



OHIO AUDITOR OF STATE
KEITH FABER



**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2025**

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PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2025

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OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Perry Local School District
Stark County
4201 13th Street SW
Massillon, Ohio 44646

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Perry Local School District, Stark County, Ohio as of June 30, 2025, and the respective changes in financial position 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 this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required budgetary comparison schedule, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental

Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

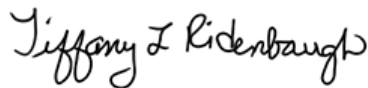
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the 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 May 20, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

May 20, 2026

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**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- In total, net position of governmental activities increased \$69,759,220 which represents a 798.86% increase from June 30, 2024's restated net position.
- General revenues accounted for \$121,985,442 in revenue or 91.77% of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$10,942,219 or 8.23% of total revenues of \$132,927,661.
- The School District had \$63,168,441 in expenses related to governmental activities; \$10,942,219 of these expenses were offset by program specific charges for services and sales and grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs.
- The general fund had \$57,364,821 in revenues and \$55,881,389 in expenditures. The general fund's fund balance increased \$1,483,432 from \$16,800,971 to \$18,284,403.
- The classroom facilities fund had \$1,668,832 in revenues and \$665,647 in expenditures. The classroom facilities fund's fund balance increased \$1,003,185 from \$0 to \$1,003,185.

Using these Basic Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

These two statements report the School District's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School 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 School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the School District's programs and services, including instruction, support services, operation and maintenance of facilities, pupil transportation, extracurricular activities, and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's general fund budgetary information, net pension liability, and net OPEB liability/asset.

The School District as a Whole

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

The table below provides a summary of the School District's net position at June 30, 2025 and June 30, 2024.

	Net Position	
	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
<u>Assets</u>		
Current and other assets	\$ 136,551,448	\$ 76,764,787
Net OPEB asset	3,508,544	3,782,871
Capital assets, net	<u>117,013,727</u>	<u>112,744,376</u>
Total assets	<u>257,073,719</u>	<u>193,292,034</u>
<u>Deferred Outflows of Resources</u>		
Pension	9,395,587	10,667,434
OPEB	<u>1,753,051</u>	<u>2,418,119</u>
Total deferred outflows of resources	<u>11,148,638</u>	<u>13,085,553</u>
<u>Liabilities</u>		
Current liabilities	9,249,921	13,175,333
Long-term liabilities:		
Due within one year	8,459,198	2,298,359
Due in more than one year:		
Net pension liability	45,455,737	54,282,566
Net OPEB liability	2,006,429	3,787,754
Other amounts	<u>94,472,891</u>	<u>90,509,726</u>
Total liabilities	<u>159,644,176</u>	<u>164,053,738</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for next year	32,023,153	27,969,797
Pension	9,237,118	5,333,754
OPEB	<u>6,291,052</u>	<u>6,403,633</u>
Total deferred inflows of resources	<u>47,551,323</u>	<u>39,707,184</u>
<u>Net Position</u>		
Net investment in capital assets	35,015,599	30,009,568
Restricted	73,678,620	9,975,791
Unrestricted	<u>(47,667,361)</u>	<u>(37,368,694)</u>
Total net position	<u>\$ 61,026,858</u>	<u>\$ 2,616,665</u>

The net pension liability (NPL) is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement 27" and the net OPEB liability/asset is reported pursuant to 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 School 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 deferred outflows related to pension and OPEB and net OPEB asset.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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/asset*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the School 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 School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide 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 School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2025, the School District's liabilities plus deferred inflows of resources were less than assets plus deferred outflows of resources by \$61,026,858.

Assets of the School District increased approximately \$63.5 million. The most significant change is primarily due to the grant the School District received from the Ohio Facilities Construction Commission (OFCC) to help construct the next phase of its building project.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

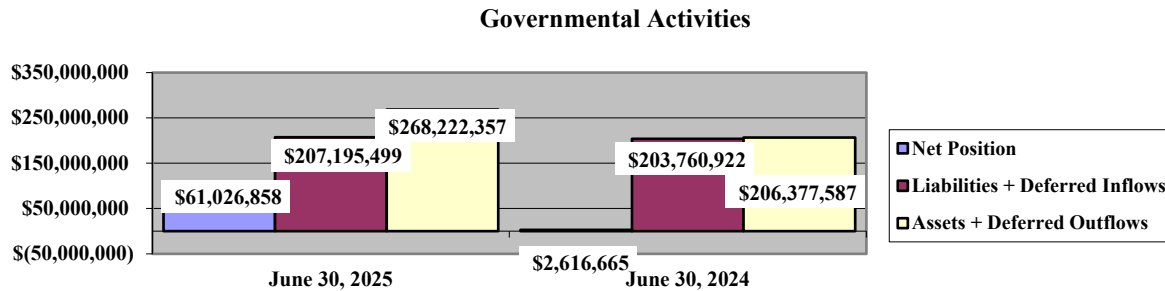
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

At year-end, capital assets represented 43.63% of total assets and deferred outflows of resources. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, equipment and vehicles and intangible right-to-use assets. Net investment in capital assets at June 30, 2025, was \$35,015,599. These capital assets are used to provide services to the students and are not available for future spending. Although the School 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.

The net pension liability decreased approximately \$8.8 million and deferred inflows of resources related to pension increased approximately \$3.9 million. These changes were the result of changes at the pension system level.

A portion of the School District's net position, \$73,678,620, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$47,667,361.

The graph below shows the School District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2025 and June 30, 2024.



The table below shows the change in net position for fiscal years 2025 and 2024. The net position at June 30, 2024 has been restated as described in Note 3.

Change in Net Position

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 2,821,545	\$ 3,060,111
Operating grants and contributions	8,120,674	8,396,023
General revenues:		
Property taxes	31,316,078	28,197,621
Payment in lieu of taxes	77,375	81,875
Grants and entitlements	23,766,041	23,753,284
Grants and entitlements - restricted	64,965,865	-
Investment earnings	1,806,388	3,870,052
Miscellaneous	53,580	27,715
Total revenues	<u>132,927,546</u>	<u>67,386,681</u>

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)

Change in Net Position (Continued)

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 21,669,736	\$ 21,597,366
Special	8,926,060	7,983,402
Vocational	3,285,772	3,362,652
Other	74,937	87,129
Support services:		
Pupil	4,820,889	4,642,637
Instructional staff	1,211,402	1,288,520
Board of education	344,651	262,244
Administration	4,272,945	3,731,263
Fiscal	1,413,064	1,060,358
Business	239,306	249,215
Operations and maintenance	5,195,221	4,314,642
Pupil transportation	3,126,973	3,165,851
Central	1,693,577	1,771,345
Operations of non-instructional services:		
Food service operations	2,986,408	2,801,146
Other non-instructional services	243,324	160,664
Extracurricular activities	1,255,244	1,629,190
Interest and fiscal charges	<u>2,408,932</u>	<u>2,473,063</u>
Total expenses	<u>63,168,441</u>	<u>60,580,687</u>
Change in net position	69,759,220	6,805,994
Net position, previously reported	2,616,665	(4,189,329)
Restatement - change in accounting principle	(11,349,027)	-
Net position at beginning of year (restated)	<u>(8,732,362)</u>	<u>(4,189,329)</u>
Net position at end of year	<u>\$ 61,026,858</u>	<u>\$ 2,616,665</u>

Governmental Activities

Net position of the School District's governmental activities increased \$69,759,220. Total governmental expenses of \$63,168,441 were offset by program revenues of \$10,942,219 and general revenues of \$121,985,442. Program revenues supported 17.32% of the total governmental expenses.

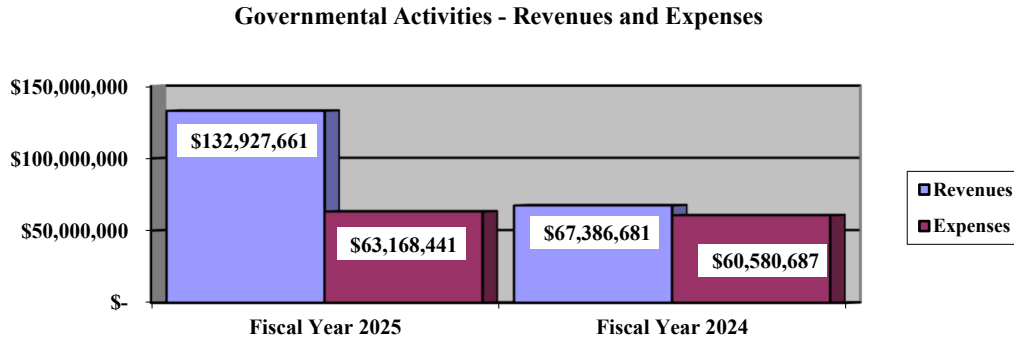
The primary sources of revenue for governmental activities are derived from property taxes, payment in lieu of taxes and unrestricted grants and entitlements from the State. These revenue sources account for 41.50% of total governmental revenue. The most significant changes were in the areas of property taxes and investment earnings. Property taxes increased due to an increase in property valuations in the School District that began collections. Investment earnings decreased due to the spending down of previous investments due to the first phase of the construction project coming to an close. The School District also received a \$65 million grant from OFCC to being the next phase of the project.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

Overall, expenses of the governmental activities increase approximately \$2.6 million. This increase is primarily the result of an increase in salaries and benefits compared to the previous year.

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



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. 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	\$ 21,669,736	\$ 21,333,994	\$ 21,597,366	\$ 21,134,866
Special	8,926,060	4,613,211	7,983,402	3,498,998
Vocational	3,285,772	1,999,477	3,362,652	2,237,812
Other	74,937	73,794	87,129	72,051
Support services:				
Pupil	4,820,889	3,830,630	4,642,637	3,601,363
Instructional staff	1,211,402	1,001,109	1,288,520	1,045,341
Board of education	344,651	344,651	262,244	262,244
Administration	4,272,945	4,154,964	3,731,263	3,593,776
Fiscal	1,413,064	1,378,731	1,060,358	913,511
Business	239,306	239,306	249,215	249,215
Operations and maintenance	5,195,221	5,119,327	4,314,642	4,210,175
Pupil transportation	3,126,973	2,944,023	3,165,851	2,916,669
Central	1,693,577	1,693,577	1,771,345	1,771,345
Operations of non-instructional services:				
Food service operations	2,986,408	553,147	2,801,146	457,305
Other non-instructional services	243,324	51,108	160,664	(68,411)
Extracurricular activities	1,255,244	752,428	1,629,190	1,013,504
Interest and fiscal charges	2,408,932	2,142,745	2,473,063	2,214,789
Total	\$ 63,168,441	\$ 52,226,222	\$ 60,580,687	\$ 49,124,553

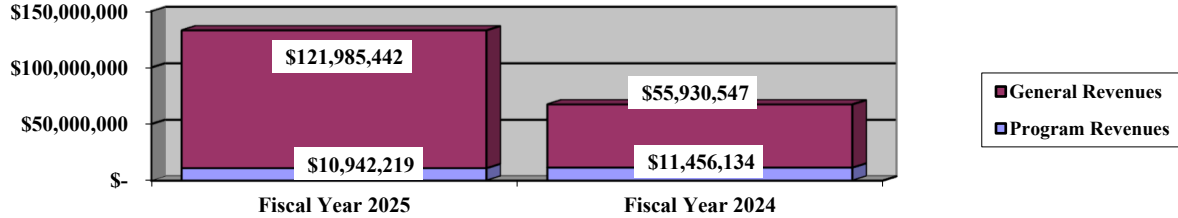
The dependence upon tax and other general revenues for governmental activities is apparent as 82.52% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.68%. The School District's taxpayers and unrestricted grants and entitlements are the primary support for the School District's students.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)

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

Governmental Activities - General and Program Revenues



The School District's Funds

The School District's governmental funds reported a combined fund balance of \$31,035,346, which is lower than last year's total of \$34,722,198.

General Fund

During fiscal year 2025, the School District's general fund balance increased \$1,483,432.

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

	2025 <u>Amount</u>	2024 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 26,410,757	\$ 23,925,924	\$ 2,484,833	10.39 %
Tuition and fees	1,622,462	1,535,002	87,460	5.70 %
Earnings on investments	1,535,307	1,342,475	192,832	14.36 %
Intergovernmental	27,482,227	27,305,316	176,911	0.65 %
Other revenues	<u>314,068</u>	<u>384,176</u>	<u>(70,108)</u>	(18.25) %
Total	<u>\$ 57,364,821</u>	<u>\$ 54,492,893</u>	<u>\$ 2,871,928</u>	5.27 %
<u>Expenditures</u>				
Instruction	\$ 33,004,556	\$ 31,810,105	\$ 1,194,451	3.75 %
Support services	20,668,125	19,215,250	1,452,875	7.56 %
Non-instructional services	132,971	153,363	(20,392)	(13.30) %
Extracurricular activities	1,395,930	1,341,558	54,372	4.05 %
Facilities acquisition and construction and capital outlay	175,398	252,705	(77,307)	(30.59) %
Debt service	<u>504,409</u>	<u>507,739</u>	<u>(3,330)</u>	(0.66) %
Total	<u>\$ 55,881,389</u>	<u>\$ 53,280,720</u>	<u>\$ 2,600,669</u>	4.88 %

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

Overall revenues of the general fund increased \$2,871,928 or 5.27%. Property taxes increased due to the revaluation of property taxes in the School District which began collections during the fiscal year. Earnings on investments increased due to better interest rates earned on investments.

Expenditures increased \$2,600,669 or 4.88%. This increase was primarily due to an increase in salaries and wages paid to employees.

General Fund Budgeting Highlights

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

For the general fund, original and other financing sources were \$54,280,330 and final revenues and other financing sources were \$56,435,330. Actual revenue and other financing sources of \$56,434,817 were \$513 lower than the final budgeted amounts.

General fund actual expenditures plus other financing uses of \$56,191,597 were \$1,154,425 lower than original and final appropriations (appropriated expenditures plus other financing uses) of \$57,346,022. These decreases are the result of conservative budgeting practices.

Classroom Facilities Fund

The classroom facilities fund had revenues of \$1,668,832 and expenditure of \$665,647 during fiscal year 2025. This fund was new during fiscal year 2025 due to the School District being approved for a project with the OFCC.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025, the School District had \$117,013,727 invested in land, construction in progress, land improvements, buildings and improvements, furniture, equipment and vehicles and intangible right-to-use assets. This entire amount is reported in governmental activities.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

The table that follows shows June 30, 2025 balances compared to June 30, 2024.

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

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Land	\$ 1,391,442	\$ 1,391,442
Construction in progress	665,647	79,330,818
Land improvements	1,287,029	1,168,587
Buildings and improvements	108,834,493	25,551,572
Furniture, equipment and vehicles	4,304,451	4,528,156
Intangible right-to-use assets	<u>530,665</u>	<u>773,801</u>
Total	<u>\$ 117,013,727</u>	<u>\$ 112,744,376</u>

The overall increase of \$4,269,351 is the result of additions of \$8,762,682, depreciation/amortization expense of \$2,746,636 and disposals, net of accumulated depreciation/amortization, of \$1,746,695.

See Note 8 to the basic financial statements for detail on the School District's capital assets.

Debt Administration

At June 30, 2025 the School District had \$81,241,667 in bonds, COPs, leases payable, and SBITAs payable outstanding. Of this total, \$6,905,154 is due within one year and \$74,336,513 is due in more than one year.

The table below summarizes the long-term obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
2011 HB 264 Qualified School Construction Bonds	\$ 5,185,000	\$ 5,185,000
2020 School Improvement Bonds	51,295,000	52,280,000
2020 Certificates of Participation (COPs)	24,635,000	25,215,000
Leases payable	88,116	253,090
SBITAs payable	<u>38,551</u>	<u>75,226</u>
Total	<u>\$ 81,241,667</u>	<u>\$ 83,008,316</u>

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

Current Issues

As the preceding information shows, the School District relies heavily on its local property taxpayers. The last operating levy passed by the residents of the School District was in November, 2023; a renewal of an emergency levy. The Bond issue passed by voters in 2020 provided roughly \$85,000,000 for the construction of three new elementary schools. The buildings were near completion at the end of fiscal year 2024 and were officially opened in early fiscal year 2025.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

Real estate and personal property tax collections have shown increases over the years. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 24% of revenues for governmental activities for the School District during fiscal year 2025.

Management has diligently planned expenses so that the last levy has stretched for the years it was planned. This has been made increasingly difficult with rising utility costs, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Scott Pittman, Treasurer of Perry Local School District, 4201 13th St. S.W., Massillon, OH 44646 or scott.pittman@perrylocal.org.

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**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 32,679,444
Cash and investments with fiscal agent	545,414
Receivables:	
Property taxes	33,670,234
Accounts	9,294
Accrued interest	148,566
Intergovernmental	64,398,487
Prepayments	88,671
Materials and supplies inventory	105,057
Inventory held for resale	28,742
Net OPEB asset	3,508,544
Cash and investments with escrow agent	4,877,539
Capital assets:	
Nondepreciable capital assets	2,057,089
Depreciable capital assets, net	114,956,638
Capital assets, net	<u>117,013,727</u>
Total assets	<u>257,073,719</u>
Deferred outflows of resources:	
Pension	9,395,587
OPEB	1,753,051
Total deferred outflows of resources	<u>11,148,638</u>
Liabilities:	
Accounts payable	384,384
Contracts payable	1,272,108
Retainage payable	150,000
Accrued wages and benefits payable	5,723,033
Compensated absences payable	187,147
Intergovernmental payable	236,938
Pension and postemployment benefits payable	966,162
Accrued interest payable	330,149
Long-term liabilities:	
Due within one year	8,459,198
Due in more than one year:	
Net pension liability	45,455,737
Net OPEB liability	2,006,429
Other amounts due in more than one year	94,472,891
Total liabilities	<u>159,644,176</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	32,023,153
Pension	9,237,118
OPEB	6,291,052
Total deferred inflows of resources	<u>47,551,323</u>
Net position:	
Net investment in capital assets	35,015,599
Restricted for:	
Capital projects	68,684,440
OPEB	3,508,544
Classroom facilities maintenance	308,056
Food service operations	439,369
Extracurricular programs	606,630
Other purposes	131,581
Unrestricted (deficit)	(47,667,361)
Total net position	<u>\$ 61,026,858</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT
STARK 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	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 21,669,736	\$ 210,436	\$ 125,306	\$ (21,333,994)
Special	8,926,060	772,312	3,540,537	(4,613,211)
Vocational	3,285,772	607,548	678,747	(1,999,477)
Other	74,937	-	1,143	(73,794)
Support services:				
Pupil	4,820,889	3,382	986,877	(3,830,630)
Instructional staff	1,211,402	10,363	199,930	(1,001,109)
Board of education	344,651	-	-	(344,651)
Administration	4,272,945	216	117,765	(4,154,964)
Fiscal	1,413,064	-	34,333	(1,378,731)
Business	239,306	-	-	(239,306)
Operations and maintenance	5,195,221	8,429	67,465	(5,119,327)
Pupil transportation	3,126,973	6,093	176,857	(2,944,023)
Central	1,693,577	-	-	(1,693,577)
Operation of non-instructional services:				
Food service operations	2,986,408	694,095	1,739,166	(553,147)
Other non-instructional services	243,324	80,155	112,061	(51,108)
Extracurricular activities	1,255,244	428,516	74,300	(752,428)
Interest expense	2,408,932	-	266,187	(2,142,745)
Totals	<u>\$ 63,168,441</u>	<u>\$ 2,821,545</u>	<u>\$ 8,120,674</u>	<u>(52,226,222)</u>
General revenues:				
Property taxes levied for:				
General purposes				26,487,642
Debt service				2,362,659
Capital outlay				2,157,721
Classroom facilities maintenance				308,056
Payments in lieu of taxes				77,375
Grants and entitlements not restricted to specific programs				23,766,041
Grants and entitlements restricted for Ohio Facilities Construction Commission				64,965,865
Investment earnings				1,806,503
Miscellaneous				53,580
Total general revenues				<u>121,985,442</u>
Change in net position				69,759,220
Net position at beginning of year, as previously reported				2,616,655
Restatement - change in accounting principle				(11,349,027)
Net position at beginning of year, restated				<u>(8,732,362)</u>
Net position at end of year				<u>\$ 61,026,858</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 19,619,258	\$ 1,068,832	\$ 11,991,354	\$ 32,679,444
Cash and investments with fiscal agent	-	-	545,414	545,414
Receivables:				
Property taxes	28,635,601	-	5,034,633	33,670,234
Accounts	5,522	-	3,772	9,294
Accrued interest	148,566	-	-	148,566
Interfund loans	17,000	-	-	17,000
Intergovernmental	200,150	63,915,865	282,472	64,398,487
Prepayments	85,914	-	2,757	88,671
Materials and supplies inventory	94,334	-	10,723	105,057
Inventory held for resale	-	-	28,742	28,742
Cash and investments with escrow agent	4,877,539	-	-	4,877,539
Total assets	<u>\$ 53,683,884</u>	<u>\$ 64,984,697</u>	<u>\$ 17,899,867</u>	<u>\$ 136,568,448</u>
Liabilities:				
Accounts payable	\$ 313,392	\$ -	\$ 70,992	\$ 384,384
Contracts payable	-	665,647	606,461	1,272,108
Retainage payable	-	-	150,000	150,000
Accrued wages and benefits payable	5,463,672	-	259,361	5,723,033
Compensated absences payable	184,845	-	2,302	187,147
Intergovernmental payable	232,476	-	4,462	236,938
Pension and postemployment benefits payable	911,739	-	54,423	966,162
Interfund loans payable	-	-	17,000	17,000
Total liabilities	<u>7,106,124</u>	<u>665,647</u>	<u>1,165,001</u>	<u>8,936,772</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	27,228,346	-	4,794,807	32,023,153
Delinquent property tax revenue not available	817,482	-	138,739	956,221
Intergovernmental revenue not available	-	63,315,865	53,562	63,369,427
Accrued interest not available	65,874	-	-	65,874
Miscellaneous revenue not available	181,655	-	-	181,655
Total deferred inflows of resources	<u>28,293,357</u>	<u>63,315,865</u>	<u>4,987,108</u>	<u>96,596,330</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	94,334	-	10,723	105,057
Prepays	85,914	-	2,757	88,671
Unclaimed monies	2,195	-	-	2,195
Restricted:				
Debt service	-	-	2,963,991	2,963,991
Capital projects	-	1,003,185	4,365,390	5,368,575
Classroom facilities maintenance	-	-	308,056	308,056
Food service operations	-	-	769,913	769,913
Extracurricular programs	-	-	607,265	607,265
Other purposes	-	-	129,386	129,386
Committed:				
Capital projects	-	-	2,159,435	2,159,435
Extracurricular programs	-	-	421,250	421,250
Debt service	4,877,539	-	-	4,877,539
Other purposes	-	-	64,028	64,028
Assigned:				
Student instruction	338,542	-	-	338,542
Student and staff support	259,660	-	-	259,660
Facilities acquisition and construction	89,593	-	-	89,593
Subsequent year's appropriations	1,740,781	-	-	1,740,781
Other purposes	213,087	-	-	213,087
Unassigned (deficit)	<u>10,582,758</u>	<u>-</u>	<u>(54,436)</u>	<u>10,528,322</u>
Total fund balances (deficit)	<u>18,284,403</u>	<u>1,003,185</u>	<u>11,747,758</u>	<u>31,035,346</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 53,683,884</u>	<u>\$ 64,984,697</u>	<u>\$ 17,899,867</u>	<u>\$ 136,568,448</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

Total governmental fund balances		\$ 31,035,346
<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.		117,013,727
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds		
Property taxes receivable	\$ 956,221	
Accounts receivable	181,655	
Accrued interest receivable	65,874	
Intergovernmental receivable	63,369,427	
Total		64,573,177
Unamortized premiums on bonds and COPs issued are not recognized in the funds.		(4,855,773)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(330,149)
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	9,395,587	
Deferred inflows - pension	(9,237,118)	
Net pension liability	(45,455,737)	
Deferred outflows - OPEB	1,753,051	
Deferred inflows - OPEB	(6,291,052)	
Net OPEB asset	3,508,544	
Net OPEB liability	(2,006,429)	
Total		(48,333,154)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(56,480,000)	
Certificates of participation (COPs)	(24,635,000)	
Leases payable	(88,116)	
SBITAs payable	(38,551)	
Compensated absences	(16,834,649)	
Total		(98,076,316)
Net position of governmental activities		<u><u>\$ 61,026,858</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

	General	Classroom Facilities	(Formerly major) Building	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 26,410,757	\$ -		\$ 4,825,318	\$ 31,236,075
Intergovernmental	27,482,227	1,650,000		4,164,212	33,296,439
Investment earnings	1,535,307	18,832		296,209	1,850,348
Tuition and fees	1,622,462	-		4,221	1,626,683
Extracurricular	81,369	-		433,654	515,023
Rental income	14,848	-		1,822	16,670
Charges for services	24,720	-		694,095	718,815
Contributions and donations	32,230	-		132,697	164,927
Payment in lieu of taxes	77,375	-		-	77,375
Miscellaneous	83,526	-		1,323	84,849
Total revenues	<u>57,364,821</u>	<u>1,668,832</u>		<u>10,553,551</u>	<u>69,587,204</u>
Expenditures:					
Current:					
Instruction:					
Regular	22,063,857	-		116,689	22,180,546
Special	7,524,951	-		1,395,132	8,920,083
Vocational	3,338,694	-		1,000	3,339,694
Other	77,054	-		500	77,554
Support services:					
Pupil	4,448,486	-		297,202	4,745,688
Instructional staff	1,052,417	-		201,777	1,254,194
Board of education	320,705	-		-	320,705
Administration	4,150,563	-		118,385	4,268,948
Fiscal	1,218,336	-		365,138	1,583,474
Business	246,816	-		-	246,816
Operations and maintenance	4,709,234	-		86,704	4,795,938
Pupil transportation	2,925,904	-		111,342	3,037,246
Central	1,595,664	-		1,000	1,596,664
Operation of non-instructional services:					
Food service operations	-	-		2,692,392	2,692,392
Other non-instructional services	132,971	-		79,323	212,294
Extracurricular activities	1,395,930	-		367,365	1,763,295
Facilities acquisition and construction	175,398	665,647		7,047,792	7,888,837
Debt service:					
Principal retirement	201,649	-		1,565,000	1,766,649
Interest	302,760	-		2,280,279	2,583,039
Total expenditures	<u>55,881,389</u>	<u>665,647</u>		<u>16,727,020</u>	<u>73,274,056</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,483,432</u>	<u>1,003,185</u>		<u>(6,173,469)</u>	<u>(3,686,852)</u>
Other financing sources (uses):					
Transfers in	-	-		1,340,000	1,340,000
Transfers (out)	-	-		(1,340,000)	(1,340,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>
Net change in fund balances	1,483,432	1,003,185		(6,173,469)	(3,686,852)
Fund balances as previously reported	16,800,971	-	10,459,055	7,462,172	34,722,198
Adjustment - changes in major funds	-	-	(10,459,055)	10,459,055	-
Fund balances at beginning of year	<u>16,800,971</u>	<u>-</u>		<u>17,921,227</u>	<u>34,722,198</u>
Fund balances at end of year	<u>\$ 18,284,403</u>	<u>\$ 1,003,185</u>		<u>\$ 11,747,758</u>	<u>\$ 31,035,346</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT
STARK 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	\$	(3,686,852)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital asset additions	\$ 8,762,682	
Current year depreciation/amortization	(2,746,636)	
Total		6,016,046

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(1,746,695)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	80,005	
Tuition	(55,648)	
Accrued interest	32,896	
Intergovernmental	63,283,204	
Total		63,340,457

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

Bonds	985,000	
Certificates of participation (COPs)	580,000	
Leases	164,974	
SBITAs	36,675	
Total		1,766,649

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

Change in accrued interest payable	5,112	
Amortization of bond premiums	168,995	
Total		174,107

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

Pension		4,918,319
OPEB		155,468

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		(1,266,701)
OPEB		799,043

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

		(710,621)
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Change in net position of governmental activities	\$	69,759,220
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Perry Local School District (the “School District”) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a school district as defined by Section 3311.02 of the Ohio Revised Code. The School District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the School District. Average daily membership on, or as of June 30, 2025, was 4,060. The School District employs 328 certified and 277 noncertified employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

Included with the reporting entity, within the School District’s boundaries, Central Catholic High School is operated as a non-public school. Current legislation provides funding to this non-public school. These monies are received and disbursed through the auxiliary special revenue fund on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. These transactions are reported as a governmental activity of the School District.

The School District participates in one jointly governed organization and two public entity risk pools. These organizations are the Stark Portage Area Computer Consortium (SPARCC), Stark County Schools Council of Governments Health Benefits Program, and Comp Management Workers’ Compensation Group Rating Program. They are presented in Notes 14 and 15.

The School District’s financial statements have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States 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 more significant of the School District’s accounting policies are described below.

B. Basis of Presentation

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

Government-Wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Classroom Facilities Fund - The classroom facilities fund is used to account for monies received and expended in connection with contracts entered into by the school district and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities. Receipts can include State and local revenues. Local revenues can include bond or other debt proceeds or receipts from other local sources. This fund accounts for the project construction fund with State revenues and local revenues accounted for in separate special cost centers.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

Other governmental funds of the School 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.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District did not have any custodial funds at June 30, 2025.

D. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School 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 funds 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

E. Basis of Accounting

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

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 School District, available means expected to be received within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants and entitlements 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 School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

On 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, grants, interest, tuition, 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 11 and 12 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively

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

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

Expenditures/Expenses - 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.

F. Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, 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. Budgetary modifications at this level require a resolution of the Board of Education. 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 School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary schedules reflect the amounts in the certificate when the original and final appropriations were adopted.

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

G. Cash and Investments

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

Investments were limited to commercial paper, Federal Agricultural Mortgage Corporation (FAMC) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, U.S. Treasury notes, U.S. Government money market account, U.S. Treasury State and Local Government Securities (SLGS), and State Treasury Asset Reserve of Ohio (STAR Ohio), the State Treasurer's Investment Pool.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

The School 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 School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours 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.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2025 amounted to \$1,535,307 of which \$433,493 was attributable to other funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and cash equivalents". Investments with an original maturity of more than three months that are not purchased from the pool are presented on the basic financial statements as "investments".

H. 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. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

I. Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food. The donated commodities are presented at their entitlement values.

J. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$10,000. The School 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.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

All reported capital assets, except land and construction in progress, are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

Description	Estimated Lives
Land Improvements	20-75 Years
Buildings and Improvements	7-75 Years
Furniture and Equipment	5-30 Years
Vehicles	12-15 Years
Intangible right-to-use assets:	
Equipment	5 Years

The School District is reporting intangible right-to-use assets related to lease equipment and Subscription Based Information Technology Arrangements (SBITAs). The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term/subscription or the useful life of the underlying asset.

K. Compensated Absences

The School 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 School 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 School District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employment of the School 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 School 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.

L. Accrued Liabilities and Long-term Obligations

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

**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, once incurred, are paid in a timely manner and in full from current financial resources that are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds that are reported as a liability in the fund financial statements only to the extent that they normally expected to be repaid with expendable available financial resources. Bonds are recognized as a liability on the 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.

M. Bond Issuance Costs/Unamortized Bond Premiums

On government-wide and fund financial statements, bond issuance costs are expensed in the year they occur.

Bond and certificate of participation (COPs) premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 13.

N. Net Position

Net position represents the difference between all other elements of the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of 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 to be converted to cash. It also includes the long-term amount of loans receivable.

Restricted - The restricted fund balance is reported 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 School District Board of Education; the highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund balance have been specifically committed for use in satisfying those contractual requirements.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not constrained 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 School 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 Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated. Receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables on the fund financial statements.

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

Q. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services provided and used are classified as "interfund loans receivables/payables." On fund financial statements, receivables and payables resulting from negative cash balances are classified as "due to/due from other funds". These amounts are eliminated in the governmental activities columns of the statement of net position.

R. Estimates

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

T. Fair Value

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2025, the School 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 School District.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Auxiliary services	\$ 3,179
Title I	49,616
Improving teacher quality	819

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

C. Change within the Financial Reporting Entity

For fiscal year 2025, the School District's building fund presentation was adjusted from major to nonmajor due to no longer meeting the qualitative threshold for a major fund. This change is separately displayed in the financial statements.

For fiscal year 2025, the School District's classroom facilities fund presentation was adjusted from nonmajor to major due to now meeting the qualitative threshold for a major fund. This change is separately displayed in the financial statements.

D. 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 School District into three categories.

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

Inactive deposits are public deposits 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.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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);
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At fiscal year end, the District had \$185 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and investments”.

B. Cash and Investments with Escrow Agent

At June 30, 2025, the School District had \$4,877,539 in cash and investments in an escrow account held for future repayment of the 2011 HB 264 Qualified School Construction Bonds. The School District makes annual sinking fund deposits into the account. The amount is comprised of cash and cash equivalents of \$4,877,539. These amounts are not included in “deposits with financial institutions” below.

C. Cash and Investments with Fiscal Agent

At June 30, 2025, the School District had \$545,145 in cash and investments with the Stark County Foundation for stadium maintenance and scholarships. These amounts are not included in “deposits with financial institutions” below.

D. Deposits with Financial Institutions

At June 30, 2025, the carrying amount of all School District deposits was \$1,925,539 and the bank balance of all School District deposits was \$3,069,070. Of the bank balance, \$250,000 was covered by the FDIC and \$2,819,070 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School 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 School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

E. Investments

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

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	Investment Maturities				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
<i>Fair Value:</i>						
Commercial paper	\$ 2,976,546	\$ 2,480,005	\$ 496,541	\$ -	\$ -	\$ -
FAMC	1,258,070	248,203	-	-	487,534	522,333
FFCB	4,600,623	-	-	779,502	1,548,935	2,272,186
FHLB	3,720,975	497,383	1,293,360	796,020	490,998	643,214
US Government money market	78,638	78,638	-	-	-	-
US Treasury Note	7,732,989	124,468	1,353,493	1,361,769	1,227,838	3,665,421
US Treasury SLGS	4,692,511	4,692,511	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	5,693,368	5,693,368	-	-	-	-
Total	\$ 30,753,720	\$ 13,814,576	\$ 3,143,394	\$ 2,937,291	\$ 3,755,305	\$ 7,103,154

The weighted average of maturity of investments is 1.01 years.

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

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

Credit Risk: The School District's investments in commercial paper were rated A-1 by Standard & Poor's. The School District's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aa1 by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned the U.S. Government money market and STAR Ohio an AAAM money market rating. Ohio Law requires that STAR Ohio and the U.S. Government money market maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the School District's name. The School 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.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

**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 School 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 School District at June 30, 2025:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
Commercial paper	\$ 2,976,546	9.68
FAMC	1,258,070	4.09
FFCB	4,600,623	14.96
FHLB	3,720,975	12.10
US Government money market	78,638	0.26
US Treasury Note	7,732,989	25.14
US Treasury SLGS	4,692,511	15.26
<i>Amortized Cost:</i>		
STAR Ohio	5,693,368	18.51
Total	<u>\$ 30,753,720</u>	<u>100.00</u>

F. 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	\$ 1,925,539
Investments	30,753,720
Cash and investments with escrow agent	4,877,539
Cash and investments with fiscal agent	545,414
Cash on hand	185
Total	<u>\$ 38,102,397</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 38,102,397</u>

NOTE 5 - INTERFUND TRANSACTIONS

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

	<u>Amount</u>
<u>Transfers from nonmajor governmental fund to:</u>	
Nonmajor governmental fund	\$ 1,340,000
Total	<u>\$ 1,340,000</u>

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer of \$1,340,000 from the permanent improvement fund (a nonmajor governmental fund) to the bond retirement fund (a nonmajor governmental fund) was for debt service payments on the certificates of participation (COPs).

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

All transfers made during fiscal year 2025 were made in accordance with Ohio Revised Code Sections 5704.14, 5705.15 and 5705.16.

- B.** Interfund loans receivable/payable consisted of the following at June 30, 2025, as reported on the fund statement:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 17,000</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.

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

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School 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 School District receives property taxes from Stark County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2025 operations.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES - (Continued)

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 fund:		
General fund	\$ 589,773	\$ 465,994
Nonmajor governmental funds:		
Bond retirement fund	47,011	43,028
Permanent improvement fund	54,076	43,424

The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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	\$ 799,892,280	92.68	\$1,006,277,580	93.16
Public utility personal	<u>63,154,120</u>	<u>7.32</u>	<u>73,825,740</u>	<u>6.84</u>
Total	<u>\$ 863,046,400</u>	<u>100.00</u>	<u>\$1,080,103,320</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 49.70		\$ 47.10	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2025, consisted of property taxes, accounts, accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of the State programs, and the current fiscal year guarantee of Federal funds. All receivables are expected to be collected in the next fiscal year with the exception of the Ohio Facilities Construction Commission (OFCC) grant which will be collected over the life of the project.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 8 - CAPITAL ASSETS

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

	Balance <u>June 30, 2024</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2025</u>
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 1,391,442	\$ -	\$ -	\$ 1,391,442
Construction in progress	<u>79,330,818</u>	<u>7,309,359</u>	<u>(85,974,530)</u>	<u>665,647</u>
Total capital assets, not being depreciated/amortized	<u>80,722,260</u>	<u>7,309,359</u>	<u>(85,974,530)</u>	<u>2,057,089</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	3,183,381	348,795	(473,373)	3,058,803
Buildings and improvements	46,871,456	86,251,529	(5,281,677)	127,841,308
Furniture, equipment and vehicles	10,540,935	671,797	(495,261)	10,717,471
Intangible right-to-use assets:				
Equipment	791,689	-	-	791,689
SBITAs	<u>949,553</u>	<u>155,732</u>	<u>(119,867)</u>	<u>985,418</u>
Total capital assets, being depreciated/amortized	<u>62,337,014</u>	<u>87,427,853</u>	<u>(6,370,178)</u>	<u>143,394,689</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(2,014,794)	(119,670)	362,690	(1,771,774)
Buildings and improvements	(21,319,884)	(1,500,959)	3,814,028	(19,006,815)
Furniture, equipment and vehicles	(6,012,779)	(727,139)	326,898	(6,413,020)
Intangible right-to-use assets:				
Equipment	(552,637)	(158,338)	-	(710,975)
SBITAs	<u>(414,804)</u>	<u>(240,530)</u>	<u>119,867</u>	<u>(535,467)</u>
Total accumulated depreciation/amortization	<u>(30,314,898)</u>	<u>(2,746,636)</u>	<u>4,623,483</u>	<u>(28,438,051)</u>
Governmental activities capital assets, net	<u>\$ 112,744,376</u>	<u>\$ 91,990,576</u>	<u>\$ (87,721,225)</u>	<u>\$ 117,013,727</u>

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**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 8 - CAPITAL ASSETS - (Continued)

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

Instruction:

Regular	\$ 913,566
Special	210,890
Vocational	93,305
Other	1,754

Support services:

Pupil	113,322
Instructional staff	30,332
Board of education	7,544
Administration	102,355
Fiscal	34,979
Business	5,908
Operations and maintenance	336,033
Pupil transportation	350,388
Central	60,523

Operation of non-instructional services:

Food service operations	336,733
Other non-instructional services	30,815
Extracurricular activities	118,189
Total depreciation/amortization expense	<u>\$ 2,746,636</u>

NOTE 9 - RISK MANAGEMENT

A. General Insurance

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. Blanket Real Property and Personal Property in the amount of \$217,301,604 with a \$100,000 deductible on Wind/Hail; \$50,000 deductible on Water/Flood; 5% deductible (minimum \$25,000 deductible) on Earth Movement; \$1,000 deductible on Mobile Equipment/Tools; \$500 deductible on Miscellaneous Items and \$25,000 deductible (all other perils).

Vehicles have a \$5,000 deductible for comprehensive and a \$5,000 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability with no deductible.

General liability has a \$1,000,000 each occurrence limit and a \$2,000,000 general aggregate limit with no deductible. School leaders errors and omissions liability has a \$1,000,000 each wrongful act limit and \$1,000,000 aggregate limit with a \$25,000 One "Wrongful Act" Deductible and \$100,000 Aggregate Defense Expense Amount – Non-Monetary Relief limit with a \$2,500 deductible for each wrongful act. The District has an umbrella liability with \$10,000,000 Each Occurrence limit, \$10,000,000 General Aggregate limit and \$10,000,000 Products-Completed Operations Aggregate Limit with \$10,000 Self-Insured Retention – Each Occurrence.

The Treasurer is covered under a surety bond in the amount of \$50,000.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 9 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation

The School District participates in the CompManagement Workers Compensation Group Rating Plan ("the Plan"), an insurance purchasing pool (Note 15.B). The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the group. 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 group. Each participant pays its worker's compensation premium to the State Bureau of Workers' Compensation based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the group. 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 shares equally in the overall performance of the group. Participation in the Plan is limited to school districts that can meet the Plan selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the group.

C. Employee Health Benefits

The School District participates in the Stark County Schools Council of Governments Health Benefits Program ("the Council"), a shared risk pool (Note 15.A) to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the School District by grouping with other members of the Health Benefits Program. The experience of all participating districts is calculated as one and a common premium rate is applied to all member districts.

Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board. For fiscal year 2025, the School District's monthly medical premium for family coverage was \$2,472.18 and \$1,017.66 for single coverage and \$254.32 and \$103.08 for dental, respectively. Full-time employees pay twenty percent of the premium while part-time employees pay fifty percent of the premium.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an exiting school district subsequent to the settlement of all expenses and claims.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 10 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation, sick leave benefits and early retirement incentive are derived from negotiated agreements and State laws. Classified employees earn 5 - 25 days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators employed to work 260 days per year can earn 15 - 25 days of vacation annually. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of 1-1/4 days per month. Sick leave may be accumulated to a maximum of 340 days. Upon retirement, employees receive payment for 30 percent of the total sick leave accumulation, not to exceed 90 days for certificated personnel and 85 days for classified personnel in fiscal year 2025.

B. Life Insurance

The School District provided life insurance and accidental death and dismemberment insurance to all employees through the Stark County Schools Council of Governments Health Benefits Program. Coverage ranges from \$35,000 to \$65,000 depending on the daily hours worked by the employee.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the School 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 School District's contractually required contribution to SERS was \$1,256,002 for fiscal year 2025. Of this amount, \$113,485 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

The School District's contractually required contribution to STRS was \$3,662,317 for fiscal year 2025. Of this amount, \$622,458 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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.224338200%	0.194505900%	
Proportion of the net pension liability current measurement date	<u>0.192828900%</u>	<u>0.184970890%</u>	
Change in proportionate share	<u>-0.031509300%</u>	<u>-0.009535010%</u>	
Proportionate share of the net pension liability	\$ 9,864,349	\$ 35,591,388	\$ 45,455,737
Pension expense	390,756	875,945	1,266,701

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 376,613	\$ 2,241,328	\$ 2,617,941
Changes of assumptions	88,244	1,640,246	1,728,490
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	130,837	-	130,837
Contributions subsequent to the measurement date	1,256,002	3,662,317	4,918,319
Total deferred outflows of resources	<u>\$ 1,851,696</u>	<u>\$ 7,543,891</u>	<u>\$ 9,395,587</u>
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 19,488	\$ 19,488
Net difference between projected and actual earnings on pension plan investments	617,007	3,060,133	3,677,140
Changes of assumptions	-	1,234,635	1,234,635
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	1,240,099	3,065,756	4,305,855
Total deferred inflows of resources	<u>\$ 1,857,106</u>	<u>\$ 7,380,012</u>	<u>\$ 9,237,118</u>

\$4,918,319 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	\$ (845,693)	\$ (3,326,164)	\$ (4,171,857)
2027	222,375	2,566,338	2,788,713
2028	(456,662)	(1,603,824)	(2,060,486)
2029	(181,432)	(1,134,788)	(1,316,220)
Total	<u>\$ (1,261,412)</u>	<u>\$ (3,498,438)</u>	<u>\$ (4,759,850)</u>

**PERRY LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - 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.

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

As of June 30, 2024:

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

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

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the 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.

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 15,091,087	\$ 9,864,349	\$ 5,463,716

Actuarial Assumptions - STRS

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

* Final target weights reflected at October 1, 2022.

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

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

Sensitivity of the School 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
School District's proportionate share of the net pension liability	\$ 57,415,146	\$ 35,591,388	\$ 17,132,238

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.

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

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

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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 School District's surcharge obligation was \$155,468.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$155,468 for fiscal year 2025. Of this amount, \$155,468 is reported as pension and postemployment benefits payable.

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB			
liability/asset prior measurement date	0.229916800%	0.194505900%	
Proportion of the net OPEB			
liability/asset current measurement date	<u>0.196999300%</u>	<u>0.184971890%</u>	
Change in proportionate share	<u>-0.032917500%</u>	<u>-0.009534010%</u>	
Proportionate share of the net			
OPEB liability	\$ 2,006,429	\$ -	\$ 2,006,429
Proportionate share of the net			
OPEB asset	\$ -	\$ (3,508,544)	\$ (3,508,544)
OPEB expense	\$ (201,320)	\$ (597,723)	\$ (799,043)

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 152,524	\$ 152,524
Net difference between projected and actual earnings on OPEB plan investments	9,797	-	9,797
Changes of assumptions	861,158	431,848	1,293,006
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	113,404	28,852	142,256
Contributions subsequent to the measurement date	155,468	-	155,468
Total deferred outflows of resources	<u>\$ 1,139,827</u>	<u>\$ 613,224</u>	<u>\$ 1,753,051</u>
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 2,163,449	\$ 378,108	\$ 2,541,557
Net difference between projected and actual earnings on OPEB plan investments	-	150,645	150,645
Changes of assumptions	921,680	1,582,333	2,504,013
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	998,300	96,537	1,094,837
Total deferred inflows of resources	<u>\$ 4,083,429</u>	<u>\$ 2,207,623</u>	<u>\$ 6,291,052</u>

\$155,468 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2026.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	\$ (664,033)	\$ (546,781)	\$ (1,210,814)
2027	(496,620)	(244,289)	(740,909)
2028	(424,759)	(311,189)	(735,948)
2029	(381,392)	(290,018)	(671,410)
2030	(378,444)	(236,483)	(614,927)
Thereafter	(753,822)	34,361	(719,461)
Total	<u>\$ (3,099,070)</u>	<u>\$ (1,594,399)</u>	<u>\$ (4,693,469)</u>

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

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

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

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

As of June 30, 2024:

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the 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
School District's proportionate share of the net OPEB liability	\$ 2,675,501	\$ 2,006,429	\$ 1,474,760

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 1,356,271	\$ 2,006,429	\$ 2,861,009

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%

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

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	<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.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00%, 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
School District's proportionate share of the net OPEB asset	\$ 2,852,678	\$ 3,508,544	\$ 4,079,291
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 4,117,844	\$ 3,508,544	\$ 2,775,782

NOTE 13 - LONG-TERM OBLIGATIONS

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

	Restated Balance June 30, 2024	Increase	Decrease	Balance June 30, 2025	Amount Due in One Year
Compensated absences*	\$ 16,124,028	\$ 710,621	\$ -	\$ 16,834,649	\$ 1,554,044
General obligation bonds:					
2011 HB 264					
Qualified school construction					
bonds	5,185,000	-	-	5,185,000	5,185,000
2020 school improvement					
bonds	52,280,000	-	(985,000)	51,295,000	995,000
Total general obligation bonds	57,465,000	-	(985,000)	56,480,000	6,180,000
2020 certificates of participation	25,215,000	-	(580,000)	24,635,000	600,000
Leases payable	253,090	-	(164,974)	88,116	86,603
SBITAs payable	75,226	-	(36,675)	38,551	38,551
Net pension liability	54,282,566	-	(8,826,829)	45,455,737	-
Net OPEB liability	3,787,754	-	(1,781,325)	2,006,429	-
Total	\$ 157,202,664	\$ 710,621	\$ (12,374,803)	\$ 145,538,482	\$ 8,459,198
Add: unamortized premium				4,855,773	
Total on statement of net position				\$ 150,394,255	

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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

Compensated absences will be primarily paid from the fund from which the employee is paid.

Net Pension Liability and Net OPEB Liability/Asset: See Notes 11 and 12 for details. The School District pays obligations related to employee compensation from the fund benefitting from their service.

2011 HB 264 Qualified School Construction Bonds

On February 8, 2011, the School District issued \$5,185,000 in general obligation qualified school construction bonds ("QSCB") to finance a HB 264 project. The bonds were issued for a fifteen year period with a final maturity at December 1, 2025. The bond issue consisted of serial, term and capital appreciation bonds. The principal and interest requirements will be recorded in the general fund. The School District makes annual payments to a sinking fund to pay the principal balance when due. During fiscal year 2025, the School District made \$166,000 in sinking deposits.

The following is a summary of the future debt service requirements to maturity of the 2011 HB 264 Qualified School Construction Bonds and a schedule of the required sinking fund deposits:

Fiscal Year Ending June 30,	Series 2011 Bonds			Annual Sinking Fund
	Principal	Interest	Total	Deposits
2026	\$ 5,185,000	\$ 146,476	\$ 5,331,476	\$ 420,000
Total	<u>\$ 5,185,000</u>	<u>\$ 146,476</u>	<u>\$ 5,331,476</u>	<u>\$ 420,000</u>

Annually the School District must pay the entire interest amount and then submit a form for the return of credit payments to issuers of qualified bonds from the Internal Revenue Service. The net annual interest cost of the bonds to the School District in fiscal year 2025 was \$26,766. Over the term of the bonded debt repayment schedule, the School District will be reimbursed \$4,140,074 of the total \$4,339,766 interest costs.

2020 School Improvement Bonds

On July 28, 2020, the School District issued school improvement bonds in the amount of \$58,350,000 for the purpose of paying the costs of constructing, furnishing, equipping, adding to, renovating, remodeling, rehabilitating, and otherwise improving school district buildings and facilities, and acquiring, clearing, equipping, and otherwise improving real estate for School District purposes. Interest rates on the current interest bonds range from 2.375-4.000% with interest payments due on May 1 and November 1 of each year until final maturity at November 1, 2055. The debt will be retired through the bond retirement fund (a nonmajor governmental fund).

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the 2020 school improvement bonds outstanding at June 30, 2025 are as follows:

Fiscal Year Ending	<u>Principal</u>	<u>2020 Bonds Interest</u>	<u>Total</u>
2026	\$ 995,000	\$ 1,506,118	\$ 2,501,118
2027	1,035,000	1,465,518	2,500,518
2028	1,075,000	1,436,756	2,511,756
2029	1,095,000	1,406,794	2,501,794
2030	1,135,000	1,362,194	2,497,194
2031 - 2035	6,360,000	6,137,369	12,497,369
2036 - 2040	7,420,000	5,079,819	12,499,819
2041 - 2045	8,605,000	3,879,893	12,484,893
2046 - 2050	9,900,000	2,590,050	12,490,050
2051 - 2055	11,225,000	1,221,784	12,446,784
2056	2,450,000	36,750	2,486,750
Total	<u>\$ 51,295,000</u>	<u>\$ 26,123,045</u>	<u>\$ 77,418,045</u>

2020 Certificates of Participation (COPs)

On October 1, 2020, the School District issued certificates of participation (COP) in the amount of \$27,365,000 for the purpose of funding the building of new elementary schools in the School District. Interest rates on the current interest bonds range from 2.50-4.00% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2050. The debt will be retired through the permanent improvement fund (a nonmajor governmental fund) via the bond retirement fund (a nonmajor governmental fund).

Principal and interest requirements to retire certificates of participation outstanding at June 30, 2025 are as follows:

Fiscal Year Ending	<u>Principal</u>	<u>Certificates of Participation Interest</u>	<u>Total</u>
2026	\$ 600,000	\$ 734,100	\$ 1,334,100
2027	625,000	709,600	1,334,600
2028	650,000	684,100	1,334,100
2029	675,000	657,600	1,332,600
2030	705,000	630,000	1,335,000
2031 - 2035	3,955,000	2,712,825	6,667,825
2036 - 2040	4,640,000	2,032,500	6,672,500
2041 - 2045	5,365,000	1,294,450	6,659,450
2046 - 2050	6,100,000	553,750	6,653,750
2051	1,320,000	11,000	1,331,000
Total	<u>\$ 24,635,000</u>	<u>\$ 10,019,925</u>	<u>\$ 34,654,925</u>

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Leases Payable - The School District has entered into lease agreements for the use of intangible right-to-use equipment. Due to the implementation of GASB Statement No. 87, the School District will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

The School District has entered into lease agreements for copier equipment and a postage machine at varying years and terms as follows:

<u>Lease</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Copiers	2020	5	2025	Monthly
Postage machine	2022	5	2027	Monthly

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	\$ 86,603	\$ 1,720	\$ 88,323
2027	<u>1,513</u>	<u>140</u>	<u>1,653</u>
Total	<u>\$ 88,116</u>	<u>\$ 1,860</u>	<u>\$ 89,976</u>

SBITAs Payable - The School District has entered into agreements for the intangible right-to-use subscription software. Due to the implementation of GASB Statement No. 96, the District will report an intangible capital asset and corresponding liability for the future scheduled payments under the subscriptions. The subscription payments will be paid from the general fund.

The District has entered into agreements for subscriptions at varying years and terms as follows:

<u>SBITA</u>	<u>Commencement Date</u>	<u>Years</u>	<u>End Date</u>	<u>Payment Method</u>
Frontline Recruit	2023	3	2026	Annual
Cisco Phones Smartnet	2023	3	2026	Annual

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 38,551	\$ 1,972	\$ 40,523
Total	<u>\$ 38,551</u>	<u>\$ 1,972</u>	<u>\$ 40,523</u>

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation used in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2025, are a voted debt margin of \$43,693,290 (including available funds of \$2,963,991) and an unvoted debt margin of \$1,080,103.

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

The Stark Portage Area Computer Consortium (SPARCC) is a jointly governed organization among 31 school districts and the Stark County Educational Service Center. The purpose of the organization is to apply modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The legislative and advisory body is the assembly which is comprised of the superintendents of the participating schools. The degree of control exercised by any participating district is limited to its representation on the assembly, which appoints the five-member executive board. The executive board exercises total control over the operation of SPARCC including budgeting, appropriating, contracting and designating management. The executive board consists of five superintendents. All revenues are generated from State funding and an annual fee charged to participating districts. The School District paid \$300,333 to SPARCC during the fiscal year 2025. The Stark County Educational Service Center is the fiscal agent of SPARCC. Financial information can be obtained by writing to the Stark County Educational Service Center, 6057 Strip Avenue NW, North Canton, Ohio 44720.

NOTE 15 - PUBLIC ENTITY RISK POOLS

A. Risk Sharing Pool

The Stark County Schools Council of Governments Health Benefits Program is a shared risk pool. The Council is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly elects officers for two-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. Financial information can be obtained by writing to the Stark County Educational Service Center, 6057 Strip Avenue NW, North Canton, Ohio 44720.

B. Insurance Purchasing Pool

The School District participates in the CompManagement Workers' Compensation Group Rating Program (Group), an insurance purchasing pool. The Group's business and affairs are conducted by the CompManagement Corporation. Each year the participating districts pay an enrollment fee to the Group to cover the costs of administering the program.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 16 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the School District at June 30, 2025.

B. Litigation

The School District was not party to material legal proceedings.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional School 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 School District, which can extend past the fiscal year-end. The final adjustments were not material and are not reflected in the accompanying financial statements.

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**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 17 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2024	\$ -
Current year set-aside requirement	1,003,880
Current year offsets	<u>(2,635,802)</u>
Total	<u>\$ (1,631,922)</u>
Balance carried forward to fiscal year 2026	<u>\$ -</u>
Set-aside balance June 30, 2025	<u>\$ -</u>

The current year offsets represent the permanent improvement levy cash-basis receipts received by the School District during fiscal year 2025.

NOTE 18 - COMMITMENTS

A. Contractual Commitments

As of June 30, 2025, the District had the following contractual commitments outstanding:

<u>Vendor</u>	<u>Total Contract</u>	<u>Amount Paid</u>	<u>Remaining Commitment June 30, 2025</u>
PSI Professional Service	\$ 65,643	\$ (18,701)	\$ 46,942
Then Design Architects	615,453	(336,514)	278,939
Beaver Shook LLC	12,338,157	(11,433,704)	904,453
Osborn Engineering	<u>80,521</u>	<u>(61,223)</u>	<u>19,298</u>
Total	<u>\$ 13,099,774</u>	<u>\$ (11,850,142)</u>	<u>\$ 1,249,632</u>

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 18 – COMMITMENTS - (Continued)

B. Other Commitments

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 654,842
Classroom facilities	3,967,460
Other governmental	<u>1,046,073</u>
Total	<u><u>\$ 5,668,375</u></u>

NOTE 19 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Perry Township entered into Economic Zone agreements with Timken Steel Corporation for the abatement of property taxes to bring jobs and economic development into the Township. Under the agreement, the company's property taxes assessed to the School District have been abated. During fiscal year 2025, the School District's property taxes were reduced by approximately \$126,134.

NOTE 20 - SUBSEQUENT EVENT

On August 1, 2025, Scott Pittman became Treasurer of the School District.

REQUIRED SUPPLEMENTARY INFORMATION

**PERRY LOCAL SCHOOL DISTRICT
STARK 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

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - over (under) Actual Amounts</u>
	<u>Original</u>	<u>Final</u>		
Budgetary revenues and other financing sources	\$ 54,280,330	\$ 56,435,330	\$ 56,434,817	\$ (513)
Budgetary expenditures and other financing uses	<u>57,346,022</u>	<u>57,346,022</u>	<u>56,191,597</u>	<u>(1,154,425)</u>
Net change in fund balance	(3,065,692)	(910,692)	243,220	1,153,912
Budgetary fund balance at beginning of year	17,115,803	17,115,803	17,115,803	-
Prior year encumbrances appropriated	<u>746,656</u>	<u>746,656</u>	<u>746,656</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 14,796,767</u></u>	<u><u>\$ 16,951,767</u></u>	<u><u>\$ 18,105,679</u></u>	<u><u>\$ 1,153,912</u></u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.192828900%	\$ 9,864,349	\$ 8,094,114	121.87%	78.52%
2024	0.224338200%	12,395,841	8,914,371	139.05%	76.06%
2023	0.219011300%	11,845,835	8,263,614	143.35%	75.82%
2022	0.226070800%	8,341,357	7,602,769	109.71%	82.86%
2021	0.220920500%	14,612,147	8,001,236	182.62%	68.55%
2020	0.212373300%	12,706,667	7,273,356	174.70%	70.85%
2019	0.224731700%	12,870,801	6,844,067	188.06%	71.36%
2018	0.212994400%	12,725,945	7,234,757	175.90%	69.50%
2017	0.221974200%	16,246,463	7,231,857	224.65%	62.98%
2016	0.213415300%	12,177,684	6,424,917	189.54%	69.16%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 1,256,002	\$ (1,256,002)	\$ -	\$ 8,971,443	14.00%
2024	1,133,176	(1,133,176)	-	8,094,114	14.00%
2023	1,248,012	(1,248,012)	-	8,914,371	14.00%
2022	1,156,906	(1,156,906)	-	8,263,614	14.00%
2021	1,064,375	(1,064,375)	-	7,602,679	14.00%
2020	1,120,173	(1,120,173)	-	8,001,236	14.00%
2019	981,903	(981,903)	-	7,273,356	13.50%
2018	923,949	(923,949)	-	6,844,067	13.50%
2017	1,012,866	(1,012,866)	-	7,234,757	14.00%
2016	1,012,460	(1,012,460)	-	7,231,857	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.184970890%	\$ 35,591,388	\$ 25,647,607	138.77%	82.55%
2024	0.194505900%	41,886,725	26,045,650	160.82%	80.02%
2023	0.199710230%	44,395,836	25,860,821	171.67%	78.88%
2022	0.209314367%	26,762,723	25,973,364	103.04%	87.78%
2021	0.210048340%	50,824,224	25,741,379	197.44%	75.48%
2020	0.206360060%	45,635,287	24,268,529	188.04%	77.40%
2019	0.208978010%	45,949,572	23,919,164	192.10%	77.31%
2018	0.206259540%	48,997,396	22,638,136	216.44%	75.30%
2017	0.210810560%	70,564,649	22,398,036	315.05%	66.80%
2016	0.210049060%	58,051,416	22,231,829	261.12%	72.10%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 3,662,317	\$ (3,662,317)	\$ -	\$ 26,159,407	14.00%
2024	3,590,665	(3,590,665)	-	25,647,607	14.00%
2023	3,646,391	(3,646,391)	-	26,045,650	14.00%
2022	3,620,515	(3,620,515)	-	25,860,821	14.00%
2021	3,636,271	(3,636,271)	-	25,973,364	14.00%
2020	3,603,793	(3,603,793)	-	25,741,379	14.00%
2019	3,397,594	(3,397,594)	-	24,268,529	14.00%
2018	3,348,683	(3,348,683)	-	23,919,164	14.00%
2017	3,169,339	(3,169,339)	-	22,638,136	14.00%
2016	3,135,725	(3,135,725)	-	22,398,036	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year (1) (2)	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School 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	0.196999300%	\$ 2,006,429	\$ 8,094,114	24.79%	44.50%
2024	0.229916800%	3,787,754	8,914,371	42.49%	30.02%
2023	0.224326300%	3,149,565	8,263,614	38.11%	30.34%
2022	0.233276600%	4,414,951	7,602,769	58.07%	24.08%
2021	0.229978100%	4,998,177	8,001,236	62.47%	18.17%
2020	0.217574800%	5,471,549	7,273,356	75.23%	15.57%
2019	0.227392600%	6,308,485	6,844,067	92.17%	13.57%
2018	0.217427900%	5,835,194	7,234,757	80.66%	12.46%
2017	0.224926280%	6,411,231	7,231,857	88.65%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 155,468	\$ (155,468)	\$ -	\$ 8,971,443	1.73%
2024	144,550	(144,550)	-	8,094,114	1.79%
2023	163,067	(163,067)	-	8,914,371	1.83%
2022	148,468	(148,468)	-	8,263,614	1.80%
2021	150,635	(150,635)	-	7,602,679	1.98%
2020	151,192	(151,192)	-	8,001,236	1.89%
2019	168,858	(168,858)	-	7,273,356	2.32%
2018	154,413	(154,413)	-	6,844,067	2.26%
2017	124,460	(124,460)	-	7,234,757	1.72%
2016	113,727	(113,727)	-	7,231,857	1.57%

(1) Amounts presented for each fiscal year were determined as of the School 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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET) AND
SCHOOL DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	School District's Proportion of the Net OPEB Liability/(Asset)	School District's Proportionate Share of the Net OPEB Liability/(Asset)	School District's Covered Payroll	School 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	0.184970890%	\$ (3,508,544)	\$ 25,647,607	13.68%	158.01%
2024	0.194505900%	(3,782,871)	26,045,650	14.52%	168.52%
2023	0.199710230%	(5,171,162)	25,860,821	20.00%	230.73%
2022	0.209314367%	(4,413,222)	25,973,364	16.99%	174.73%
2021	0.210048340%	(3,691,598)	25,741,379	14.34%	182.10%
2020	0.206360060%	(3,417,817)	24,268,529	14.08%	174.70%
2019	0.208978010%	(3,358,063)	23,919,164	14.04%	176.00%
2018	0.206259540%	8,047,486	22,638,136	35.55%	47.10%
2017	0.210810560%	11,274,204	22,398,036	50.34%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ -	\$ -	\$ -	\$ 26,159,407	0.00%
2024	-	-	-	25,647,607	0.00%
2023	-	-	-	26,045,650	0.00%
2022	-	-	-	25,860,821	0.00%
2021	-	-	-	25,973,364	0.00%
2020	-	-	-	25,741,379	0.00%
2019	-	-	-	24,268,529	0.00%
2018	-	-	-	23,919,164	0.00%
2017	-	-	-	22,638,136	0.00%
2016	-	-	-	22,398,036	0.00%

(1) Amounts presented for each fiscal year were determined as of the School 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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 1 - BUDGETARY PROCESS

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

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 243,220
Net adjustment for revenue accruals	695,643
Net adjustment for expenditure accruals	(407,298)
Funds budgeted elsewhere	16,704
Adjustments for encumbrances	<u>935,163</u>
GAAP Basis	<u><u>\$ 1,483,432</u></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 special trust fund, uniform school supplies fund, public school support fund, rotary-special services fund, adult education fund, recreation fund, special education fund, and unclaimed monies fund.

**PERRY LOCAL SCHOOL DISTRICT
STARK 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%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2013.
- 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.

**PERRY LOCAL SCHOOL DISTRICT
STARK 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.

**PERRY LOCAL SCHOOL DISTRICT
STARK 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:

- There were no changes in methods of 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) 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%.

**PERRY LOCAL SCHOOL DISTRICT
STARK 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.

**PERRY LOCAL SCHOOL DISTRICT
STARK 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.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

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

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PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED 2025

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Child Nutrition Cluster:				
Cash Assistance:				
School Breakfast Program	10.553	049924-3L70-2025	220,837	-
National School Lunch Program	10.555	049924-3L60-2025	908,616	-
Summer Food Service Program for Children	10.559	049924-3GEO-2025	33,901	-
Non-Cash Assistance:				
National School Lunch Program	10.555	049924-3L70-2025	230,547	230,547
Total Child Nutrition Cluster			1,393,901	230,547
Total U.S. Department of Agriculture			1,393,901	230,547
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
<i>Passed Through State Library of Ohio</i>				
LSTA Summer	45.310	55-9924	1,381	-
Total Institute of Museum and Library Services			1,381	-
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Special Education Cluster:				
Special Education Grants to States	84.027A	049924-3M20-2025	1,028,595	-
Special Education Preschool Grants	84.173	049924-3C50-2025	18,109	-
Total Special Education Cluster			1,046,704	-
Title I				
Title I Grants to Local Educational Agencies	84.010	049924-3M00-2024	104,051	-
Title I Grants to Local Educational Agencies	84.010	049924-3M00-2025	504,548	-
Total Title I Grants to Local Educational Agencies			608,599	-
Title II-A				
Supporting Effective Instruction State Grants	84.367	049924-3Y60-2024	16,414	-
Supporting Effective Instruction State Grants	84.367	049924-3Y60-2025	98,338	-
Total Improving Teacher Quality State Grants			114,752	-
Title III				
English Language Acquisition State Grants	84.365	049858-3Y70-2025	1,289	-
Total English Language Acquisition State Grants			1,289	-
Title IV-A				
Student Support and Academic Enrichment	84.424A	049924-3HI0-2024	20,263	-
Student Support and Academic Enrichment	84.424A	049924-3HI0-2025	25,998	-
Total Student Support and Academic Enrichment			46,261	-
Stronger Connections				
Stronger Connections Grant Program	84.424F	049924-2024	11,617	-
Total Stronger Connections			11,617	-
Elementary and Secondary School Emergency Relief Fund				
COVID 19 Elementary and Secondary School Emergency Relief Fund - ARP	84.425U	049924-3HSO-2023	8,770	-
COVID 19 Elementary and Secondary School Emergency Relief Fund - ARP Homeless	84.425W	049924-3HSO-2023	2,261	-
Total Elementary and Secondary School Emergency Relief Fund			11,031	-
Total U.S. Department of Education			1,840,253	-
Total Expenditures of Federal Awards			\$3,235,535	\$230,547

The accompanying notes are an integral part of this schedule.

**PERRY LOCAL SCHOOL DISTRICT
STARK 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 Perry Local School District (the School District) under programs of the federal government for the year ended June 30th, 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 School District, it is not intended to and does not present the financial position or changes in net position of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in 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 School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE F – TRANSFERS BETWEEN PROGRAM YEARS

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

<u>Program Title</u>	<u>AL Number</u>	<u>Amt.</u> <u>Transferred</u>
Title I	84.010	\$ 92,859
Title II-A	84.367	\$ 33,042
Title III	84.365	\$ 3,257
Title IV-A	84.424A	\$ 18,166
Special Education Grants to States	84.027A	\$ 6,415

OHIO AUDITOR OF STATE KEITH FABER

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

Perry Local School District
Stark County
4201 13th Street SW
Massillon, Ohio 44646

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perry Local School District, Stark 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 May 20, 2026, wherein we noted the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2025-001 that we consider to be a material weakness.

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*.

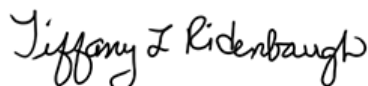
District's Response to Findings

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

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



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

May 20, 2026



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**

Perry Local School District
Stark County
4201 13th Street SW
Massillon, Ohio 44646

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Efficient • Effective • Transparent

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



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

May 20, 2026

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**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
FOR THE FISCAL YEAR ENDED 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)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2025-001

Financial Reporting

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting

Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Due to a lack of controls over financial reporting the following errors were noted in the financial statements filed with the Auditor of State and were corrected in the accompanying financial statements:

- Contracts Payable and Facilities Acquisition and Construction Expenditures were understated in the Classroom Facilities Fund by \$665,647 due to the District improperly excluding a fiscal year 2026 expenditure related to fiscal year 2025 as a payable.
- Nondepreciable Capital Assets and Contracts Payable were understated in Governmental Activities by \$665,647 as a result of the first bullet point.
- Nondepreciable Capital Assets was overstated \$697,590, Net Depreciable Capital Assets was understated \$337,169, and Extracurricular Activities Expenses was understated \$360,421 due to the District improperly capitalizing track resurfacing project expenses as Land twice rather than Land Improvements once.
- Net Depreciable Capital Assets was overstated and various Expenses, in total, were understated \$1,746,695 due to the District improperly not recording the disposals of its old elementary school buildings.

Additionally, Due to a lack of controls over financial reporting the following errors were noted but were not material and the District elected to not make the corrections:

- Intergovernmental Revenue was overstated and Food Service Fund Charges for Services Revenue was understated in the Food Service Fund by \$96,208 due to an improper reclassification during the GAAP conversion.
- Extracurricular Activities Expenses and Long-Term Liabilities Due In More Than One Year were understated in Governmental Activities by \$196,998 due to the District improperly excluding five Athletic Department employees in the compensated absences sick leave liability calculation.
- Long-Term Liabilities Due In More Than One Year was overstated and Long-Term Liabilities Due Within One Year was understated in Governmental Activities by \$276,616 due to an error in the District's compensated absences due within one year calculation.
- OPEB Deferred Outflows, Net OPEB Asset, and Opening Net Position were understated by \$54,900, \$19, and \$8,789 respectively. OPEB Deferred Inflows and OPEB Expense were overstated by \$93,835 and \$139,965 respectively. The errors were due to a miscalculation of employer contributions to the State Teachers Retirement System during the GAAP conversion.
- Opening Net Position was overstated by \$152,377 and OPEB expense was understated by the same amount due to a miscalculation of employer contributions to the School Employee Retirement System during the GAAP conversion in the prior year.

Officials' Response: See Corrective Action Plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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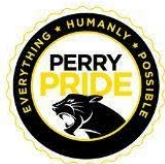
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR § 200.511(b)

June 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001	The District contracted with PaySchools to make free and reduced lunch eligibility determinations; however, the District had no procedures in place to ensure the system determined the proper eligibility status based on the information provided in the application.	Fully Corrected	

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CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2025

Finding Number: 2025-001
Planned Corrective Action: See Below
Anticipated Completion Date: See Below
Responsible Contact Person: See Below

Finding Reference: Material Weakness – Understatement of Contracts Payable and Facilities Expenditures (\$665,647).

Root Cause: The error was caused by a breakdown in the year-end cutoff procedure. Staff responsible for processing accounts payable did not identify that an invoice paid in early FY26 contained service dates pertaining to FY25. Additionally, because the project was 100% state-funded, the lack of immediate impact on the District's local cash position led to a less rigorous review of the accrual requirement for these specific funds.

Planned Corrective Actions:

1. **Enhanced Year-End Cutoff Review:** The District will implement a formal "Look-Back" procedure. For the 60 days following the close of the fiscal year, the Treasurer's Office will review every check/disbursement regardless of the fund. Each invoice will be cross-referenced against service dates to ensure expenditures are recorded in the correct fiscal period.
2. **Implementation of a Threshold-Based Checklist:** A new year-end checklist will be utilized for all capital projects and Classroom Facilities Fund expenditures. Any invoice exceeding a specific threshold (e.g., \$50,000) received between July and September must be reviewed and signed off by the Treasurer to verify the proper accrual period.
3. **Staff Training:** The Treasurer will conduct a training session with the accounts payable department prior to the FY26 year-end close. This training will focus specifically on "GAAP Cutoff" principles, emphasizing that the source of funding (state vs. local) does not exempt the expenditure from proper financial reporting and accrual requirements.
4. **Payable Spreadsheet Reconciliation:** The year-end payable spreadsheet will be reconciled against the construction manager's progress reports to ensure all work completed by June 30 is captured, even if the invoice has not yet been received or processed.

Responsible Party: District Treasurer / Accounts Payable Department

Anticipated Completion Date: June 30, 2026 (Procedures to be active for the FY26 year-end close.)

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Corrective Action Plan: FY25 Audit Finding – Capital Asset Understatement

Finding Reference: Material Weakness – Understatement of Nondepreciable Capital Assets and Contracts Payable (\$665,647) in Governmental Activities.

Root Cause: The understatement in Governmental Activities was a direct result of a cutoff error in the Classroom Facilities Fund. Because an invoice for construction-in-progress (Nondepreciable Capital Assets) was not identified as a payable for FY25, it was subsequently omitted from the capital asset conversion entries during the GAAP reporting process.

Planned Corrective Actions:

1. **Unified Year-End Review Process:** The District will synchronize the Accounts Payable "Look-Back" period with the Capital Asset reporting cycle. Any construction-related invoice processed in July or August will be flagged for review by the Treasurer to ensure it is captured both as a fund-level payable and as an addition to Construction-in-Progress (CIP).
2. **Enhanced Communication with Construction Managers:** The District will require a "Year-End Percentage of Completion" memo from the project architect or construction manager for all active facilities projects. This third-party document will be used to verify that all work performed through June 30 is reflected in the financial statements, regardless of whether the final invoice has cleared the AP department.
3. **Capital Asset Checklist:** A specific step will be added to the GAAP conversion checklist requiring a reconciliation between "Contracts Payable" in the capital funds and "Construction-in-Progress" additions in Governmental Activities to ensure consistency between the two reporting levels.
4. **Internal AP Review:** Personnel handling payables will receive refreshed instruction on identifying service dates on construction invoices. A secondary review of the "Payable Spreadsheet" will be conducted by the Treasurer specifically to check for large capital expenditures prior to closing the books.

Responsible Party: District Treasurer

Anticipated Completion Date: June 30, 2026

Corrective Action Plan: FY26 Audit Finding – Capital Asset Classification and Duplication

Finding Reference: Material Weakness – Overstatement of Nondepreciable Assets (\$697,590) and Understatement of Depreciable Assets and Expenses.

Root Cause: A track resurfacing project was incorrectly identified as "Land" (which does not depreciate) rather than "Land Improvements" (which does). Furthermore, a clerical error resulted in the

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asset being entered into the tracking system twice. This was compounded by a lack of a secondary review of the asset addition report against the actual project invoices.

Planned Corrective Actions:

1. **Comprehensive Asset Ledger Clean-up:** During FY26, the Treasurer's Office is performing a full line-by-line review of the Capital Asset listing. This includes verifying the existence of assets and ensuring they are assigned to the correct GASB categories (Land vs. Land Improvements vs. Buildings).
2. **Two-Person Review of Additions:** Before the final GAAP conversion, the Treasurer will review the "Current Year Additions" report. This review will specifically look for duplicate dollar amounts and ensure that project types (like "track resurfacing") are correctly mapped to depreciable categories.
3. **Capitalization Policy Refresher:** The District will review its internal capitalization policy to ensure it clearly defines the difference between Nondepreciable Land and Depreciable Land Improvements to provide clearer guidance for staff during data entry.

Responsible Party: District Treasurer

Anticipated Completion Date: June 30, 2026

Corrective Action Plan: FY25 Audit Finding – Unrecorded Asset Disposals

Finding Reference: Material Weakness – Overstatement of Net Depreciable Capital Assets and Understatement of Expenses (\$1,746,695) due to unrecorded school building disposals.

Root Cause: The District failed to remove old elementary school buildings from the capital asset ledger following their disposal/demolition. A breakdown in communication occurred during a leadership transition, where it was incorrectly assumed that the disposals had been recorded in the prior period. Furthermore, there was no year-end reconciliation between the facilities department's demolition schedule and the Treasurer's capital asset ledger.

Planned Corrective Actions:

1. **Capital Asset Ledger "Clean-Up":** As part of the comprehensive FY26 asset review already underway, the Treasurer's Office is cross-referencing the current asset listing against all recent facility closures and demolitions. Any retired assets still appearing on the books will be officially disposed of in the system to ensure the FY26 Opening Net Position is accurate.
2. **Annual Inventory/Verification:** Moving forward, the District will perform an annual high-level review of the building and land improvement ledger prior to the GAAP conversion. This review will confirm that all major structures listed in the software are still in use by the District.

Responsible Party: District Treasurer / Facilities Director

Anticipated Completion Date: June 30, 2026

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Corrective Action Plan: FY25 Audit Finding – Food Service Revenue Misclassification

Finding Reference: Material Weakness – Overstatement of Intergovernmental Revenue and Understatement of Charges for Services (\$96,208) in the Food Service Fund.

Root Cause: The error occurred during the GAAP conversion process due to an improper reclassification entry. A lack of familiarity with the District's specific revenue accounts in the new accounting software led to "Charges for Services" (likely student lunch payments) being misidentified as "Intergovernmental Revenue" (state/federal grants). This was exacerbated by the compressed timeline of the leadership transition, which limited the opportunity for a detailed year-over-year revenue comparison.

Planned Corrective Actions:

1. **Cross-Departmental Verification:** The Treasurer will meet with the Food Service Director at year-end to reconcile the revenue figures in the accounting software against the Food Service Department's point-of-sale (POS) reports. This secondary data source will act as a "check" to ensure the GAAP auditors receive the correct breakdown of revenue types.

Responsible Party: District Treasurer / Food Service Director

Anticipated Completion Date: June 30, 2026

Corrective Action Plan: FY25 Audit Finding – Compensated Absences Liability

Finding Reference: Material Weakness – Understatement of Extracurricular Expenses and Long-Term Liabilities (\$196,998) due to excluded Athletic Department employees.

Root Cause: The omission was caused by a technical reporting error during the GAAP conversion process. Due to the Treasurer's transition into the role on August 1st and unfamiliarity with the District's specific payroll software modules, the report generated to calculate sick leave liability did not capture all employee classifications. Specifically, five employees within the Athletic Department were excluded from the census data provided to the GAAP conversion auditors.

Planned Corrective Actions:

1. **Software Reporting Optimization:** The Treasurer has identified the specific parameters in the new payroll software required to capture all eligible personnel for GASB reporting.

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2. **Audit Preparation Timeline:** To avoid the "rush" experienced during the previous audit, the District has established an earlier internal deadline for gathering GAAP conversion data. This will allow the Treasurer sufficient time to review the census files for completeness before they are transmitted to the GAAP auditors.
3. **Enhanced Communication with GAAP Consultants:** The Treasurer will hold a pre-audit meeting with the GAAP conversion team to review the list of employee groups. We will explicitly confirm that athletic and supplemental contract holders who are eligible for sick leave accrual are included in the valuation.

Responsible Party: District Treasurer / Payroll Department

Anticipated Completion Date: June 30, 2026

Corrective Action Plan: FY25 Audit Finding – Compensated Absences (Current vs. Long-Term)

Finding Reference: Material Weakness – Overstatement of Long-Term Liabilities Due In More Than One Year and Understatement of Liabilities Due Within One Year (\$276,616).

Root Cause: The error was caused by an incorrect formula applied to the compensated absences census data during the GAAP conversion process. Due to the Treasurer's transition into the role on August 1st and initial unfamiliarity with the District's specific payroll reporting modules, the "termination payment" history used to estimate the current portion of the liability was incomplete or misapplied.

Planned Corrective Actions:

1. **Software Report Standardization:** The Treasurer will identify the specific payroll and attendance reports needed to track employee eligibility for retirement payouts. A "GAAP Reporting Guide" has been created for the District to ensure the same data sets are pulled and analyzed every year, regardless of personnel changes.
2. **Pre-Conversion Review:** Before the data is sent to the GAAP conversion auditors, the Treasurer will perform a "Reasonableness Test" on the current vs. long-term split. This includes comparing the current liability figure to the District's known retirement pipeline for the upcoming fiscal year.
3. **Audit Coordination and Timeline:** By starting the year-end close process earlier in FY26, the Treasurer will have sufficient time to review the work papers provided by the GAAP consultants to ensure the "Current/Long-Term" classifications align with the District's payroll records.

Responsible Party: District Treasurer

Anticipated Completion Date: June 30, 2026

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Corrective Action Plan: FY25 Audit Finding – OPEB & STRS Contribution Errors

Finding Reference: Material Weakness – Misstatement of OPEB Deferred Outflows, Inflows, Assets, and Expenses due to STRS contribution miscalculation.

Root Cause: The error was caused by the submission of inaccurate employer contribution data to the GAAP conversion auditors. Because the Treasurer began on August 1st and had limited time to receive training on the District's payroll software, the reports used to aggregate STRS (State Teachers Retirement System) contributions included incorrect data parameters. This led to a ripple effect across the OPEB (Other Post-Employment Benefits) deferred inflows, outflows, and expense accounts.

Planned Corrective Actions:

1. **Software Reporting Standardization:** The Treasurer will work with the payroll software provider to identify the exact "Employer Distribution" reports required for GAAP conversion. A specific parameter set has been saved within the software to ensure that STRS and SERS employer contributions are pulled accurately and consistently for all future audits.
2. **Expanded Preparation Timeline:** To address the "rush" associated with the leadership transition, the District has moved up the year-end payroll closing schedule. This will provide the Treasurer with more time to review the pension and OPEB census data for "reasonableness" compared to the prior year's audited figures.

Responsible Party: District Treasurer

Anticipated Completion Date: June 30, 2026

Corrective Action Plan: FY25 Audit Finding – SERS Contribution & Net Position Misstatement

Finding Reference: Material Weakness – Overstatement of Opening Net Position and Understatement of OPEB Expense (\$152,377) due to SERS contribution miscalculation.

Root Cause: The error stemmed from an inaccurate calculation of employer contributions to SERS provided during the GAAP conversion process. Similar to the STRS finding, the leadership transition on August 1st and the resulting compressed timeline led to a reliance on payroll reports with incorrect parameters. Because this error impacted the prior year's deferrals, it resulted in a misstated Opening Net Position for the current fiscal year.

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Planned Corrective Actions:

1. **Standardized Data Extraction:** The District has now established a specific "Audit Query" within the payroll system for SERS contributions. This saved report ensures that only "Employer Share" contributions are captured, eliminating the risk of miscommunication or manual calculation errors between the Treasurer's office and the GAAP consultants.
2. **Professional Development & Software Training:** To mitigate the challenges of the recent transition, the Treasurer is participating in software-specific training to ensure a full understanding of how the District's accounting system handles pension/OPEB allocations and where the data intersects with GAAP reporting requirements.

Responsible Party: District Treasurer

Anticipated Completion Date: June 30, 2026

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OHIO AUDITOR OF STATE KEITH FABER



PERRY LOCAL SCHOOL DISTRICT

STARK 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 6/2/2026

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

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www.ohioauditor.gov