-	17,496,950	0.00%

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 1 - BUDGETARY PROCESS

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

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (2,235,991)
Net adjustment for revenue and other sources accruals	(505,160)
Net adjustment for expenditure and other uses accruals	598,976
Funds budgeted elsewhere	34,539
Adjustments for encumbrances	<u>1,033,969</u>
GAAP Basis	<u>\$ (1,073,667)</u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the uniform school supplies fund and the public school support fund.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

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

Change in assumptions:

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

Changes in assumptions:

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

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

Change in assumptions:

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

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

Change in assumptions:

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

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

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

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

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

This page intentionally left blank.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education and Workforce (DEW):</i>		
Farm to School State Formula Grant	10.645	\$ 39,318
Child Nutrition Cluster		
School Breakfast Program	10.553	\$ 78,333
National School Lunch Program	10.555	421,446
National School Lunch Program-Commodities	10.555	80,649
Total Child Nutrition Cluster		<u>580,428</u>
Total U.S. Department of Agriculture		<u>619,746</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education and Workforce (DEW):</i>		
Title I :		
Title I-A, Improving Basic Programs	84.010A	306,905
Title II-A, Improving Teacher Quality State Grants	84.367A	85,137
Title IV-A, Student Support and Academic Enrichment Program	84.424A	23,719
Special Education Cluster		
IDEA-B Special Education Grants to States	84.027A	793,043
IDEA Early Childhood Special Education Preschool Grants	84.173A	823
Total Special Education Cluster		<u>793,866</u>
Total U.S. Department of Education		<u>1,209,627</u>
U.S. DEPARTMENT OF TREASURY		
<i>Passed Through Ohio School Facilities Commission</i>		
COVID-19 Ohio K-12 School Safety Grant through SLFRF	21.027	<u>97,988</u>
Total U.S. Department of Treasury		<u>97,988</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,927,361</u></u>

The accompanying notes are an integral part of this schedule.

**OLMSTED FALLS CITY SCHOOLS
CUYAHOGA 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 Olmsted Falls 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 de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Olmsted Falls City School District
Cuyahoga County
26937 Bagley Road
Olmsted Falls, Ohio 44138

To the Board of Education:

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

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



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

March 18, 2026

OHIO AUDITOR OF STATE KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Olmsted Falls City School District
Cuyahoga County
26937 Bagley Road
Olmsted Falls, Ohio 44138

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

KEITH FABER
Ohio Auditor of State

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

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

March 18, 2026

This page intentionally left blank.

**OLMSTED FALLS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

This page intentionally left blank.

JAMES L. LLOYD, Ed. D.
Superintendent

PATRICK T. GOCLANO
Treasurer/CFO

SHANNON M. GOSS, Ph. D.
Assistant Superintendent

STEPHANIE A. BRADLEY, M. Ed.
Director of Student Services

BRIAN ZELLER, Ed. D.
Chief Operating Officer

Olmsted Falls City School District

26937 BAGLEY ROAD
P.O. BOX 38010
OLMSTED FALLS, OHIO 44138-0010

(440) 427-6000
Fax (440) 427-6010

www.ofcs.net



OLMSTED FALLS CITY SCHOOL DISTRICT CUYAHOGA COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001	The District purchased and installed new HVAC units during fiscal year 2024. \$566,723 of the total \$914,441 used for the purchase involved COVID-19 American Rescue Plan- Elementary & Secondary Emergency Relief funds. Due to deficiencies in inventory controls, these assets were not added to the District's inventory system as of June 30, 2024. Failing to record equipment purchased with Federal funds does not allow for proper asset tracking, as required. The understatement of \$914,441 to Capital Assets, was not material to the financial statements. Also, there was no indication that a physical inventory of the property acquired under the Elementary and Secondary School Emergency Relief (ESSER II, AL number 84.425D) and American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER), AL number 84.425U) had been performed within the preceding two years.	Corrective Action Taken and Finding is Fully Corrected.	None.

OHIO AUDITOR OF STATE KEITH FABER



OLMSTED FALLS CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/31/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov