

PIQUA CITY SCHOOL DISTRICT
MIAMI COUNTY
SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025



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Board of Education
Piqua City School District
215 Looney Road
Piqua, OH 45356

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

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

KEITH FABER
Ohio Auditor of State

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

May 06, 2026

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Piqua City School District
Miami County
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Independent Auditor's Report

Board of Education
Piqua City School District
215 Looney Road
Piqua, Ohio 45356

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Piqua City School District, Miami County, Ohio as of June 30, 2025, and the respective changes in modified cash-basis financial position thereof and the budgetary comparison of the General Fund for the year then ended in accordance with the modified cash-basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of Matter – Accounting Basis

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2025, the District has elected to change its financial presentation to a modified cash-basis of accounting comparable to the requirements of *Governmental Accounting Standards*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of federal awards expenditures 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

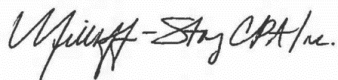
Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the management's discussion & analysis, the schedules of District's proportionate share of the net pension and OPEB liabilities (assets), and the schedules of District contributions but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2025 on our consideration of the District's internal control over financial reporting and on 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.



Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

December 30, 2025

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PIQUA CITY SCHOOL DISTRICT, OHIO

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

Unaudited

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

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025 are as follows:

- ❑ In total, net position increased \$679,364. Net position of governmental activities increased \$729,438, which represents a 2% increase from 2024. Net position of business-type activities decreased \$50,074 from 2024.
- ❑ General receipts accounted for \$46,436,944 or 80% of all receipts for governmental activities. Program specific receipts in the form of charges for services and grants and contributions accounted for \$11,886,689 or 20% of total governmental receipts of \$58,323,633.
- ❑ The District had \$57,594,195 in disbursements related to governmental activities; \$11,886,689 of these disbursements were offset by program specific charges for services and operating grants or contributions. General receipts of \$46,436,944 were also available to provide for these programs.
- ❑ Among major funds, the General Fund had \$50,664,748 in receipts and \$46,583,112 in disbursements. The General Fund's fund balance increased \$681,636 to \$21,633,482.
- ❑ Net position for the enterprise funds decreased \$39,854.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Report Components

The statement of net position and the statement of activities provide information about the modified cash activities of the District as a whole. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns. The notes to the financial statements are an integral part of the District's government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

PIQUA CITY SCHOOL DISTRICT, OHIO

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

Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid. As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Government-Wide Statements

The statement of net position and the statement of activities reflect how the District did financially during the fiscal year, within the limitations of modified cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the District at fiscal year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts and interest are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental and business-type function draws from the District's general receipts. These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors such as the District's property tax base, the condition of the District's capital assets, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

The government-wide financial statements of the District are divided into two categories:

Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the costs of the goods or services provided. The District's food service and TV station funds are reported as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

PIQUA CITY SCHOOL DISTRICT, OHIO

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

Unaudited

Governmental Funds – Most of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. 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 financial statements.

Proprietary Funds – When the District charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. When the services are provided to other departments of the District, the service is reported as an internal service fund.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net position for fiscal year 2025 compared to 2024.

	Governmental		Business-type		Total	
	Activities		Activities			
		Restated		Restated		Restated
	2025	2024	2025	2024	2025	2024
Cash and Investments	\$36,743,542	\$36,014,104	\$949,281	\$999,355	\$37,692,823	\$37,013,459
Total assets	<u>36,743,542</u>	<u>36,014,104</u>	<u>949,281</u>	<u>999,355</u>	<u>37,692,823</u>	<u>37,013,459</u>
Net position						
Restricted	4,235,884	3,851,554	0	0	4,235,884	3,851,554
Unrestricted	<u>32,507,658</u>	<u>32,162,550</u>	<u>949,281</u>	<u>999,355</u>	<u>33,456,939</u>	<u>33,161,905</u>
Total net position	<u><u>\$36,743,542</u></u>	<u><u>\$36,014,104</u></u>	<u><u>\$949,281</u></u>	<u><u>\$999,355</u></u>	<u><u>\$37,692,823</u></u>	<u><u>\$37,013,459</u></u>

PIQUA CITY SCHOOL DISTRICT, OHIO

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

Unaudited

Change in Net Position – The following table shows the change in net position for fiscal year 2025 compared to 2024:

	Governmental Activities		Business-type Activities		Total	
	2025	2024*	2025	2024*	2025	2024*
Receipts						
Program Receipts:						
Charges for Services and Sales	\$1,089,897	\$1,136,141	\$178,258	\$494,845	\$1,268,155	\$1,630,986
Operating Grants	10,796,792	9,429,897	2,003,910	1,648,279	12,800,702	11,078,176
Total Program Receipts	11,886,689	10,566,038	2,182,168	2,143,124	14,068,857	12,709,162
General Receipts:						
Property Taxes	15,736,274	15,363,117	0	0	15,736,274	15,363,117
Income Taxes	9,009,109	8,617,202	0	0	9,009,109	8,617,202
Intergovernmental, Unrestricted	19,547,827	19,805,249	0	0	19,547,827	19,805,249
Other	2,143,734	2,107,753	0	0	2,143,734	2,107,753
Total General Receipts	46,436,944	45,893,321	0	0	46,436,944	45,893,321
Total Receipts	58,323,633	56,459,359	2,182,168	2,143,124	60,505,801	58,602,483
Program Disbursements						
Instruction	31,815,692	31,018,075	0	0	31,815,692	31,018,075
Support Services:						
Pupils	3,598,954	3,350,243	0	0	3,598,954	3,350,243
Instructional Staff	3,859,684	3,627,284	0	0	3,859,684	3,627,284
Board of Education	38,339	59,622	0	0	38,339	59,622
Administration	3,439,441	3,002,517	0	0	3,439,441	3,002,517
Fiscal Services	1,224,265	1,131,200	0	0	1,224,265	1,131,200
Business	25,266	25,262	0	0	25,266	25,262
Operation and Maintenance of Plant	3,588,776	3,272,370	0	0	3,588,776	3,272,370
Pupil Transportation	2,392,242	2,155,716	0	0	2,392,242	2,155,716
Central	406,520	2,032,565	0	0	406,520	2,032,565
Operation of Non-Instructional Services	356,415	301,028	0	0	356,415	301,028
Extracurricular Activities	1,196,584	1,119,158	0	0	1,196,584	1,119,158
Capital Outlay	3,556,604	1,012,817	0	0	3,556,604	1,012,817
Debt Service:						
Principal Retirement	1,278,405	0	0	0	1,278,405	0
Interest on Long Term Debt	817,008	0	0	0	817,008	0
Food Service	0	0	2,120,282	2,016,582	2,120,282	2,016,582
TV Station	0	0	111,960	106,226	111,960	106,226
Total Disbursements	57,594,195	52,107,857	2,232,242	2,122,808	59,826,437	54,230,665
Total Change in Net Position	729,438	4,351,502	(50,074)	20,316	679,364	4,371,818
Beginning Net Position						
as Previously Reported	49,685,696	45,334,194	1,379,743	1,359,427	51,065,439	46,693,621
Change in Accounting Basis	(13,671,592)	0	(380,388)	0	(14,051,980)	0
Beginning Net Position as Restated	36,014,104	45,334,194	999,355	1,359,427	37,013,459	46,693,621
Ending Net Position	\$36,743,542	\$49,685,696	\$949,281	\$1,379,743	\$37,692,823	\$51,065,439

*2024 activity has not been restated from amounts previously reported.

Governmental Activities

Net position of the District's governmental activities increased \$729,438. Fiscal year 2025 activity has been reported using the modified cash basis of accounting. The prior fiscal year's activity reflects receipts and disbursements accounted for using generally accepted accounting principles. A comparative analysis will be available in future fiscal years.

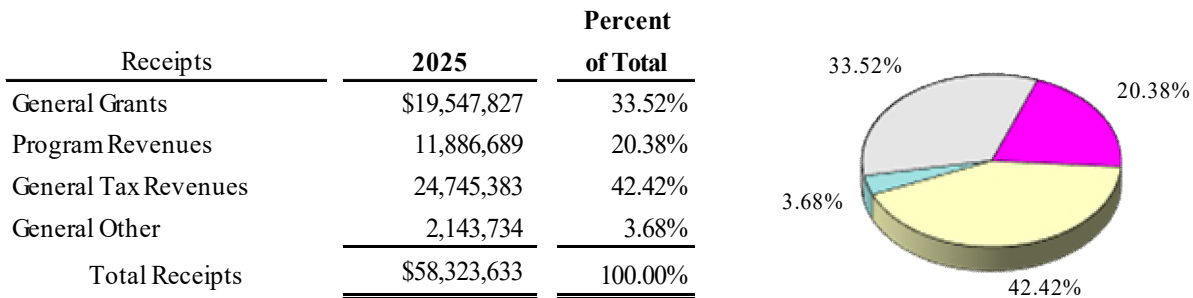
PIQUA CITY SCHOOL DISTRICT, OHIO

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

Unaudited

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. 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 were 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. However, the assessed millage for the District has already been reduced to the 20 mill floor. Consequently, the District will receive some increased revenues as property values increase with reappraisals.

Property and income taxes made up 42% of receipts for governmental activities in fiscal year 2025. The District's reliance upon tax receipts is demonstrated by the following graph:



Business-Type Activities

Net position of the business-type activities decreased \$50,074.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$34,336,866, which is above last year's balance of \$33,242,260. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2025 and 2024.

	Fund Balance	Restated Fund Balance	Increase
	June 30, 2025	June 30, 2024	(Decrease)
General	\$21,633,482	\$20,951,846	\$681,636
Permanent Improvement	8,765,529	8,438,860	326,669
Other Governmental	3,937,855	3,851,554	86,301
Total	\$34,336,866	\$33,242,260	\$1,094,606

PIQUA CITY SCHOOL DISTRICT, OHIO

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

Unaudited

General Fund – The District's General Fund balance change was due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2025	Restated 2024	Increase (Decrease)
	<u>Receipts</u>	<u>Receipts</u>	
Taxes	\$21,486,051	\$21,131,957	\$354,094
Tuition	317,430	332,120	(14,690)
Investment Earnings	1,653,195	1,156,445	496,750
Extracurricular Activities	82,480	120,399	(37,919)
Class Materials and Fees	49,155	74,699	(25,544)
Intermediate Sources	13,160	0	13,160
Intergovernmental - State	25,667,471	23,501,008	2,166,463
Intergovernmental - Federal	1,042,743	535,890	506,853
Contributions and Donations	12,958	7,881	5,077
All Other Revenue	340,105	259,978	80,127
Total	<u>\$50,664,748</u>	<u>\$47,120,377</u>	<u>\$3,544,371</u>

General Fund receipts increased \$3,544,371, or approximately 8%. This increase can mostly be attributed to Disadvantaged Pupil Impact Aid funding as well as Federal Medicaid reimbursements.

	2025	Restated 2024	Increase (Decrease)
	<u>Disbursements</u>	<u>Disbursements</u>	
Instruction	\$28,656,856	\$26,433,144	\$2,223,712
Supporting Services:			
Pupils	3,466,465	2,852,619	613,846
Instructional Staff	3,283,192	2,558,246	724,946
Board of Education	37,421	38,728	(1,307)
Administration	3,399,222	2,976,870	422,352
Fiscal Services	1,158,877	1,091,595	67,282
Operation and Maintenance of Plant	3,406,574	3,262,930	143,644
Pupil Transportation	2,151,187	2,044,927	106,260
Central	398,566	377,617	20,949
Non-Instructional Services	990	0	990
Extracurricular Activities	590,312	542,124	48,188
Debt Service			
Principal Retirement	32,405	32,982	(577)
Interest and Fiscal Charges	1,045	468	577
Total	<u>\$46,583,112</u>	<u>\$42,212,250</u>	<u>\$4,370,862</u>

General Fund disbursements increased 10% from the prior fiscal year, which can be attributed to an overall increase in salaries and benefits as well as an overall increase in the cost of goods and services.

PIQUA CITY SCHOOL DISTRICT, OHIO

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

Unaudited

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

During the course of fiscal year 2025, the District amended its General Fund budget several times. Final receipt estimates were 7% higher than original estimates. Final estimated and actual budget basis receipts were not materially different. Final budgeted disbursements were 17% more than original amounts due to an overall increase in salaries, supplies, and contractual costs. Final budgeted receipts and disbursements were equal to actual amounts.

Permanent Improvement Fund - The District's Permanent Improvement Fund balance increased \$326,669, or 4%. Receipts were consistent with the prior year. An increase in disbursements can mostly be attributed to outlays for an athletic facility improvement project.

DEBT ADMINISTRATION

The following table summarizes the District's debt outstanding as of June 30, 2025 and 2024:

	<u>2025</u>	<u>Restated 2024</u>
Governmental Activities:		
General Obligation Bonds:		
2020 School Improvement Refunding	\$16,541,033	\$16,522,905
2022 School Improvement Refunding	3,944,000	4,840,000
Certificates of Participation	8,478,553	8,765,235
Leases Payable	5,544	37,949
Totals	<u>\$28,969,130</u>	<u>\$30,166,089</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2025, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 10.

PIQUA CITY SCHOOL DISTRICT, OHIO

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

Unaudited

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Like most public school districts in Ohio, the Piqua City School District relies on its property and income taxes, along with state and federal aid, to provide the funds necessary to maintain its educational programs. There has been a consistent increase in income tax collections, and property tax collections have increased with the change in valuation and the district being at the 20-mill floor. The Board of Education has been willing to confront difficult decisions regarding the instructional programs and staffing, coupled with the community's willingness to provide additional funding when necessary, which has resulted in a stable financial condition. We have been able to continue operating in the black for the past 18 years, and are on track to complete our 19th year. The District hasn't asked for new operating money in nearly 19 years, and the hope is to hold off on any new requests for as long as possible. The District does not have any ballot issues that need to be renewed. Additionally, the Board passed a continuing permanent improvement levy on May 7, 2019. These funds were used to renovate our current high school, of 45 years and junior high, of 25 years old.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jeremie Hittle, Treasurer of Piqua City School District.

PIQUA CITY SCHOOL DISTRICT, OHIO

Statement of Net Position – Modified Cash Basis ***June 30, 2025***

	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled Cash and Investments	\$ 36,742,780	\$ 949,281	\$ 37,692,061
Restricted Assets:			
Cash with Fiscal Agent	762	0	762
Total Assets	36,743,542	949,281	37,692,823
Net Position:			
Restricted For:			
Debt Service	1,920,595	0	1,920,595
Community Gifts and Awards	178,574	0	178,574
Federal and State Programs	2,136,715	0	2,136,715
Unrestricted	32,507,658	949,281	33,456,939
Total Net Position	\$ 36,743,542	\$ 949,281	\$ 37,692,823

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT, OHIO

Statement of Activities – Modified Cash Basis For the Fiscal Year Ended June 30, 2025

	Cash Disbursements	Program Cash Receipts	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 31,815,692	\$ 458,651	\$ 9,680,922
Support Services:			
Pupils	3,598,954	0	99,087
Instructional Staff	3,859,684	0	695,215
Board of Education	38,339	0	1,050
Administration	3,439,441	0	0
Fiscal Services	1,224,265	0	0
Business	25,266	0	0
Operation and Maintenance of Plant	3,588,776	0	7,511
Pupil Transportation	2,392,242	0	0
Central	406,520	0	0
Operation of Non-Instructional Services	356,415	0	311,812
Extracurricular Activities	1,196,584	631,246	1,195
Capital Outlay	3,556,604	0	0
Debt Service;			
Principal Retirement	1,278,405	0	0
Interest on Long Term Debt	817,008	0	0
Total Governmental Activities	57,594,195	1,089,897	10,796,792
Business-Type Activities:			
Food Service	2,120,282	116,705	1,987,929
TV Station	111,960	61,553	15,981
Total Business-Type Activities	2,232,242	178,258	2,003,910
Totals	\$ 59,826,437	\$ 1,268,155	\$ 12,800,702

General Cash Receipts

Taxes:

Property Taxes levied for: General Purposes
Property Taxes levied for: Facilities Maintenance
Property Taxes levied for: Debt Service
Property Taxes levied for: Capital Outlay
Income Taxes

Intergovernmental, Unrestricted

Investment Earnings

Miscellaneous

Total General Cash Receipts

Change in Net Position

Net Position as Previously Reported

Change in Accounting Basis

Net Position Beginning of Year - Restated

Net Position End of Year

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT, OHIO

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (21,676,119)	\$ 0	\$ (21,676,119)
(3,499,867)	0	(3,499,867)
(3,164,469)	0	(3,164,469)
(37,289)	0	(37,289)
(3,439,441)	0	(3,439,441)
(1,224,265)	0	(1,224,265)
(25,266)	0	(25,266)
(3,581,265)	0	(3,581,265)
(2,392,242)	0	(2,392,242)
(406,520)	0	(406,520)
(44,603)	0	(44,603)
(564,143)	0	(564,143)
(3,556,604)	0	(3,556,604)
(1,278,405)	0	(1,278,405)
(817,008)	0	(817,008)
(45,707,506)	0	(45,707,506)
0	(15,648)	(15,648)
0	(34,426)	(34,426)
0	(50,074)	(50,074)
\$ (45,707,506)	\$ (50,074)	\$ (45,757,580)
12,476,942	0	12,476,942
183,518	0	183,518
1,455,440	0	1,455,440
1,620,374	0	1,620,374
9,009,109	0	9,009,109
19,547,827	0	19,547,827
1,675,980	0	1,675,980
467,754	0	467,754
46,436,944	0	46,436,944
729,438	(50,074)	679,364
49,685,696	1,379,743	51,065,439
(13,671,592)	(380,388)	(14,051,980)
36,014,104	999,355	37,013,459
\$ 36,743,542	\$ 949,281	\$ 37,692,823

PIQUA CITY SCHOOL DISTRICT, OHIO

Statement of Assets and Fund Balances – Modified Cash Basis
Governmental Funds
June 30, 2025

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Pooled Cash and Investments	\$ 21,633,482	\$ 8,765,529	\$ 3,937,093	\$ 34,336,104
Restricted Assets:				
Cash with Fiscal Agent	0	0	762	762
Total Assets	<u><u>\$ 21,633,482</u></u>	<u><u>\$ 8,765,529</u></u>	<u><u>\$ 3,937,855</u></u>	<u><u>\$ 34,336,866</u></u>
Fund Balance:				
Restricted	0	0	4,235,884	4,235,884
Committed	0	8,765,529	0	8,765,529
Assigned	1,254,627	0	0	1,254,627
Unassigned	20,378,855	0	(298,029)	20,080,826
Total Fund Balance	<u><u>\$ 21,633,482</u></u>	<u><u>\$ 8,765,529</u></u>	<u><u>\$ 3,937,855</u></u>	<u><u>\$ 34,336,866</u></u>

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT, OHIO

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities – Modified Cash Basis June 30, 2025

Total Governmental Fund Balances	\$ 34,336,866
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*Amounts reported for governmental activities in the
statement of net position are different because*

Internal service funds are used by management to charge
the costs of insurance to individual funds. The assets
and liabilities of the internal service funds are included in
governmental activities in the statement of net position.

2,406,676

Net Position of Governmental Activities

<u>\$ 36,743,542</u>

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT, OHIO

Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis Governmental Funds For the Fiscal Year Ended June 30, 2025

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Receipts:				
Local Sources:				
Taxes	\$ 21,486,051	\$ 1,620,374	\$ 1,638,958	\$ 24,745,383
Tuition	317,430	0	0	317,430
Investment Earnings	1,653,195	11,144	7,363	1,671,702
Extracurricular Activities	82,480	5,878	625,368	713,726
Class Materials and Fees	49,155	9,586	0	58,741
Intermediate Sources	13,160	0	61,355	74,515
Intergovernmental - State	25,667,471	150,901	437,105	26,255,477
Intergovernmental - Federal	1,042,743	33,316	2,938,568	4,014,627
Contributions and Donations	12,958	0	78,592	91,550
All Other Revenue	340,105	0	36,099	376,204
Total Receipts	50,664,748	1,831,199	5,823,408	58,319,355
Disbursements:				
Current:				
Instruction	28,656,856	779,328	2,143,021	31,579,205
Supporting Services:				
Pupils	3,466,465	0	105,062	3,571,527
Instructional Staff	3,283,192	0	541,512	3,824,704
Board of Education	37,421	0	918	38,339
Administration	3,399,222	17,647	0	3,416,869
Fiscal Services	1,158,877	28,371	32,670	1,219,918
Business	0	0	25,266	25,266
Operation and Maintenance of Plant	3,406,574	149,500	14,902	3,570,976
Pupil Transportation	2,151,187	224,276	0	2,375,463
Central	398,566	0	0	398,566
Operation of Non-Instructional Services	990	0	354,325	355,315
Extracurricular Activities	590,312	0	606,272	1,196,584
Capital Outlay	0	3,141,126	415,478	3,556,604
Debt Service:				
Principal Retirement	32,405	0	1,246,000	1,278,405
Interest and Fiscal Charges	1,045	0	815,963	817,008
Total Disbursements	46,583,112	4,340,248	6,301,389	57,224,749
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	4,081,636	(2,509,049)	(477,981)	1,094,606

(Continued)

PIQUA CITY SCHOOL DISTRICT, OHIO

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):				
Transfers In	0	3,400,000	564,282	3,964,282
Transfers Out	(3,400,000)	(564,282)	0	(3,964,282)
Total Other Financing Sources (Uses)	<u>(3,400,000)</u>	<u>2,835,718</u>	<u>564,282</u>	<u>0</u>
 Net Change in Fund Balance	 681,636	 326,669	 86,301	 1,094,606
 Fund Balance as Previously Reported	 22,530,255	 8,359,896	 4,352,150	 35,242,301
Change in Accounting Basis	(1,578,409)	78,964	(500,596)	(2,000,041)
Fund Balances at Beginning of Year - Restated	<u>20,951,846</u>	<u>8,438,860</u>	<u>3,851,554</u>	<u>33,242,260</u>
Fund Balance End of Year	<u>\$ 21,633,482</u>	<u>\$ 8,765,529</u>	<u>\$ 3,937,855</u>	<u>\$ 34,336,866</u>

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT, OHIO

Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances of Governmental Funds To the Statement of Activities – Modified Cash Basis For the Fiscal Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 1,094,606
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***Amounts reported for governmental activities in the statement of
activities are different because***

The internal service funds are used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund disbursements and related internal service fund receipts are eliminated. The net receipt (disbursement) of the internal service funds are allocated among the governmental activities.

<u>(365,168)</u>

Change in Net Position of Governmental Activities

<u><u>\$ 729,438</u></u>

See accompanying notes to the basic financial statements

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PIQUA CITY SCHOOL DISTRICT, OHIO

**Statement of Receipts, Disbursements and Changes in
Fund Balance – Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts:				
Local Sources:				
Taxes	\$ 20,136,923	\$ 21,486,051	\$ 21,486,051	\$ 0
Tuition	297,498	317,430	317,430	0
Investment Earnings	1,548,401	1,652,140	1,652,140	0
Class Material and Fees	46,069	49,155	49,155	0
Intergovernmental - State	23,662,315	25,247,636	25,247,636	0
Intergovernmental - Federal	904,360	964,950	964,950	0
Contributions and Donations	3,048	3,252	3,252	0
All Other Revenues	299,346	319,402	319,402	0
Total Receipts	<u>46,897,960</u>	<u>50,040,016</u>	<u>50,040,016</u>	<u>0</u>
Disbursements:				
Current:				
Instructional Services:				
Regular	17,105,070	19,997,408	19,997,408	0
Special	7,328,088	8,567,213	8,567,213	0
Support Services:				
Pupils	2,965,091	3,466,465	3,466,465	0
Instructional Staff	2,810,674	3,285,938	3,285,938	0
Board of Education	32,042	37,460	37,460	0
Administration	2,913,585	3,406,250	3,406,250	0
Fiscal Services	992,214	1,159,990	1,159,990	0
Operation and Maintenance of Plant	3,015,321	3,525,189	3,525,189	0
Pupil Transportation	1,825,938	2,134,690	2,134,690	0
Central	340,919	398,566	398,566	0
Extracurricular Activities	506,214	591,812	591,812	0
Total Disbursements	<u>39,835,156</u>	<u>46,570,981</u>	<u>46,570,981</u>	<u>0</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	7,062,804	3,469,035	3,469,035	0

(Continued)

PIQUA CITY SCHOOL DISTRICT, OHIO

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers In	42,860	42,860	42,860	0
Transfers Out	(3,942,860)	(3,942,860)	(3,942,860)	0
Refund of Prior Year's Expenditures	480,471	480,471	480,471	0
Total Other Financing Sources (Uses):	<u>(3,419,529)</u>	<u>(3,419,529)</u>	<u>(3,419,529)</u>	<u>0</u>
 Net Change in Fund Balance	 3,643,275	 49,506	 49,506	 0
 Fund Balance at Beginning of Year	 19,977,791	 19,977,791	 19,977,791	 0
Prior Year Encumbrances	351,561	351,561	351,561	0
Fund Balance at End of Year	<u>\$ 23,972,627</u>	<u>\$ 20,378,858</u>	<u>\$ 20,378,858</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT, OHIO

Statement of Fund Net Position – Modified Cash Basis
Proprietary Funds
June 30, 2025

	Business-Type Activities			Governmental Activities
	Major Food Service	Nonmajor TV Station	Total Enterprise Funds	Internal Service Fund
Assets:				
<i>Current Assets:</i>				
Pooled Cash and Investments	\$ 875,577	\$ 12,851	\$ 888,428	\$ 2,467,529
Total Assets	<u>875,577</u>	<u>12,851</u>	<u>888,428</u>	<u>2,467,529</u>
Net Position:				
Unrestricted	875,577	12,851	888,428	2,467,529
Total Net Position	<u>\$ 875,577</u>	<u>\$ 12,851</u>	<u>\$ 888,428</u>	<u>\$ 2,467,529</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			60,853	
Net Position of Business-type Activities			<u>\$ 949,281</u>	

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT, OHIO

Statement of Receipts, Disbursements and Changes in Fund Net Position – Modified Cash Basis

Proprietary Funds

For the Fiscal Year Ended June 30, 2025

	Business-Type Activities			Governmental Activities
	Major Food Service	Nonmajor TV Station	Total Enterprise Funds	Internal Service Fund
Operating Receipts:				
Sales	\$ 97,832	\$ 0	\$ 97,832	\$ 0
Charges for Services	0	61,487	61,487	0
Interfund Charges	0	0	0	5,047,802
Other Operating Receipts	17,852	321	18,173	0
Total Operating Receipts	115,684	61,808	177,492	5,047,802
Operating Disbursements:				
Salaries and Wages	655,017	68,665	723,682	0
Fringe Benefits	356,515	36,270	392,785	0
Contractual Services	45,460	4,203	49,663	8,767
Claims	0	0	0	5,412,181
Supplies and Materials	1,018,864	2,822	1,021,686	6,520
Capital Outlay	34,206	0	34,206	0
Total Operating Disbursements	2,110,062	111,960	2,222,022	5,427,468
Operating Loss	(1,994,378)	(50,152)	(2,044,530)	(379,666)
Nonoperating Receipts (Disbursements):				
Operating Grants and Contributions	1,987,929	15,660	2,003,589	0
Investment Earnings	1,021	66	1,087	4,278
Total Nonoperating Receipts (Disbursements)	1,988,950	15,726	2,004,676	4,278
Change in Net Position	(5,428)	(34,426)	(39,854)	(375,388)
Net Position as Previously Reported	1,167,804	(42,737)	1,125,067	2,504,945
Change in Accounting Basis	(286,799)	90,014	(196,785)	337,972
Net Position at Beginning of Year - Restated	881,005	47,277	928,282	2,842,917
Net Position End of Year	<u>\$ 875,577</u>	<u>\$ 12,851</u>	<u>\$ 888,428</u>	<u>\$ 2,467,529</u>
Change in Net Position - Total Enterprise Funds			(39,854)	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			(10,220)	
Change in Net Position - Total Business-type Activities			<u>\$ (50,074)</u>	

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT, OHIO

Statement of Fiduciary Net Position – Modified Cash Basis Fiduciary Funds June 30, 2025

	Private Purpose Trust
Assets:	
Cash and Cash Equivalents	\$ 313,424
Investments with Fiscal Agent	261,289
Total Assets	<u>574,713</u>
Net Position:	
Held in Trust	574,713
Total Net Position	<u>\$ 574,713</u>

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT, OHIO

Statement of Changes in Fiduciary Net Position – Modified Cash Basis Fiduciary Funds For the Fiscal Year Ended June 30, 2025

	Private Purpose Trust	Custodial
Additions:		
Collection of Extracurricular Fees for other Governments	\$ 0	\$ 71,411
Total Collections	0	71,411
Investment Earnings:		
Interest	8,758	0
Total Additions	8,758	71,411
Deductions:		
Distribution of Extracurricular Fees to other Governments	0	90,633
Community Gifts, Awards and Scholarships	44,828	0
Total Deductions	44,828	90,633
Change in Net Position	(36,070)	(19,222)
Net Position as Previously Reported	652,914	0
Change in Accounting Basis	(42,131)	19,222
Net Position at Beginning of Year - Restated	610,783	19,222
Net Position End of Year	\$ 574,713	\$ 0

See accompanying notes to the basic financial statements

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Piqua City School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five-member Board of Education (the Board), which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 215 teachers, 22 certified administrators, 112 classified staff, and 15 classified administrators providing education to 3,145 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," and Statement No. 39, "*Determining Whether Certain Organizations are Component Units*," in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing board and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to or impose a financial burden on the District. Additionally, the primary government is required to consider other organizations for which the primary government is not financially accountable to determine whether the relationship is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the foregoing, the District's reporting entity has no component units, and includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

The District is a member of the Metropolitan Educational Technology Association, the Southwestern Ohio Educational Purchasing Council, the Southwestern Ohio Instructional Technology Association, the Upper Valley Career Center, and the Educational Regional Service System Region 10. All of the aforementioned entities are jointly governed organizations that provide various services to member school districts, see Note 14 "Jointly Governed Organizations." Sometimes a government may appoint the voting majority of board members for another entity without establishing a bond of financial accountability with that entity that would justify its inclusion as a component unit. Generally accepted accounting principles refer to entities that meet this description as related organizations. The Piqua Public Library was determined to be a related organization, see Note 15.

As discussed further in the Basis of Accounting Portion of this note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The following is a summary of the District's significant accounting policies.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The various funds are summarized by type in the basic financial statements.

The following fund types are used by the District:

Governmental Funds - The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the District's major governmental funds:

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

Permanent Improvement Fund - The permanent improvement fund accounts for financial resources to be used for the acquisition or construction of major capital assets.

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

Proprietary Funds - The District classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District's major enterprise fund is:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the District.

The other enterprise fund of the District accounts for television station operations.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments on a cost-reimbursement basis. The District's internal service fund accounts for the activities of the self-insurance program for employee health care benefits.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into two classifications: private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the District's own programs. Custodial funds report assets held in a fiduciary capacity, but which do not meet the criteria for trust fund reporting. The District's only trust fund is a private purpose trust that accounts for scholarship programs, gifts and awards for specific students. State law permits the District to appropriate for purposes consistent with the endowment's intent, net appreciation, both realized and unrealized. The custodial fund accounts for athletic tournament monies collected on behalf of other Districts.

C. Basis of Presentation – Financial Statements

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

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the District as a whole. Internal service fund activity is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

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

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

The District's financial records are maintained using the cash basis of accounting while the District's financial statements are prepared using the modified cash basis of accounting. Under both the cash basis and modified cash basis of accounting, receipts are recorded when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. The modified cash basis of accounting includes certain modifications to cash basis receipts and disbursements. For the District, these modifications include adjustments for the value of Federal USDA commodities received during the fiscal year and the recording of investments held at cost by the District.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the basis of budgeting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds other than custodial funds are legally required to be budgeted and appropriated; however, only the General Fund is required to be reported. The primary level of budgetary control is at the fund level. Supplemental budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated disbursements from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2025.

3. Appropriations

A temporary appropriation measure to control disbursements may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year with approval of the Board. During the fiscal year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Receipts, Disbursements, and Changes in Fund Balances-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Basis of Budgeting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The following table summarizes the adjustments necessary to reconcile the modified cash basis statements to the budgetary basis statements for the General Fund:

Net Change in Fund Balance	
	General Fund
Cash Basis (as reported)	\$681,636
Increase (Decrease):	
Perspective Difference-	
Budgeted Special Revenue Funds	
reclassified as General Fund	(478,245)
Encumbrances Outstanding	(153,885)
Budget Basis	<u>\$49,506</u>

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, investments with original maturities of less than three months, and the State Treasury Asset Reserve (STAR Ohio). The amounts in STAR Ohio are considered cash equivalents because they are highly liquid investments with original maturity dates of three months or less.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

G. Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments (Continued)

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. During fiscal year 2025, investment purchases were limited to certificates of deposit, STAR Ohio and federal agency securities. The District records all its investments at cost except for STAR Ohio. See Note 5, "Cash, Cash Equivalents and Investments."

The District's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the District. The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. 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.

Fifth Third Bank acts as the fiscal agent for investments held for the Francis Allison Trust, which is reported as a private purpose trust fund in the accompanying financial statements. The funds are reported as "Investments with Fiscal Agent" in the Statement of Net Position for Fiduciary Funds.

H. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

I. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

J. Long-Term Obligations

The District's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Accumulated Leave

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

L. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

M. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the District Board of Education.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance (Continued)

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

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

N. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. The employer contributions include portions for pension benefits and for postretirement health care benefits.

O. Pensions/Other Postemployment Benefits

For purposes of measuring the net pension/OPEB liability, 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.

P. Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Q. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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. Interfund transfers between governmental funds are eliminated on the Statement of Activities. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Restricted Assets

Restricted assets in the bond retirement fund represent cash set aside for outstanding bonds and coupons not yet redeemed.

S. Operating Receipts and Disbursements

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund's principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

NOTE 2 - COMPLIANCE

Financial Reporting - Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, deferred inflows/outflows, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE, CHANGE IN BASIS OF ACCOUNTING, AND RESTATEMENT OF NET POSITION/FUND BALANCE

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

GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences. GASB Statement No. 102 requires the disclosure of information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

The implementation of these Statements had no effect on beginning net position/fund balance.

For fiscal year 2025, the District ceased to report using generally accepted accounting principles and reported on the modified cash basis as described in Note 1.

The implementation of this change had the following effects on the District's net position/fund balance:

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements *For the Fiscal Year Ended June 30, 2025*

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE, CHANGE IN BASIS OF ACCOUNTING, AND RESTATEMENT OF NET POSITION/FUND BALANCE (Continued)

	Governmental Activities	Business-Type Activities
Net Position, June 30, 2024 as reported	\$49,685,696	\$1,379,743
Eliminations:		
Asset Accruals	(20,477,865)	0
Prepaid Items	(154,965)	(756)
Net OPEB Asset	(2,588,224)	0
Internal Balance	183,603	(183,603)
Deferred Outflows	(9,008,293)	(267,392)
Capital Assets	(76,478,345)	(1,452,619)
Liability Accruals	4,583,968	121,927
Net Pension Liability	34,696,010	762,320
Net OPEB Liability	1,847,349	233,270
Deferred Inflows	20,653,455	321,820
Long-term Liabilities	33,071,715	84,645
Net Position, July 1, 2024 as restated	<u>\$36,014,104</u>	<u>\$999,355</u>

	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Fund Balance, June 30, 2024 as reported	\$22,530,255	\$8,359,896	\$4,352,150	\$35,242,301
Eliminations:				
Asset Accruals	(16,179,786)	(1,653,765)	(2,644,314)	(20,477,865)
Prepaid Items	(151,964)	0	(3,001)	(154,965)
Deferred Inflows	11,270,402	1,467,373	1,675,723	14,413,498
Liability Accruals	3,482,939	265,356	470,996	4,219,291
Fund Balance, July 1, 2024 as restated	<u>\$20,951,846</u>	<u>\$8,438,860</u>	<u>\$3,851,554</u>	<u>\$33,242,260</u>

	Food Service Fund	TV Station Fund	Internal Service Fund	Private Purpose Trust Fund	Custodial Fund
Net Position, June 30, 2024 as reported	\$1,167,804	(\$42,737)	\$2,504,945	\$652,914	\$0
Eliminations:					
Asset Accruals	0	0	0	(42,131)	0
Prepaid Items	(756)	0	0	0	0
Deferred Outflows	(236,856)	(30,536)	0	0	0
Capital Assets	(1,443,844)	(8,775)	(33,999)	0	0
Liability Accruals	200,160	6,412	371,971	0	19,222
Net Pension Liability	689,842	72,478	0	0	0
Net OPEB Liability	211,086	22,184	0	0	0
Deferred Inflows	293,569	28,251	0	0	0
Net Position, July 1, 2024 as restated	<u>\$881,005</u>	<u>\$47,277</u>	<u>\$2,842,917</u>	<u>\$610,783</u>	<u>\$19,222</u>

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 4 – FUND BALANCES

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

Fund Balances	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Restricted:				
Classroom Facilities Maintenance	\$0	\$0	\$1,379,750	\$1,379,750
Non-Public School Support	0	0	35,830	35,830
Extracurricular Activities	0	0	667,838	667,838
Community Gifts and Awards	0	0	178,574	178,574
Targeted Academic Assistance	0	0	53,297	53,297
Debt Service Payments	0	0	1,920,595	1,920,595
Total Restricted	<u>0</u>	<u>0</u>	<u>4,235,884</u>	<u>4,235,884</u>
Committed:				
Capital Improvements	0	8,765,529	0	8,765,529
Total Committed	<u>0</u>	<u>8,765,529</u>	<u>0</u>	<u>8,765,529</u>
Assigned:				
Public School Support	99,839	0	0	99,839
Severance Pay	1,000,900	0	0	1,000,900
Services and Supplies	153,888	0	0	153,888
Total Assigned:	<u>1,254,627</u>	<u>0</u>	<u>0</u>	<u>1,254,627</u>
Unassigned (Deficit)	<u>20,378,855</u>	<u>0</u>	<u>(298,029)</u>	<u>20,080,826</u>
Total Fund Balances	<u>\$21,633,482</u>	<u>\$8,765,529</u>	<u>\$3,937,855</u>	<u>\$34,336,866</u>

NOTE 5 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 5 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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 or interest by the United States;
- 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, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- 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.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District has no deposit policy for custodial risk beyond the requirements of State statute.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the District's deposits was \$1,573,077 and the bank balance was \$1,692,712. Federal depository insurance covered \$1,678,938 of the bank balance and \$13,774 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the District's name and securities held in the Ohio Pooled Collateral System.

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PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The District's investments at June 30, 2025 were as follows:

	Cost	Credit Rating	Allocation	Investment Maturities (in Years)		
				less than 1	1-3	3-5
STAR Ohio ⁴	\$620,601	AAAm ¹	1.69%	\$620,601	\$0	\$0
Money Market Fund ⁴	5,927,640	AAAm/Aaa ^{1,2}	16.15%	5,927,640	0	0
U.S. Treasuries	6,317,611	NA	17.22%	1,196,781	349,727	4,771,103
Commercial Paper	1,870,616	AAA-BB ¹	5.10%	1,870,616	0	0
Corporate Equities Fund	174,539	NA	0.48%	174,539	0	0
REIT Fund	14,807	NA	0.04%	14,807	0	0
Marketable CD's	6,699,000	AAA ³	18.26%	2,200,000	2,000,000	2,499,000
Bonds	617,052	Aa3 ²	1.68%	62,742	304,310	250,000
FNMA	1,196,813	AA+/aa3 ^{1,2}	3.26%	0	1,196,813	0
FAMCA	249,908	AA+/aa3 ^{1,2}	0.68%	0	249,908	0
FHLMC	3,987,763	AA+/aa3 ^{1,2}	10.87%	0	0	3,987,763
FFCB	3,580,446	AA+/aa3 ^{1,2}	9.76%	0	1,864,196	1,716,250
FHLB	5,437,663	AA+/aa3 ^{1,2}	14.81%	727,680	0	4,709,983
Total Investments	<u>\$36,694,459</u>		<u>100.00%</u>	<u>\$12,795,406</u>	<u>\$5,964,954</u>	<u>\$17,934,099</u>

¹ Standard & Poor's

² Moody's Investor Service

³ All are fully FDIC insured and therefore have an implied AAA credit rating

⁴ Reported at amortized cost

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The District has no policy that limits investment purchases beyond the requirements of the Ohio Revised Code.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. The allocation of investments is detailed in the table above.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the District. The District has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 6 - PROPERTY TAXES

A. Property Tax

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

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Piqua City School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in fiscal year 2025 were as follows:

	2024 Second Half Collections	2025 First Half Collections
Agricultural/Residential and Other Real Estate	\$515,458,510	\$521,620,430
Public Utility Personal	12,569,950	14,514,940
Total Assessed Value	<u>\$528,028,460</u>	<u>\$536,135,370</u>
Tax rate per \$1,000 of assessed valuation	\$46.87	\$46.65

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 6 - TAXES (Continued)

B. Income Tax

Effective January 1, 1991 the District levied a voted tax of 0.5 percent for general operations on the income of residents and of estates. In March 2008 the voters approved an additional 0.75 percent tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

C. Tax Abatements

Real Estate Tax Abatements

In prior years the City of Piqua has provided various tax incentives under Community Reinvestment Area (CRA) programs. The City authorizes incentives through passage of public ordinances, based upon each businesses investment criteria and through a contractual application process with each entity, including proof that the improvement has been made and certification by the local housing officer. The tax abatement under the program is equal to 100% of the additional property tax resulting from the increase in the assessed value as a result of the improvements for fifteen years following the year of certification. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand business located within the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes.

The City of Piqua had 31 individual agreements under the CRA program. These abatements reduced the District's property tax receipts by \$306,452 in calendar year 2025.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 7 - INTERFUND ACTIVITY

Following is a summary of transfers in and out for all funds for fiscal year 2025:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
General Fund	\$0	\$3,400,000
Permanent Improvement Fund	3,400,000	564,282
Nonmajor Governmental Funds	564,282	0
Total All Funds	<u>\$3,964,282</u>	<u>\$3,964,282</u>

Transfers from the General Fund were used to provide additional resources to other governmental funds. The Permanent Improvement Fund transferred \$564,282 to nonmajor governmental funds for debt retirement.

NOTE 8- DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

Net Pension Liability - The net pension liability is not reported in the accompanying financial statements due to the use of the modified cash basis framework. The net pension liability has been disclosed below. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements *For the Fiscal Year Ended June 30, 2025*

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$6,414,617	\$26,164,174	\$32,578,791
Proportion of the Net Pension Liability-2025	0.1253933%	0.1359770%	
Proportion of the Net Pension Liability-2024	<u>0.1230589%</u>	<u>0.1330800%</u>	
Change in Proportionate Share	<u>0.0023344%</u>	<u>0.0028970%</u>	

A. School Employee Retirement System

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employee Retirement System (Continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14 percent. No amount was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$764,028 for fiscal year 2025.

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

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employee Retirement System (Continued)

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

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

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

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.00 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disable 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 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*. 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class as of June 30, 2024 are summarized in the following table:

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employee Retirement System (Continued)

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$9,813,473	\$6,414,617	\$3,552,960

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

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

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

The DC Plan allows members to place all of their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

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

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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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. For the fiscal year ended June 30, 2025, the employer rate was 14% and the member rate was 14% of covered payroll. The fiscal year 2025 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$2,716,056 for fiscal year 2025.

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

Inflation	2.50 percent
Projected salary increases	Varies by service from 2.50 percent to 8.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

For 2024, 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 Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of the latest available actuarial experience study which is for the period July 1, 2015 through June 30, 2021.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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

*Final target weights reflected at October 1, 2022.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 8- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$42,207,397	\$26,164,174	\$12,594,363

NOTE 9- OTHER POSTEMPLOYMENT BENEFITS

Net OPEB Liability (Asset) - The net OPEB liability (asset) is not reported in the accompanying financial statements due to the use of the modified cash basis framework. The net OPEB liability (asset) has been disclosed below. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB is provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net OPEB liability (asset) represents the District's proportionate share of each plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each plan's fiduciary net position. The net 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 this estimate annually.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 9- OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability (Asset)	\$1,294,480	(\$2,579,224)	(\$1,284,744)
Proportion of the Net OPEB Liability (Asset) -2025	0.1270973%	0.1359770%	
Proportion of the Net OPEB Liability (Asset) -2024	0.1262943%	0.1330800%	
Change in Proportionate Share	0.0008030%	0.0028970%	

A. School Employee Retirement System

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

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 9- OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement System (Continued)

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, 0.0 percent of covered payroll was contributed to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$87,469.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$87,469 for fiscal year 2025.

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

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

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.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 9- OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement System (Continued)

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

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Expected to be Depleted	2059
Municipal Bond Index Rate:	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disable 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 expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020 and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement System (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88%. The discount rate used to measure the 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 was projected to become insufficient to make all projected future benefit payments of current System members in 2059 by SERS actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate is used in the determination of the SEIR 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 is 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

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

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement System (Continued)

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$1,726,143	\$1,294,480	\$951,465

	1% Decrease (6.00% Decreasing to 3.40%)	Current Trend Rate (7.00% Decreasing to 4.40%)	1% Increase (8.00% Decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$875,020	\$1,294,480	\$1,845,826

B. State Teachers Retirement System

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may 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 Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2025, STRS Ohio allocated employer contributions equal to zero percent of covered payroll to the Health Care Stabilization Fund.

The District's contractually required contribution to STRS was \$0 for fiscal year 2025.

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

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System (Continued)

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

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

Healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% 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 Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of the latest available actuarial experience study which is for the period July 1, 2015 through June 30, 2021.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System (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:

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

*Final target weights reflected at October 1, 2022.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.4% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount and Health Care Cost Trend Rates – The net OPEB liability (asset) is sensitive to changes in the discount and health care cost trend rates. To illustrate the potential impact the following table presents the net OPEB liability (asset) calculated using the discount rate of 7.00 percent, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate. Also shown is the net OPEB liability (asset) calculated using a health care cost trend rate this is one percentage point lower and one percentage point higher.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net OPEB liability (asset)	(\$2,097,080)	(\$2,579,224)	(\$2,998,795)

	<u>1% Decrease in Trend Rate</u>	<u>Current Trend Rate</u>	<u>1% Increase in Trend Rate</u>
School District's proportionate share of the net OPEB liability (asset)	(\$3,027,137)	(\$2,579,224)	(\$2,040,551)

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PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - LONG-TERM DEBT OBLIGATIONS

Detail of changes in debt and other long-term obligations of the District for the fiscal year ended June 30, 2025 is as follows:

		Restated Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025	Amount Due Within One Year
Governmental Activities Debt:						
General Obligation Bonds:						
2020 School Improvement Refunding	1.75-3.02%	\$15,236,051	\$0	(\$110,000)	\$15,126,051	\$296,051
Accreted Interest		447,372	177,510	0	624,882	0
Bond Premium		839,482	0	(49,382)	790,100	0
Total 2020 School Improvement Refunding Bonds		16,522,905	177,510	(159,382)	16,541,033	296,051
2022 School Improvement Refunding Bonds	1.92%	4,840,000	0	(896,000)	3,944,000	0
Total General Obligation Bonds		21,362,905	177,510	(1,055,382)	20,485,033	296,051
Certificates of Participation:						
2019 School Building Improvements	3.00-4.00%	8,065,000	0	(240,000)	7,825,000	255,000
Premium		700,235	0	(46,682)	653,553	0
Total Certificates of Participation		8,765,235	0	(286,682)	8,478,553	255,000
Governmental Activities Other Long-Term Obligations:						
Leases Payable		37,949	0	(32,405)	5,544	5,544
Total Debt and Other Long-Term Obligations		\$30,166,089	\$177,510	(\$1,374,469)	\$28,969,130	\$556,595

In fiscal year 2012 the District issued \$29 million of school construction general obligation bonds. The bond proceeds were used for the construction of two new pre-kindergarten to third grade buildings and one sixth grade building. These bonds were partially refunded in fiscal year 2020 through the issuance of \$16.2 million of refunding general obligation bonds. The remaining bonds were refunded in fiscal year 2022. In fiscal year 2019 the District issued \$10 million of Certificates of Participation for renovations to existing school facilities.

The District's overall debt margin was \$31,102,727 with an unvoted debt margin of \$536,135 at June 30, 2025.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements including principal and interest payments as of June 30, 2025, follows:

Fiscal Years	General Obligation Bonds			Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$296,051	\$484,998	\$781,049	\$255,000	\$313,000	\$568,000
2027	1,021,000	474,989	1,495,989	455,000	302,800	757,800
2028	1,051,000	454,682	1,505,682	475,000	284,600	759,600
2029	1,063,000	433,955	1,496,955	490,000	265,600	755,600
2030	1,079,000	412,944	1,491,944	510,000	246,000	756,000
2031-2035	6,100,000	1,627,889	7,727,889	2,885,000	906,600	3,791,600
2036-2040	6,940,000	747,886	7,687,886	2,755,000	280,800	3,035,800
2041-2043	1,520,000	22,952	1,542,952	0	0	0
Totals	<u>\$19,070,051</u>	<u>\$4,660,295</u>	<u>\$23,730,346</u>	<u>\$7,825,000</u>	<u>\$2,599,400</u>	<u>\$10,424,400</u>

B. Defeased Debt

In February 2020, the District defeased \$16,220,000 of General Obligation Bonds for School Building Improvements, dated March 19, 2012, through the issuance of \$16,219,281 of General Obligation Bonds. The net proceeds of the 2020 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$14,455,000 at June 30, 2025, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

NOTE 11 - LEASE COMMITMENTS

The District leases several copiers. A summary of the District's future lease requirements including principal and interest payments as of June 30, 2025, follows:

Fiscal Years	Governmental Activities		
	Principal	Interest	Total
2026	\$5,544	\$31	\$5,575
Totals	<u>\$5,544</u>	<u>\$31</u>	<u>\$5,575</u>

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 12 – SET-ASIDES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into reserve. During the fiscal year ended June 30, 2025, the reserve activity (cash-basis) was as follows:

	<u>Capital Acquisition</u>
Set-aside Cash Balance as of June 30, 2024	\$0
Current Year Set-Aside Requirement	733,252
Current Year Offset Credits	(1,560,160)
Qualifying Disbursements	<u>(3,141,126)</u>
Total	<u>(\$3,968,034)</u>
Set-aside Cash Balance	<u>\$0</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, the extra amount for capital acquisition may not be used to reduce the set-aside requirements of future years. Negative amounts for capital acquisition are therefore not presented as being carried forward to the next fiscal year.

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2025, the District contracted with Ohio School Plan for property and other professional liability insurance coverage. Total coverage amounted to \$156,593,064 with a \$1,000 deductible.

There has been no significant reduction in insurance coverage from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' compensation claims are covered through the District's participation in the State of Ohio's program. The District pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

On January 1, 2020, the District began providing group health care to employees and their eligible dependents through a self-insured program. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances, and the number of active participating employees. The monies paid into the self-insurance fund are available to pay claims. The plan is administered by Medical Mutual, which monitors all claim payments. Specific stop loss coverage becomes effective after \$150,000 per member, per year, and the annual aggregate stop loss reimbursement maximum is \$1,000,000.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS

A. Metropolitan Educational Technology Association

The Metropolitan Educational Technology Association (META) is a computer consortium and educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology, and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, a vice president, and six board members who represent the members of META. The Board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Association, including budgeting, appropriating, contracting, and designating management. Each School District's degree of control is limited to its representation on the Board. The District paid META \$81,323 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

B. Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 126 public school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any equipment, furniture, and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any SOEPC assets. A one-year notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to the SOEPC are made from the General Fund. During fiscal year 2025, no monies were paid to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Cooperative, Ken Swink, Director, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

C. Southwestern Ohio Instructional Technology Association

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of this corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Southwestern Ohio Instructional Technology Association (Continued)

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Twenty-one representatives are elected from within the counties, i.e., Auglaize, Brown, Butler, Champaign, Clark, Clermont, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene, and Butler Counties shall elect two representatives per area. All superintendents, except for those from educational service centers, vote on the representatives after the remaining committee nominees run. One at-large non-public representative shall be elected by the non-public school SOITA members from the State assigned SOITA service area. One at-large higher educational representative shall be elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net position shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2025, no significant amounts were paid to the SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Deb Tschirhart, Executive Director, 1205 East Fifth Street, Dayton, Ohio 45402.

D. Upper Valley Career Center

The Upper Valley Career Center (Career Center) is a distinct political subdivision of the State of Ohio that provides vocational education. The Career Center operates under the direction of a Board consisting of one representative from each participating School District's elected board. The Board possesses its own budgeting and taxing authority. The degree of control exercised by the District is limited to its representation on the Board. Financial information can be obtained from Anthony Fraley, who serves as Treasurer, 8811 Career Drive, Piqua, Ohio 45356.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

E. Educational Regional Service System Region 10

The School District participates in the Educational Regional Service System (ERSS) Region 10, a jointly governed organization consisting of educational entities within Clark, Darke, Greene, Miami, Montgomery, and Preble counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, that identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Montgomery County Educational Service Center, 200 South Keowee Street, Dayton, Ohio, 45402.

NOTE 15 – RELATED ORGANIZATION

The Piqua Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Piqua City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax-related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Piqua Public Library, Jeremie Hittle, Financial Officer, 116 W. High Street, Piqua, Ohio 45356.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 16 - CONTINGENCIES

A. Grants

The District receives 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, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2025, if applicable, cannot be determined at this time.

B. Litigation

The District is not a party to various legal proceedings, which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2025.

NOTE 17 – SIGNIFICANT COMMITMENTS

At June 30, 2025 the District had encumbrance commitments in the Governmental Funds as follows:

<u>Fund</u>	<u>Encumbrances</u>
General Fund	\$153,885
Permanent Improvement Fund	4,402,526
Other Governmental Funds	<u>239,904</u>
Total Governmental Funds	<u><u>\$4,796,315</u></u>

SUPPLEMENTARY INFORMATION

PIQUA CITY SCHOOL DISTRICT, OHIO

Schedule of the District's Proportionate Share of the Net Pension Liability Last Ten Fiscal Years

State Teachers Retirement System

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability (asset)	0.1243607%	0.1265845%	0.1302409%	0.1337680%
District's proportionate share of the net pension liability (asset)	\$34,369,651	\$42,371,639	\$30,938,998	\$29,412,576
District's covered payroll	\$12,118,571	\$13,639,879	\$13,969,771	\$15,910,686
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	283.61%	310.65%	221.47%	184.86%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	66.80%	75.30%	77.30%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability (asset)	0.1335200%	0.1350718%	0.1317167%	0.1385132%
District's proportionate share of the net pension liability (asset)	\$7,618,781	\$9,886,014	\$7,869,786	\$7,932,908
District's covered payroll	\$4,017,800	\$4,192,064	\$4,375,521	\$4,498,015
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	189.63%	235.83%	179.86%	176.36%
Plan fiduciary net position as a percentage of the total pension liability	69.16%	62.98%	69.50%	71.36%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The schedule is reported as of the measurement date of the Net Pension Liability.
See accompanying notes to the required supplementary information.

PIQUA CITY SCHOOL DISTRICT, OHIO

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0.1356461%	0.1357555%	0.1361094%	0.1341576%	0.1330800%	0.1359770%
\$29,997,321	\$32,848,001	\$17,402,807	\$29,823,404	\$28,658,703	\$26,164,174
\$16,466,914	\$16,533,814	\$17,017,143	\$18,052,093	\$18,087,707	\$19,420,836
182.17%	198.67%	102.27%	165.21%	158.44%	134.72%
77.40%	75.48%	87.78%	78.90%	80.00%	82.50%
<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0.1303059%	0.1398743%	0.1432260%	0.1271544%	0.1230589%	0.1253933%
\$7,796,424	\$9,251,572	\$5,284,615	\$6,877,486	\$6,799,627	\$6,414,617
\$4,632,852	\$4,732,643	\$4,930,771	\$4,809,964	\$4,882,636	\$5,236,400
168.29%	195.48%	107.18%	142.98%	139.26%	122.50%
70.85%	68.55%	82.86%	75.82%	76.06%	78.52%

PIQUA CITY SCHOOL DISTRICT, OHIO

Schedule of District Pension Contributions Last Ten Fiscal Years

State Teachers Retirement System

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$1,909,583	\$1,955,768	\$2,227,496	\$2,305,368
Contributions in relation to the contractually required contribution	<u>1,909,583</u>	<u>1,955,768</u>	<u>2,227,496</u>	<u>2,305,368</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$13,639,879	\$13,969,771	\$15,910,686	\$16,466,914
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$586,889	\$612,573	\$607,232	\$625,435
Contributions in relation to the contractually required contribution	<u>586,889</u>	<u>612,573</u>	<u>607,232</u>	<u>625,435</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$4,192,064	\$4,375,521	\$4,498,015	\$4,632,852
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

Source: District Treasurer's Office and School Employees Retirement System

See accompanying notes to the required supplementary information.

PIQUA CITY SCHOOL DISTRICT, OHIO

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$2,314,734	\$2,382,400	\$2,527,293	\$2,532,279	\$2,718,917	\$2,716,056
<u>2,314,734</u>	<u>2,382,400</u>	<u>2,527,293</u>	<u>2,532,279</u>	<u>2,718,917</u>	<u>2,716,056</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$16,533,814	\$17,017,143	\$18,052,093	\$18,087,707	\$19,420,836	\$19,400,400
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$662,570	\$690,308	\$673,395	\$683,569	\$733,096	\$764,028
<u>662,570</u>	<u>690,308</u>	<u>673,395</u>	<u>683,569</u>	<u>733,096</u>	<u>764,028</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,732,643	\$4,930,771	\$4,809,964	\$4,882,636	\$5,236,400	\$5,457,343
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

PIQUA CITY SCHOOL DISTRICT, OHIO

***Schedule of the District's Proportionate Share of the Net Other Postemployment Benefits
(OPEB) Liability (Asset)
Last Nine Fiscal Years***

State Teachers Retirement System

Fiscal Year	2017	2018	2019
District's proportion of the net OPEB liability (asset)	0.1265845%	0.1302409%	0.1337680%
District's proportionate share of the net OPEB liability (asset)	\$6,965,316	\$5,081,518	(\$2,149,514)
District's covered payroll	\$13,639,879	\$13,969,771	\$15,910,686
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	51.07%	36.38%	(13.51%)
Plan fiduciary net position as a percentage of the total OPEB liability	37.30%	47.10%	176.00%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

Fiscal Year	2017	2018	2019
District's proportion of the net OPEB liability (asset)	0.1350718%	0.1334029%	0.1399945%
District's proportionate share of the net OPEB liability (asset)	\$3,802,476	\$3,580,182	\$3,883,825
District's covered payroll	\$4,192,064	\$4,375,521	\$4,498,015
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	90.71%	81.82%	86.35%
Plan fiduciary net position as a percentage of the total OPEB liability	11.49%	12.46%	13.57%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 75 in fiscal year 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2017 is not available.

The schedule is reported as of the measurement date of the Net OPEB Liability, which is the prior year end.

See accompanying notes to the required supplementary information.

PIQUA CITY SCHOOL DISTRICT, OHIO

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0.1356461%	0.1357555%	0.1361094%	0.1341576%	0.1330800%	0.1359770%
(\$2,246,625)	(\$2,385,902)	(\$2,869,763)	(\$3,473,798)	(\$2,588,224)	(\$2,579,224)
\$16,466,914	\$16,533,814	\$17,017,143	\$18,052,093	\$18,087,707	\$19,420,836
(13.64%)	(14.43%)	(16.86%)	(19.24%)	(14.31%)	(13.28%)
174.74%	182.13%	174.73%	230.70%	168.50%	158.00%
<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0.1337800%	0.1433252%	0.1472565%	0.1298993%	0.1262943%	0.1270973%
\$3,364,283	\$3,114,921	\$2,786,944	\$1,823,796	\$2,080,619	\$1,294,480
\$4,632,852	\$4,732,643	\$4,930,771	\$4,809,964	\$4,882,636	\$5,236,400
72.62%	65.82%	56.52%	37.92%	42.61%	24.72%
15.57%	18.17%	24.08%	30.34%	30.02%	44.50%

PIQUA CITY SCHOOL DISTRICT, OHIO

Schedule of District Other Postemployment Benefit (OPEB) Contributions Last Ten Fiscal Years

State Teachers Retirement System

Fiscal Year	2016	2017	2018	2019
Contractually required contribution	\$0	\$0	\$0	\$0
Contributions in relation to the contractually required contribution	0	0	0	0
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
District's covered payroll	\$13,639,879	\$13,969,771	\$15,910,686	\$16,466,914
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

Fiscal Year	2016	2017	2018	2019
Contractually required contribution	\$112,897	\$67,915	\$71,509	\$95,780
Contributions in relation to the contractually required contribution (1)	112,897	67,915	71,509	95,780
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
District's covered payroll	\$4,192,064	\$4,375,521	\$4,498,015	\$4,632,852
Contributions as a percentage of covered payroll	2.69%	1.55%	1.59%	2.07%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 75 in fiscal year 2018.

(1) Includes Surcharge

See accompanying notes to the required supplementary information.

PIQUA CITY SCHOOL DISTRICT, OHIO

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$0	\$0	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$16,533,814	\$17,017,143	\$18,052,093	\$18,087,707	\$19,420,836	\$19,400,400
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$105,955	\$83,455	\$92,620	\$84,232	\$90,523	\$87,469
<u>105,955</u>	<u>83,455</u>	<u>92,620</u>	<u>84,232</u>	<u>90,523</u>	<u>87,469</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,732,643	\$4,930,771	\$4,809,964	\$4,882,636	\$5,236,400	\$5,457,343
2.24%	1.69%	1.93%	1.73%	1.73%	1.60%

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2025

NET PENSION LIABILITY

SERS

Changes in benefit terms – For fiscal years 2019 through 2025, there were no changes to benefit terms.

For fiscal year 2018, the following were the most significant changes in benefits that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

There were no changes to benefit terms for fiscal years 2016 through 2017.

Changes in assumptions

For fiscal years 2024 and 2025 there were no changes in assumptions.

For fiscal year 2023, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2022 and prior are presented below:

- Cost of living adjustment was increased from 2.00% to 2.50%.

For fiscal year 2022, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

- Assumed rate of inflation was reduced from 3.00% to 2.40%
- Payroll growth assumption was reduced from 3.50% to 1.75%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Cost-of-Living-Adjustments was reduced from 2.50% to 2.00%
- The discount rate was reduced from 7.50% to 7.00%
- Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Employee mortality table. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among service retired members was updated to the following:
 - PUB-2010 General Employee 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.
- Mortality among contingent survivors was updated to the following:
 - 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.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2025

NET PENSION LIABILITY (Continued)

SERS (Continued)

- Mortality among disabled members was updated to the following:
 - 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.

For fiscal years 2021, 2020, and 2019 there were no changes in assumptions.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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. The above rates represent the base rates used.
- 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.
- Mortality among disabled member 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.

There were no changes in assumptions for fiscal years 2016 through 2017.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2025

NET PENSION LIABILITY (Continued)

STRS

Changes in benefit terms – For fiscal years 2019 through 2025, there were no changes to benefit terms. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2016 through 2017.

Changes in assumptions

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Total salary increase rates were lowered to a range of 2.5 percent to 8.5 percent.
- Updated the health and disability mortality assumptions to the Pub-2010 Teachers Healthy Annuitant Mortality Table projected forward generationally using mortality improvement scale MP-2020.
- Demographic assumptions were modified to reflect the June 30, 2021 experience study.

In fiscal year 2022 the investment return was lowered from 7.45 percent to 7.00 percent. For fiscal year 2021, 2020, and 2019, there were no changes in assumptions. For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.50 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered to 3.00 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2016 to 2017, and 2024 to 2025.

NET OPEB LIABILITY (ASSET)

SERS

Changes in benefit terms – There were no changes to benefit terms for fiscal years 2025 - 2018.

Changes in assumptions

For fiscal year 2025, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 4.27% to 4.88%

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

SERS (Continued)

For fiscal year 2024, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 4.08% to 4.27%

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 2.27% to 4.08%

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 2.63% to 2.27%
- The investment rate of return was reduced from 7.50% to 7.00%
- Assumed rate of inflation was reduced from 3.00% to 2.40%
- Payroll Growth Assumption was reduced from 3.50% to 1.75%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience
- Rate of health care participation for future retirees and spouses was updated to reflect recent experience
- Mortality among active members was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Employee mortality table.
- Mortality among service retired members was updated to the following:
 - 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 beneficiaries was updated to the following:
 - 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.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

SERS (Continued)

- Mortality among disabled member was updated to the following:
 - 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.
- Mortality rates are projected using a fully generational projection with Scale MP-2020.

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.13 percent to 2.45 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22 percent to 2.63 percent.

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
 - Pre-Medicare – 2019 – 7.25 to 4.75 percent, 2020 – 7.00 to 4.75

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 3.63 percent to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
 - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63 percent.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

SERS (Continued)

For fiscal year 2017, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- 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.
- 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.

STRS

Changes in benefit terms

There were no changes in benefit terms for fiscal year 2025.

For fiscal year 2024 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The non-Medicare subsidy percentage was increased from 2.2% to 2.5%.

For fiscal year 2023 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

For fiscal year 2022 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- 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.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

For fiscal year 2021 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- 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.

For fiscal year 2020, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extent the current Medicare Part B partial reimbursement for one year.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

There were no changes to benefit terms for fiscal year 2017.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

Changes in assumptions

For fiscal year 2025 the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from (10.94) percent initial, 4.14 percent ultimate, to (112.22) percent initial, 3.94 percent ultimate
 - Medical Pre-Medicare – from 7.50 percent initial, 4.14 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
 - Prescription Drug Medicare – from 1.33 percent initial, 4.14 percent ultimate to (15.14) percent initial, 3.94 percent ultimate
 - Prescription Drug Pre-Medicare – from (11.95) percent, 4.14 percent ultimate, to 8.00 percent initial, 3.94 percent ultimate.

For fiscal year 2024 the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from (68.78) percent initial, 3.94 percent ultimate, to (10.94) percent initial, 4.14 percent ultimate
 - Medical Pre-Medicare – from 7.50 percent initial, 3.94 percent ultimate to 7.50 percent initial, 4.14 percent ultimate
 - Prescription Drug Medicare – from (5.47) percent initial, 3.94 percent ultimate to 1.33 percent initial, 4.14 percent ultimate
 - Prescription Drug Pre-Medicare – from 9.00 percent, 3.94 percent ultimate, to (11.95) percent initial, 4.14 percent ultimate.

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

For fiscal year 2023 the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from (16.18) percent initial, 4 percent ultimate, to (68.78) percent initial, 3.94 percent ultimate
 - Medical Pre-Medicare – from 5.00 percent initial, 4 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
 - Prescription Drug Medicare – from 29.98 percent initial, 4 percent ultimate to (5.47) percent initial, 3.94 percent ultimate
 - Prescription Drug Pre-Medicare – from 6.50 percent, 4 percent ultimate, to 9.00 initial, 3.94 percent ultimate

Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.

For fiscal year 2022 the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from (6.69) percent to (16.18) percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 11.87 percent to 29.98 percent initial, 4 percent ultimate
- The investment return was lowered from 7.45 percent to 7.00 percent.

For fiscal year 2021 the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 4.93 percent to (6.69) percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5.87 percent to 5.00 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 9.62 percent to 11.87 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 7.73 percent to 6.50 initial, 4 percent ultimate

PIQUA CITY SCHOOL DISTRICT, OHIO

Notes to the Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 6 percent to 4.93 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5 percent to 5.87 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 8 percent to 9.62 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from -5.23 percent to 7.73 initial, 4 percent ultimate

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
 - Medical Medicare – 6 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – 5 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – 8 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – -5.23 percent initial, 4 percent ultimate

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

There were no changes in assumptions for fiscal year 2017.

Piqua City Schools
Miami County
*Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2025*

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal AL Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>United States Department of Agriculture</u>						
<i>Passed through the Ohio Department of Education and Workforce</i>						
Child Nutrition Cluster:						
School Breakfast Program	N/A	10.553	\$398,894	\$0	\$398,894	\$0
National School Lunch Program	N/A	10.555	1,401,119	165,297	1,401,119	165,297
Total Child Nutrition Cluster			1,800,013	165,297	1,800,013	165,297
Total United States Department of Agriculture			1,800,013	165,297	1,800,013	165,297
<u>United States Department of Education</u>						
<i>Passed through the Ohio Department of Education and Workforce</i>						
Special Education Cluster:						
Special Education Grants to States	N/A	84.027	909,212	0	917,804	0
Special Education-Preschool Grants	N/A	84.173	26,433	0	26,451	0
Total Special Education Cluster			935,645	0	944,255	0
COVID-19 Education Stabilization Fund-ESSER ARP	N/A	84.425U	454,702	0	213,750	0
Title I Grants to Local Educational Agencies	N/A	84.010	1,277,086	0	1,303,855	0
Supporting Effective Instruction State Grants	N/A	84.367	195,740	0	188,945	0
Student Support and Academic Enrichment Program	N/A	84.424	71,346	0	83,003	0
English Language Acquisition Grants to States	N/A	84.365	4,240	0	4,030	0
Total United States Department of Education			2,938,759	0	2,737,838	0
Total Federal Financial Assistance			\$4,738,772	\$165,297	\$4,537,851	\$165,297

N/A - pass through entity number not available.

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

Piqua City School District
Miami County
Notes to the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2025

Note A – Basis of Presentation

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

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C – Child Nutrition Cluster

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

Note D – Food Donation Program

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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Education
Piqua City School District
215 Looney Road
Piqua, Ohio 45356

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Piqua City School District, Miami County, Ohio (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 30, 2025, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles and the District elected to change its financial presentation to a modified cash-basis of accounting.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

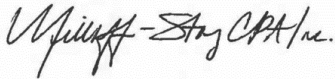
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

District's Responses 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 findings and questioned costs. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

December 30, 2025

**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Board of Education
Piqua City School District
215 Looney Road
Piqua, Ohio 45356

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Piqua City School District's, Miami County, (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each 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 each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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 each 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 a 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.

Piqua City School District, Ohio

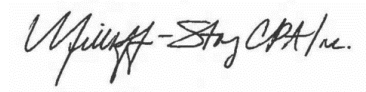
Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and
Report on the Schedule of Federal Awards Expenditures Required by the Uniform Guidance

Page 3

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Millhuff-Stang CPA/Inc.", is written over a light gray rectangular background.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

December 30, 2025

Piqua City School District
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Fiscal Year Ended June 30, 2025

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified (Modified Cash Basis)
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major federal program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal program(s):	Special Education Cluster (IDEA), AL #84.027, #84.173; Title I, AL #84.010
Dollar threshold used to distinguish between type A and type B programs:	Type A: >\$750,000 Type B: all others
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2025-001

Noncompliance – Annual Financial Reports

Ohio Revised Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38.

Ohio Administrative Code 117-2-03 (B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). This report is required to be filed with the Auditor of State’s office within 150 days of fiscal year-end.

The District prepares its financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit assets, liabilities, deferred inflows and outflows of resources, net position and fund equities, and disclosures that, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other remedies may be taken against the District. As such, we recommend the District take the necessary steps to ensure that the financial report is prepared in accordance with generally accepted accounting principles.

Client Response:

See accompanying corrective action plan.

Piqua City School District
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Fiscal Year Ended June 30, 2025

Section III – Federal Award Findings and Questioned Costs
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None



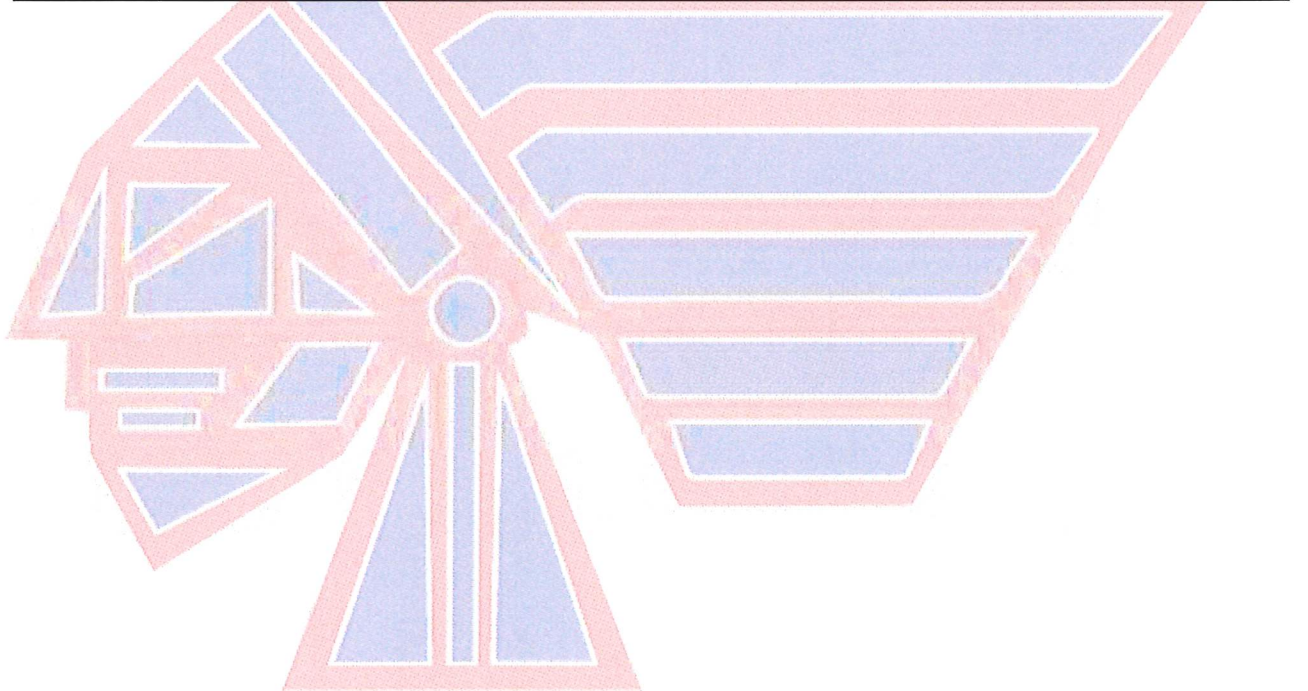
Piqua City Schools
215 Looney Road
Piqua, OH 45356
937-773-4321
www.piqua.org



#WeArePiqua

*Corrective Action Plan
2 CFR Section 200.511(c)
For the Year Ended June 30, 2025*

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2025-001	Piqua City School District will continue to file our year-end financial reports on a cash basis. This is due to the high cost of converting to GAAP.	N/A	Jeremie Hittle, Treasurer



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OHIO AUDITOR OF STATE KEITH FABER



PIQUA CITY SCHOOL DISTRICT

MIAMI COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/19/2026

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

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