



OHIO AUDITOR OF STATE
KEITH FABER



**READING COMMUNITY CITY SCHOOL DISTRICT
HAMILTON COUNTY
JUNE 30, 2025**

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HAMILTON COUNTY
JUNE 30, 2025**

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OHIO AUDITOR OF STATE KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Reading Community City School District
Hamilton County
810 East Columbia Avenue
Reading, Ohio 45215

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 21 to the financial statements, during 2025, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

March 6, 2026

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Reading Community City School District
Management Discussion and Analysis
For The Fiscal Year Ended June 30, 2025 (Unaudited)

The Reading Community City School District is presenting the following discussion and analysis in order to provide 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 notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- In total, net position increased by \$1,935,553 or 6 percent.
- General revenues accounted for \$20,560,048 or 80 percent of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,050,842 or 20 percent of total revenues of \$25,610,890.
- The District had \$23,675,337 in expenses for governmental activities; only \$5,050,842 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily property taxes and entitlements) and beginning net position were sufficient to provide these services.
- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2025 by \$33,175,971. Of this amount, (\$8,370,343) may be used to meet the District's ongoing financial obligations. This unrestricted balance was significantly adversely impacted by the implementation of GASB Statements No. 68 and 75, which were implemented in fiscal years 2015 and 2018, respectively. The remaining amounts represent the difference between capital assets and related debt and net position amounts restricted for specific purposes.
- The General Fund reported a positive fund balance of \$10,899,179.

Overview of the Financial Statements

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

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

Reporting the District as a Whole

The most common financial question posed to the District is "How did we do financially during 2025?" The *statement of net position* and the *statement of activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps answer this

Reading Community City School District
Management Discussion and Analysis
For The Fiscal Year Ended June 30, 2025 (Unaudited)

question. These statements include *all assets, liabilities, and deferred inflows/outflows of resources* using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Government-wide Financial Statements, the District presents:

- **Governmental Activities** – The District's programs and services are reported here and include instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major funds is presented in the Fund Financial Statements (see Table of Contents). Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

Fiduciary Funds – The District maintains fiduciary funds. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations. Fiduciary funds use the accrual basis of accounting. The District does not have any custodial funds.

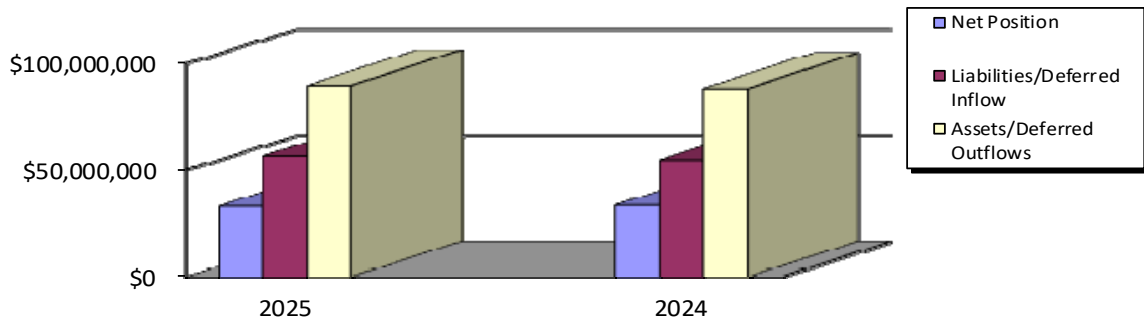
The District as a Whole

The statement of net position provides the perspective of the District as a whole. Table 1 below provides a summary of the District's net position for 2025 and 2024.

**Reading Community City School District
Management Discussion and Analysis
For The Fiscal Year Ended June 30, 2025 (Unaudited)**

Table 1
Net Position

	Governmental Activities	
	2025	2024
Assets:		
Current and Other Assets	\$36,066,041	\$33,198,404
Net OPEB Asset	1,244,515	1,264,774
Capital Assets	48,964,160	50,115,757
Total Assets	86,274,716	84,578,935
Deferred Outflows of Resources:		
OPEB	455,495	538,611
Pension	3,055,167	3,312,383
Total Deferred Outflows of Resources	3,510,662	3,850,994
Liabilities:		
Other Liabilities	2,555,111	2,342,764
Long-Term Liabilities	41,913,220	42,015,246
Total Liabilities	44,468,331	44,358,010
Deferred Inflows of Resources:		
Property Taxes	8,057,118	6,533,334
Revenue in Lieu of Taxes	311	182
OPEB	1,640,777	1,795,190
Pension	2,442,870	2,035,249
Total Deferred Inflows of Resources	12,141,076	10,363,955
Net Position:		
Net Investment in Capital Assets	26,573,454	27,121,852
Restricted	14,972,860	8,775,572
Unrestricted	(8,370,343)	(2,189,460)
Total Net Position	\$33,175,971	\$33,707,964



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2025, the District's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$33,175,971.

Reading Community City School District
Management Discussion and Analysis
For The Fiscal Year Ended June 30, 2025 (Unaudited)

At year-end, capital assets represented 57% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, and furniture and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2025, were \$26,573,454. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$14,972,860 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current and Other Assets increased mainly due to an increase in pooled cash and investments and intergovernmental receivables. Long-Term Liabilities decreased due changes in Net Pension and OPEB Liability.

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

Table 2
Changes in Net Position

	Governmental Activities	
	2025	2024
Revenues:		
Program Revenues		
Charges for Services and Sales	\$1,199,859	\$1,221,852
Operating Grants and Contributions	3,850,983	3,955,343
General Revenues:		
Property Taxes	10,588,816	13,522,988
Grants and Entitlements	8,703,742	8,699,626
Investment Earnings	934,288	834,007
Other	333,202	177,654
Total Revenues	25,610,890	28,411,470
Program Expenses:		
Instruction	12,045,028	12,470,502
Support Services:		
Pupil and Instructional Staff	2,169,014	1,852,387
Board of Education, School Administrative, General Administration, Fiscal and Business	2,549,304	2,435,949
Operations and Maintenance	2,876,664	2,814,600
Pupil Transportation	458,302	459,614
Central	113,771	128,789
Operation of Non-Instructional Services	1,803,486	1,831,012
Extracurricular Activities	885,122	785,255
Interest and Fiscal Charges	774,646	796,629
Total Program Expenses	23,675,337	23,574,737
Change in Net Position	1,935,553	4,836,733
Net Position - Beginning of Year, Restated	31,240,418	28,871,231
Net Position - End of Year	\$33,175,971	\$33,707,964

**Reading Community City School District
Management Discussion and Analysis
For The Fiscal Year Ended June 30, 2025 (Unaudited)**

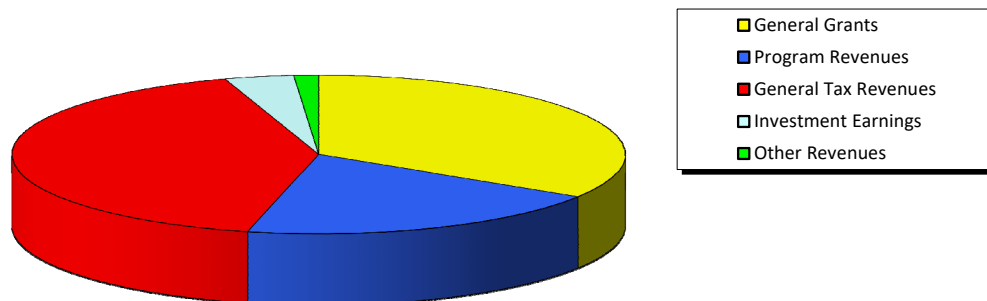
Governmental Activities

The District revenues came from mainly two sources. Property taxes levied for general purposes, special revenue purposes, debt service purposes, and grants and entitlements comprised 75% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a 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.

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 41.3% of revenue for governmental activities for Reading City School District in fiscal year 2025. The District's reliance upon tax revenues is demonstrated in the following graph:

Revenue Sources	2025	Percent of Total
General Grants	\$8,703,742	34.0%
Program Revenues	5,050,842	19.7%
General Tax Revenues	10,588,816	41.3%
Investment Earnings	934,288	3.6%
Other Revenues	333,202	1.3%
Total Revenues	<u>\$25,610,890</u>	<u>100.0%</u>



Instruction comprises 51% of governmental program expenses. Support services expenses were 34% of governmental program expenses. All other expenses and interest expense were 15%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Program revenues decreased mainly due to a decrease in operating grants and contributions received in fiscal year 2025 as compared to fiscal year 2024. Total expenses increased from the prior year due to an increase in support services expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Reading Community City School District
Management Discussion and Analysis
For The Fiscal Year Ended June 30, 2025 (Unaudited)**

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction	\$12,045,028	\$12,470,502	(\$9,344,126)	(\$9,784,380)
Support Services:				
Pupil and Instructional Staff	2,169,014	1,852,387	(1,700,710)	(1,592,425)
School Administrative, General				
Administration, Fiscal and Business	2,549,304	2,435,949	(2,528,770)	(2,214,044)
Operations and Maintenance	2,876,664	2,814,600	(2,791,572)	(2,777,133)
Pupil Transportation	458,302	459,614	(355,746)	(324,099)
Central	113,771	128,789	(113,771)	(123,912)
Operation of Non-Instructional Services	1,803,486	1,831,012	(353,474)	(205,945)
Extracurricular Activities	885,122	785,255	(661,680)	(578,975)
Interest and Fiscal Charges	774,646	796,629	(774,646)	(796,629)
Total Expenses	<u>\$23,675,337</u>	<u>\$23,574,737</u>	<u>(\$18,624,495)</u>	<u>(\$18,397,542)</u>

The District's Funds

The District has three major governmental funds: the General Fund, Capital Projects Fund and the Bond Retirement Fund. Assets of these funds comprised \$30,072,690 (83%) of the total \$36,376,506 governmental funds' assets.

General Fund: Fund balance at June 30, 2025 was \$10,899,179 including \$10,185,938 of unassigned balance.

Bond Retirement Fund: Fund balance at June 30, 2025 was \$2,624,958.

Capital Projects Fund: Fund balance at June 30, 2025 was \$5,436,476.

General Fund Budget Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. During the course of fiscal year 2025, the District revised its budget to accommodate changes in expected revenues and planned expenditures. The District's ending unobligated cash balance was \$281,645 above the final budgeted amount. The majority of the positive budget variance was attributed to cost savings in almost every expenditure category of the District.

Capital Assets and Debt Administration Capital Assets

At the end of the 2025 fiscal year, the District had \$48,964,160 in land, construction in progress, land improvements, buildings and improvements, and furniture and equipment. Table 4 demonstrates balances for 2025 as compared to 2024:

**Reading Community City School District
Management Discussion and Analysis
For The Fiscal Year Ended June 30, 2025 (Unaudited)**

Table 4
Capital Assets at Year End
(Net of Depreciation)

	Governmental Activities	
	2025	2024
Land	\$1,492,451	\$1,492,451
Construction in Progress	233,385	0
Land Improvements	828,820	819,575
Buildings and Improvements	44,732,131	46,063,546
Furniture and Equipment	1,677,373	1,740,185
Total Net Capital Assets	<u>\$48,964,160</u>	<u>\$50,115,757</u>

The decrease in capital assets is primarily attributable to depreciation expense, in excess of acquisitions of capital assets. For more detailed information regarding capital assets, see note 7.

Debt

At June 30, 2025, the District had \$22,346,167 in certificates of participation and general obligation bonds outstanding with \$615,000 due within one year. Table 5 summarizes outstanding long-term debt.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2025	2024
Certificates of Participation	\$1,040,000	\$1,150,000
General Obligation Bonds	21,306,167	21,843,905
Total	<u>\$22,346,167</u>	<u>\$22,993,905</u>

Additional information on debt can be found in note 11.

For the Future

Reading Community City School District serves nearly 1,444 students in a state-of-the-art campus in the City of Reading, a small residential community of 3.1 square miles centrally located north of downtown Cincinnati. Reading is home to approximately 10,636 residents with a long history of valuing and supporting public education at the highest level. That expectation is reflected in the school district's commitment to providing an excellent education for each student through rigorous academics, loyal staff, and a wide range of enrichment opportunities.

We welcomed our students and staff members into our new state of the art PK-12 building in September 2019. The construction of the 215,560 square foot PK-12 facility was developed based upon the design team recommendations and led by our architectural firm, VSWC Architects in Mason, and Shook Touchstone as the Construction Manager at Risk. While the building is operational and occupied the PK-12 close out process will continue throughout the school year. The District owns both properties, Central

**Reading Community City School District
Management Discussion and Analysis
For The Fiscal Year Ended June 30, 2025 (Unaudited)**

Elementary and Hilltop Elementary, both buildings were closed in connection with the opening of new campus-style facilities. In 2021-22, the District completed the conversion of the Hilltop Elementary property into a baseball/softball athletic complex. In 2023-24, made possible by the generous donation of a community member, the District was able to completely redesign the basketball court at Hilltop, which is now the Chad Richmond Memorial Basketball Court. The District does not currently have any future plans for development of the Central Elementary property.

Reading Community City Schools is committed to providing a comprehensive education that nurtures every aspect of a child's development. From pre-kindergarten through 12th grade, we strive to ensure that every student has the opportunity to excel academically, physically, socially, and emotionally. As part of the adopted Strategic Plan in 2024-25, the district's five focus goal include:

Academics Excellence
Inclusive School Culture and Climate
Communication and Family, Community Engagement
Health and Wellness
Finances and Stewardship

The district has made significant strides in curriculum development, focusing on ensuring all students receive high-quality, research-based instruction. All teachers are currently being trained in the Science of Reading, with K-2 teachers having completed specialized training in Orton-Gillingham, a proven method for teaching literacy skills. New textbook and curriculum adoptions have already been implemented in English, Math, and Social Studies, with plans to adopt updated curricula in Science, the Arts, foreign languages, and more in the near future. To maintain continuous improvement, the district is transitioning all subjects to a five-year curriculum review and adoption cycle. These initiatives have contributed to the district's improved performance in the progress measure on the Ohio State Report Card, reflecting the positive impact of these curriculum enhancements have on student learning outcomes.

Contacting the District's Financial Management

This financial report is available to all of the citizens, taxpayers, investors, and creditors that may have an interest in the finances of the Reading Community City School District. Anyone having questions regarding this report or desiring additional information may contact Jennifer Burke, Treasurer at Reading Community City Schools, 810 E. Columbia Avenue, Reading, Ohio 45215, by phone at 513-842-5108, or by email at jburke@readingschools.org.

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Reading Community City School District, Ohio
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$22,186,642
Restricted Cash and Investments	10,747
Receivables (Net):	
Taxes	13,080,378
Accounts	30,426
Intergovernmental	492,860
Prepays	264,988
Nondepreciable Capital Assets	1,725,836
Depreciable Capital Assets, Net	47,238,324
Net OPEB Asset	1,244,515
Total Assets	86,274,716
Deferred Outflows of Resources:	
Pension	3,055,167
OPEB	455,495
Total Deferred Outflows of Resources	3,510,662
Liabilities:	
Accounts Payable	131,889
Accrued Wages and Benefits	1,919,396
Contracts Payable	33,792
Retainage Payable	10,747
Accrued Interest Payable	133,889
Deposits Held and Due to Others	325,398
Long-Term Liabilities:	
Due Within One Year	1,043,067
Due In More Than One Year	
Net Pension Liability	14,834,774
Net OPEB Liability	447,052
Other Amounts	25,588,327
Total Liabilities	44,468,331
Deferred Inflows of Resources:	
Property Taxes	8,057,118
Revenue in Lieu of Taxes	311
Pension	2,442,870
OPEB	1,640,777
Total Deferred Inflows of Resources	12,141,076
Net Position:	
Net Investment in Capital Assets	26,573,454
Restricted for:	
Debt Service	2,583,023
Capital Projects	7,012,326
Food Service	1,302,077
Federal Grants	12,764
State Grants	21,242
Capital Maintenance	308,404
Net OPEB Asset	1,244,515
Extracurricular Activities	2,307,752
Other Purposes	180,757
Unrestricted	(8,370,343)
Total Net Position	\$33,175,971

See accompanying notes to the basic financial statements.

Reading Community City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2025

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$8,804,712	\$396,727	\$256,903	(\$8,151,082)
Special	2,844,713	341,058	1,680,357	(823,298)
Vocational	46,440	0	22,273	(24,167)
Other	349,163	0	3,584	(345,579)
Support Services:				
Pupil	1,448,623	0	406,410	(1,042,213)
Instructional Staff	720,391	0	61,894	(658,497)
General Administration	29,125	0	0	(29,125)
School Administration	1,829,141	0	20,521	(1,808,620)
Fiscal	691,038	0	13	(691,025)
Operations and Maintenance	2,876,664	27,207	57,885	(2,791,572)
Pupil Transportation	458,302	51,411	51,145	(355,746)
Central	113,771	0	0	(113,771)
Operation of Non-Instructional Services	1,803,486	170,450	1,279,562	(353,474)
Extracurricular Activities	885,122	213,006	10,436	(661,680)
Interest and Fiscal Charges	774,646	0	0	(774,646)
Total Governmental Activities	23,675,337	1,199,859	3,850,983	(18,624,495)

General Revenues:

Property Taxes Levied for:

General Purposes	9,336,475
Special Revenue Purposes	81,925
Debt Service Purposes	1,170,416
Grants and Entitlements, Not Restricted	8,703,742
Revenue in Lieu of Taxes	361
Unrestricted Contributions	8,128
Investment Earnings	934,288
Other Revenues	324,713

Total General Revenues	20,560,048
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Change in Net Position	1,935,553
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Net Position-Beginning of Year, As Previously Reported	33,707,964
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Change in Accounting Principle	(2,467,546)
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Net Position - Beginning of Year, Restated	31,240,418
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Net Position - End of Year	\$33,175,971
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See accompanying notes to the basic financial statements.

Reading Community City School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2025

	General	Bond Retirement	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$8,918,224	\$2,154,958	\$5,428,476	\$5,684,984	\$22,186,642
Restricted Cash and Investments	0	0	0	10,747	10,747
Receivables (Net):					
Taxes	11,462,680	1,515,540	0	102,158	13,080,378
Accounts	21,958	0	8,000	468	30,426
Intergovernmental	688	0	0	492,172	492,860
Interfund	310,465	0	0	0	310,465
Prepays	251,701	0	0	13,287	264,988
Total Assets	<u>20,965,716</u>	<u>3,670,498</u>	<u>5,436,476</u>	<u>6,303,816</u>	<u>36,376,506</u>
Liabilities:					
Accounts Payable	90,563	0	0	41,326	131,889
Accrued Wages and Benefits	1,781,100	0	0	138,296	1,919,396
Compensated Absences	81,485	0	0	0	81,485
Contracts Payable	0	0	0	33,792	33,792
Retainage Payable	0	0	0	10,747	10,747
Interfund Payable	0	0	0	310,465	310,465
Deposits Held and Due to Others	325,398	0	0	0	325,398
Total Liabilities	<u>2,278,546</u>	<u>0</u>	<u>0</u>	<u>534,626</u>	<u>2,813,172</u>
Deferred Inflows of Resources:					
Property Taxes	7,034,518	957,000	0	65,600	8,057,118
Grants and Other Taxes	0	0	0	17,231	17,231
Unavailable Revenue	753,162	88,540	0	6,558	848,260
Revenue in Lieu of Taxes	311	0	0	0	311
Total Deferred Inflows of Resources	<u>7,787,991</u>	<u>1,045,540</u>	<u>0</u>	<u>89,389</u>	<u>8,922,920</u>
Fund Balances:					
Nonspendable	251,701	0	0	13,287	264,988
Restricted	0	2,624,958	5,436,476	5,689,682	13,751,116
Committed	434,730	0	0	0	434,730
Assigned	26,810	0	0	0	26,810
Unassigned	10,185,938	0	0	(23,168)	10,162,770
Total Fund Balances	<u>10,899,179</u>	<u>2,624,958</u>	<u>5,436,476</u>	<u>5,679,801</u>	<u>24,640,414</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$20,965,716</u>	<u>\$3,670,498</u>	<u>\$5,436,476</u>	<u>\$6,303,816</u>	<u>\$36,376,506</u>

See accompanying notes to the basic financial statements.

Reading Community City School District, Ohio
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
June 30, 2025

Total Governmental Fund Balance		\$24,640,414
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets used in the operation of Governmental Funds		48,964,160
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Delinquent Property Taxes	\$848,260	
Intergovernmental	<u>17,231</u>	
		865,491

In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.

(133,889)

Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.

Compensated Absences		(4,203,742)
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Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	3,055,167	
Deferred inflows of resources related to pensions	(2,442,870)	
Deferred outflows of resources related to OPEB	455,495	
Deferred inflows of resources related to OPEB	<u>(1,640,777)</u>	
		(572,985)

Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.

Net OPEB Asset	1,244,515	
Net Pension Liability	(14,834,774)	
Net OPEB Liability	(447,052)	
Other Amounts	<u>(22,346,167)</u>	
		(36,383,478)

Net Position of Governmental Activities		<u>\$33,175,971</u>
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See accompanying notes to the basic financial statements.

Reading Community City School District, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Bond Retirement	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$9,230,495	\$1,172,885	\$0	\$81,324	\$10,484,704
Tuition and Fees	720,763	0	0	0	720,763
Investment Earnings	692,304	59,749	42,562	139,673	934,288
Intergovernmental	9,624,699	24,707	0	3,057,136	12,706,542
Extracurricular Activities	17,002	0	0	264,417	281,419
Charges for Services	27,207	0	1,350	170,450	199,007
Revenue in Lieu of Taxes	311	47	0	3	361
Other Revenues	230,264	0	8,000	93,248	331,512
Total Revenues	20,543,045	1,257,388	51,912	3,806,251	25,658,596
Expenditures:					
Current:					
Instruction:					
Regular	8,712,152	0	0	246,642	8,958,794
Special	2,244,884	0	0	778,558	3,023,442
Vocational	23,230	0	0	23,210	46,440
Other	346,408	0	0	3,584	349,992
Support Services:					
Pupil	1,193,835	0	0	288,270	1,482,105
Instructional Staff	684,341	0	0	62,459	746,800
General Administration	31,597	0	0	0	31,597
School Administration	1,969,475	0	0	10,750	1,980,225
Fiscal	738,614	19,528	0	1,356	759,498
Operations and Maintenance	1,818,652	0	0	180,639	1,999,291
Pupil Transportation	379,575	0	0	92,327	471,902
Central	121,369	0	0	0	121,369
Operation of Non-Instructional Services	49,733	0	0	1,694,699	1,744,432
Extracurricular Activities	599,399	0	0	312,416	911,815
Capital Outlay	12,500	0	0	234,120	246,620
Debt Service:					
Principal Retirement	110,000	480,000	0	0	590,000
Interest and Fiscal Charges	43,688	792,100	0	0	835,788
Total Expenditures	19,079,452	1,291,628	0	3,929,030	24,300,110
Excess of Revenues Over (Under) Expenditures	1,463,593	(34,240)	51,912	(122,779)	1,358,486
Other Financing Sources (Uses):					
Transfers In	0	0	4,333,000	2,135,000	6,468,000
Transfers (Out)	(6,468,000)	0	0	0	(6,468,000)
Total Other Financing Sources (Uses)	(6,468,000)	0	4,333,000	2,135,000	0
Net Change in Fund Balance	(5,004,407)	(34,240)	4,384,912	2,012,221	1,358,486
Fund Balance - Beginning of Year, as previously presented	15,903,586	2,659,198	0	4,719,144	23,281,928
Change Within Financial Reporting Entity (Nonmajor to Major Func	0	0	1,051,564	(1,051,564)	0
Fund Balance - Beginning of Year, as adjusted or restated	15,903,586	2,659,198	1,051,564	3,667,580	23,281,928
Fund Balance - End of Year	\$10,899,179	\$2,624,958	\$5,436,476	\$5,679,801	\$24,640,414

See accompanying notes to the basic financial statements.

Reading Community City School District, Ohio
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025

Net Change in Fund Balance - Total Governmental Funds \$1,358,486

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital asset additions as expenditures.
However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation
expense. This is the amount of the difference between capital
asset additions and depreciation in the current period.

Capital assets used in governmental activities	500,534	
Depreciation Expense	(1,652,131)	
		(1,151,597)

Governmental funds report district pension and OPEB contributions as
expenditures. However in the Statement of Activities, the cost
of pension and OPEB benefits earned net of employee contributions is
reported as pension and OPEB expense.

District pension contributions	1,531,250	
Pension expense	(433,054)	
District OPEB contributions	34,134	
OPEB expense	367,220	
		1,499,550

Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues in
the funds.

Delinquent Property Taxes	104,111	
Intergovernmental	(151,817)	
		(47,706)

Repayment of bond and note principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net position. 590,000

In the statement of activities interest expense is accrued when incurred;
whereas, in governmental funds an interest expenditure is reported
when due. 3,404

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

Compensated Absences	(374,322)	
Amortization of Bond Premium	57,738	
		(316,584)

Change in Net Position of Governmental Activities \$1,935,553

See accompanying notes to the basic financial statements.

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Note 1 – Description of the District and Reporting Entity

Reading Community City School District (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 operates under a locally elected Board of Education (five members) and is responsible for the education of the residents of the District. The Board controls the District's three instructional support facilities staffed by 111 certified, 15 noncertified, and 8 administrative employees providing education to approximately 1,444 students. The district also has contract service agreements for speech, OT/PT, nurses, gifted specialist, school psych, educational aides, facility maintenance, cafeteria staffing and transportation.

The District was established in 1863 and was later organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at-large for staggered four-year terms. The District serves 3.14 square miles including all of the City of Reading, a small area of the City of Evendale, and a portion of Sycamore Township. The City of Reading was incorporated as a village in 1851. It is located in southwest Ohio, in the north-central portion of Hamilton County.

Financial Reporting Entity

The reporting entity is composed of the primary government. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Reading Community City School District, this includes general operations, food service, preschool, and student related activities of the District.

The District reviewed potential component units for possible inclusion in the reporting entity. Component units are legally separate organizations for which the District is financially accountable. The District would be financially accountable for an organization if the District appointed a voting majority of the organization's governing board and (1) the District was able to significantly influence the programs or services performed or provided by the organization; or (2) the District was legally entitled to or can otherwise access the organization's resources; the District was legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District was obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District determined that it has no component units that meet these criteria.

The District is associated with three organizations, two of which are defined as jointly governed organizations and the other as an insurance purchasing pool. These organizations are the Great Oaks Institute of Technology and Career Development, the Hamilton/Clermont Cooperative, and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in notes 8 and 13 to the basic financial statements.

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except fiduciary funds.

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

Fund Financial Statements

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

Fund Accounting

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District utilizes two categories of funds: governmental and fiduciary.

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Governmental Funds

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

General Fund – The general fund is the general operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund.

Bond Retirement Fund – The bonds retirement fund is used for the accumulation of resources for the payment of general long-term debt principal and interest.

Capital Projects Fund – The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District no longer has a custodial fund.

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and certain deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

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

Basis of Accounting

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

Revenues – Exchange and Nonexchange Transactions

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

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

Under the modified accrual basis, the following revenue sources are deemed both measurable and available at fiscal year end: investment earnings, grants, and property taxes available for advance.

Deferred Inflows/Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources includes pension and other post employment benefits. These amounts are reported on government-wide statement of net position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

District, deferred inflows of resources include property taxes, revenue in lieu of taxes, unavailable revenue, grants and other taxes, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance year 2026 operations. These amounts have been recorded as deferred inflows on both the government-wide statements of net position and the governmental fund financial statements. Grants and other taxes and unavailable revenue are reported only on the governmental fund financial statements. Deferred inflows related to pension and OPEB plans are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 9 and 10.

Expenses/Expenditures

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

Cash and Cash Equivalents

Cash received by the District is pooled for investment purposes with individual fund cash balance integrity maintained through the District's financial records. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2025, investments were limited to negotiable certificates of deposit, STAR Ohio, Federal Home Loan Mortgage, Commercial Paper, and money market funds. Investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

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

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 \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, all investment earnings are allocated to the general fund except those specifically related to auxiliary services fund, agency funds, certain trust funds, and those funds individually authorized by Board resolution. Interest revenue credited to the general fund, the capital projects fund and the bond retirement fund during fiscal year 2025 amounted to \$692,304, \$42,562 and \$59,749 respectively. Interest revenue was also recorded in other governmental funds in the amount of \$139,673.

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are 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. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

Committed – This fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District’s Board of Education. Those committed amounts cannot be used for any other purpose unless the District’s 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 would represent intended uses established by the District’s Board of Education.

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

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

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025 are recorded as prepaid items. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets

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

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

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Land Improvements	20 years
Buildings	50 years
Building Improvements	20-30 years
Furniture and Equipment	5-20 years

Compensated Absences

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

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and net pension/OPEB liabilities that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment in the current year.

Bonds, certificates of participation, and bond anticipation notes that will be paid from governmental funds are recognized as liabilities in the fund financial statements when due.

Reading Community City School District
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For The Fiscal Year Ended June 30, 2025

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes activities for food service operations, music and athletic programs, and federal and state grants restricted to expenditures for specified purposes.

None of the restricted net position reported by the District on the government-wide statement of net position is restricted by enabling legislation.

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

Estimates

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

Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Transfers within the governmental activities are eliminated on the government-wide financial statements.

Other Schools

Within the District's boundaries, Mount Notre Dame High School is operated through the Cincinnati Archdiocese. St. Peter and Paul Academy Elementary is a chartered nonpublic elementary school and The Cincinnati Classical Academy is a public community school. The state and federal legislation provides funding to these parochial schools. For Mt. Notre Dame and St. Peter and Paul, these monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The receipt and expenditure of these state monies is reflected in a special revenue fund for financial reporting purposes.

Basis of Budgeting

All funds, other than the Custodial fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budget basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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

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

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the construction fund are amounts held for retainage. Restricted assets in the general fund are amounts required to be set aside for capital acquisition. See note 14 for additional information.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables" and "interfund payables". These amounts are eliminated in the government-wide statement of net position.

Pensions/OPEB

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

Note 3 – Fund Deficits

At June 30, 2025, the following funds had fund deficits:

<u>Fund</u>	<u>Deficit</u>
Title I Fund	\$13,484
Title VI Fund	9,351

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

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

Note 4 – Deposits and Investments

State statutes require the classification of monies held by the District into three categories.

Active deposits are those monies required to be kept in a “cash” or “near-cash” status for immediate use by the District. Such monies must be maintained either as cash in the District Treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are those monies not required for use within the current five-year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed 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.

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2025, \$1,387,611 of the District's bank balance of \$1,913,028 was exposed to custodial credit risk because it was uninsured and collateralized.

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

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

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

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Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Investments

The District's investments are summarized as follows:

	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Money Market Fund	\$146,593	N/A	0.00
STAR Ohio	11,175,288	N/A	0.08
Federal Home Loan Bank-Discount Notes	405,935	Level 2	3.69
Federal Home Loan Mortgage	379,100	Level 2	2.97
Federal Farm Credit Bank	899,609	Level 2	2.94
Federal National Mortgage Association	149,810	Level 2	4.34
US Treasury note	1,505,616	Level 2	3.94
Commercial Paper	1,520,101	Level 2	0.45
Negotiable CDs	4,344,658	Level 2	1.86
	<u>\$20,526,710</u>		
Portfolio Weighted Average Maturity			1.05

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2025. As discussed further in note 2, STAR Ohio is reported at its share price. All other investments of the District are valued using quoted market prices (Level 1 inputs).

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government to investments which have a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations. The District's investments in US Government Agency notes and Treasury notes were rated AA+ by Standard and Poor's and Aaa by Moody's Investment Service. The District's investments in Commercial Paper were rated A-1 by Standard and Poor's and P-1 by Moody's Investment Services. The District's investments in Money Market Funds and Negotiable CD's are not rated. The District's investments in STAR Ohio was rated AAAM by Standard & Poor's.

Custodial Credit Risk – Custodial credit risk occurs if, in the event of a failure of a counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment securities are registered in the name of the District.

Interest Rate Risk – In accordance with the investment policy, the District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio for five years.

Concentration of Credit Risk – This is the risk that can be attributed to the magnitude of a government's investment in a single issuer. The District's investment policy allows investments in eligible securities as described in the Ohio Revised Code. The District has invested 2% in Federal Home Loan Bank-Discount Notes, 2% in Federal Home Loan Mortgage, 1% in Federal National Mortgage Association, 4% in Federal Farm Credit Bank, 7% in Commercial Paper, 21% in Negotiable CD's, 55% in STAR Ohio, 7% in US Treasury Note, and 1% in Money Market Funds.

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Note 5 – Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the District. Real property taxes received in calendar year 2025 represent the 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 thirty-five 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 2021 became a lien December 31, 2021, were levied after April 1, 2024, and are collected in 2025 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2025, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources. The amount available as an advance at June 30, 2025 was \$3,675,000 in the general fund, \$470,000 in the bond retirement fund, and \$30,000 in the classroom facilities maintenance nonmajor special revenue fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

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

<u>2024 Second Half Collections</u>		<u>2025 First Half Collections</u>	
Agricultural/Residential and		Agricultural/Residential and	
Other Real Estate	\$261,529,010	Other Real Estate	\$263,222,580
Public Utility Personal	16,220,120	Public Utility Personal	17,484,880
Total Assessed Value	<u>\$277,749,130</u>	Total Assessed Value	<u>\$280,707,460</u>

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Note 6 – Receivables

Receivables at June 30, 2025 consisted of taxes, accounts, interfund loans, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year.

	<u>Taxes</u>	<u>Accounts</u>	<u>Intergovernmental</u>	<u>Interfund</u>
General Fund	\$11,462,680	\$21,958	\$688	\$310,465
Bond Retirement	1,515,540	0	0	0
Capital Projects	0	8,000	0	0
Other Governmental Funds	102,158	468	492,172	0
Total	<u>\$13,080,378</u>	<u>\$30,426</u>	<u>\$492,860</u>	<u>\$310,465</u>

Note 7 – Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,492,451	\$0	\$0	\$1,492,451
Construction in Progress	0	233,385	0	233,385
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,209,686	85,900	0	1,295,586
Buildings and Improvements	53,241,471	0	0	53,241,471
Furniture and Equipment	4,759,431	181,249	0	4,940,680
Totals at Historical Cost	<u>60,703,039</u>	<u>500,534</u>	<u>0</u>	<u>61,203,573</u>
Less Accumulated Depreciation:				
Land Improvements	390,111	76,655	0	466,766
Buildings and Improvements	7,177,925	1,331,415	0	8,509,340
Equipment	3,019,246	244,061	0	3,263,307
Total Accumulated Depreciation	<u>10,587,282</u>	<u>1,652,131</u>	<u>0</u>	<u>12,239,413</u>
Governmental Activities Capital Assets, Net	<u>\$50,115,757</u>	<u>(\$1,151,597)</u>	<u>\$0</u>	<u>\$48,964,160</u>

Depreciation expense was charged as follows:

Instruction:	
Regular	\$597,934
Support Services:	
School Administration	13,595
Operations and Maintenance	924,335
Operation of Non-Instructional Services	86,213
Extracurricular Activities	30,054
Total Depreciation Expense	<u>\$1,652,131</u>

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Construction in Progress

Governor Mike DeWine, Lt. Governor Jon Husted, and Ohio Department of Education and Workforce Director Stephen Dackin visited the campus for the announcement that Reading Schools will receive a Career Technical Education (CTE) grant of \$1,962,000. This transformative grant will enable us to reconfigure existing spaces into innovation areas equipped with advanced manufacturing equipment and support for work-based learning. This investment in our future will give Reading students a competitive edge as they prepare for their careers, ensuring they have the skills and knowledge to thrive in the modern workforce. The construction began in June 2025, is currently included within construction in progress and is expected to be completed with a grand opening in February 2026.

Note 8 – Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2025, the District contracted with Wright Specialty for general liability insurance with an \$3,000,000 aggregate limit and \$5,000 deductible covering all employees and volunteers of the District.

Wright Specialty also provides property and fleet insurance; auto holds a \$1,000 deductible.

Hylant Administrators maintains a \$20,000 performance bond for the Board President and superintendent and a \$50,000 public official bond for the Treasurer. Wright Specialty also maintains a \$50,000 employee dishonesty blanket bond for all employees.

Settlements have not exceeded insurance coverage in any of the last three fiscal years. There was no significant decrease in coverage from the prior year.

Worker's Compensation

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

Note 9 - Defined Benefit Pension Plans

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

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description

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

Age and service requirements for retirement are as follows:

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

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

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

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

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

Funding Policy

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$270,914 for fiscal year 2025. Of this amount \$0 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

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

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

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

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

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

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

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Funding Policy

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

The District's contractually required contribution to STRS was \$1,260,336 for fiscal year 2025. Of this amount \$210,056 is reported as accrued wages and benefits.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.04320430%	0.06561100%	
Prior Measurement Date	<u>0.04693320%</u>	<u>0.06503156%</u>	
Change in Proportionate Share	<u>-0.00372890%</u>	<u>0.00057944%</u>	
Proportionate Share of the Net Pension Liability	\$2,210,158	\$12,624,616	\$14,834,774
Pension Expense	\$143,428	\$289,626	\$433,054

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

Reading Community City School District
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For The Fiscal Year Ended June 30, 2025

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$84,382	\$795,019	\$879,401
Changes of assumptions	19,772	581,812	601,584
Changes in proportionate share and difference between employer contributions and proportionate share of contributions	0	42,932	42,932
Contributions subsequent to the measurement date	270,914	1,260,336	1,531,250
Total Deferred Outflows of Resources	<u>\$375,068</u>	<u>\$2,680,099</u>	<u>\$3,055,167</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$6,914	\$6,914
Changes of assumptions	0	437,937	437,937
Net difference between projected and actual earnings on pension plan investments	138,244	1,085,460	1,223,704
Changes in proportionate share and difference between employer contributions and proportionate share of contributions	158,856	615,459	774,315
Total Deferred Inflows of Resources	<u>\$297,100</u>	<u>\$2,145,770</u>	<u>\$2,442,870</u>

\$1,531,250 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2026	(\$167,451)	(\$1,057,481)	(\$1,224,932)
2027	79,111	1,025,794	1,104,905
2028	(63,956)	(453,403)	(517,359)
2029	(40,650)	(240,917)	(281,567)
Total	<u>(\$192,946)</u>	<u>(\$726,007)</u>	<u>(\$918,953)</u>

Actuarial Assumptions - SERS

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

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

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

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

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

	June 30, 2024	June 30, 2023
Inflation	2.40%	2.40%
Future Salary Increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or Ad Hoc COLA	2.0%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00% net of system expenses	7.00% net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

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

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

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

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

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

Discount Rate

The 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 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%)
District's proportionate share of the net pension liability	\$3,381,235	\$2,210,158	\$1,224,174

Changes Between the Measurement Date and the Report Date

The pension information is measured as of June 30, 2024 (measurement date) and used for the fiscal year ending June 30, 2025 (reporting date). There were no changes between the measurement date and the reporting date.

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation compared to those used in the June 30, 2023, actuarial valuation are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.50%	2.50%
Salary increases	From 2.50% to 8.50% based on service	From 2.50% to 8.50% based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00% net of investments expense, including inflation
Discount Rate of Return	7.00 percent	7.00%
Payroll Increases	3.00 percent	3.00%
Cost-of-Living Adjustments (COLA)	0.0%, effective July 1, 2017	0.0%, effective July 1, 2017

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

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

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

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Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

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

* Final target weights reflected at October 1, 2022.

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

Discount Rate

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

Sensitivity of the 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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$20,365,719	\$12,624,616	\$6,076,974

Changes Between the Measurement Date and the Report Date

At the April 2025 STRS Board meeting, they approved the following change:

1. Beginning July 1, 2025, approve a 1.5% cost-of-living increase be paid to eligible benefit recipients on their anniversary date in fiscal year 2026; and

Reading Community City School District
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For The Fiscal Year Ended June 30, 2025

2. Temporarily make thirty-two years of service credit the minimum requirement for unreduced benefits and adjust the years of service credit required for reduced retirement benefits to twenty-seven or more years of service credit at any age for the period effective June 1, 2025 through May 1, 2030, then temporarily make thirty-three years of service credit the minimum requirement for unreduced benefits and adjust the years of service credit required for reduced retirement benefits to twenty-eight or more years of service at any age from June 1, 2030 through May 1, 2032, with a return to a minimum of thirty-four years of service credit (twenty-nine years or more for reduced retirement benefits) effective June 1, 2032 going forward.

Any effect on the net pension liability is unknown.

Note 10 - Defined Benefit OPEB Plans

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

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

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

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

Reading Community City School District
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For The Fiscal Year Ended June 30, 2025

Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$34,134.

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 \$34,134 for fiscal year 2025.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

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

Funding Policy

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

Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.04389340%	0.06561100%	
Prior Measurement Date	0.04840030%	0.06503156%	
Change in Proportionate Share	-0.00450690%	0.00057944%	
Proportionate Share of the:			
Net OPEB Liability	\$447,052	\$0	\$447,052
Net OPEB (Asset)	\$0	(\$1,244,515)	(\$1,244,515)
OPEB Expense	(\$110,688)	(\$256,531)	(\$367,220)

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$0	\$54,101	\$54,101
Changes of assumptions	191,875	153,182	345,057
Net difference between projected and actual earnings on OPEB plan investments	2,183	0	2,183
Changes in proportionate share and difference between employer contributions and proportionate share of contributions	4,137	15,883	20,020
Contributions subsequent to the measurement date	34,134	0	34,134
Total Deferred Outflows of Resources	\$232,329	\$223,166	\$455,495
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$482,038	\$134,120	\$616,158
Changes of assumptions	205,359	561,268	766,627
Net difference between projected and actual earnings on OPEB plan investments	0	53,436	53,436
Changes in proportionate share and difference between employer contributions and proportionate share of contributions	199,252	5,304	204,556
Total Deferred Inflows of Resources	\$886,649	\$754,128	\$1,640,777

\$34,134 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date was recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Reading Community City School District
Notes to the Basic Financial Statements
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Fiscal Year Ending June 30:	SERS	STRS	Total
2026	(\$181,810)	(\$187,430)	(\$369,240)
2027	(130,946)	(82,768)	(213,714)
2028	(90,467)	(105,732)	(196,199)
2029	(70,309)	(97,896)	(168,205)
2030	(69,652)	(78,906)	(148,558)
Thereafter	(145,270)	21,770	(123,500)
Total	(\$688,454)	(\$530,962)	(\$1,219,416)

Actuarial Assumptions – SERS

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

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

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

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

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	June 30, 2024	June 30, 2023
Inflation	2.40%	2.40%
Future Salary Increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
Investment Rate of Return	7.00% net of investment expense	7.00% net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2059	2048
Municipal Bond Index Rate:		
Measurement Date	3.93%	3.86%
Prior Measurement Date	3.86%	3.69%
Single Equivalent Interest Rate,		
Measurement Date	4.88%	4.27%
Prior Measurement Date	4.27%	4.08%
Health Care Cost Trend Rate:		
Medical Trend Assumption		
Measurement Date	7.00% to 4.40%	6.75% to 4.40%
Prior Measurement Date	6.75% to 4.40%	7.00% to 4.40%

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

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

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

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

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
District's proportionate share of the net OPEB liability	\$596,128	\$447,052	\$328,591

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	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%)
District's proportionate share of the net OPEB liability	\$302,191	\$447,052	\$637,461

Changes Between the Measurement Date and the Report Date

The OPEB information is measured as of June 30, 2024 (measurement date) and used for the fiscal year ending June 30, 2025 (reporting date). There were no changes between the measurement date and the reporting date.

Actuarial Assumptions – STRS

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

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment Rate of Return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.00%
Discount Rate of Return	7.00%	7.00%
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50% initial 3.94% ultimate	7.50% initial 4.14% ultimate
Medicare	(112.22%) initial 3.94% ultimate	(10.94%) initial 4.14%ultimate
Prescription Drug		
Pre-Medicare	8.00% initial 3.94% ultimate	(11.95%) initial 4.14%ultimate
Medicare	(15.14%) initial 3.94% ultimate	1.33% initial 4.14% ultimate

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

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

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

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

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

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

* Final target weights reflected at October 1, 2022.

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net OPEB asset	(\$1,011,873)	(\$1,244,515)	(\$1,446,965)

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	(\$1,460,640)	(\$1,244,515)	(\$984,597)

Changes Between the Measurement Date and the Report Date

At the May 2025 STRS Board meeting, the Board approved the following change: Increasing the health care subsidy for twenty-seven years of service to the maximum subsidy minus the subsidy for three years of service for anyone who retires between August 1, 2023, and July 1, 2032, effective June 1, 2025 through July 1, 2032. After that the maximum subsidy for Healthcare Plan participants who retire August 1, 2032 or later will align with the eligibility for unreduced pensions, and all others eligible for subsidies receive one less year of subsidy for each year below the minimum years of service required to receive unreduced subsidy at any age. Any effect on the net OPEB asset is unknown.

Note 11 – Long-Term Obligations

Long-term obligations activity of the District for the fiscal year ended June 30, 2025 was as follows:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
Governmental Activities:					
Certificates of Participation	\$1,150,000	\$0	\$110,000	\$1,040,000	\$115,000
General Obligation Bonds:					
Series A	11,970,000	0	410,000	11,560,000	245,000
Series A Premium	811,315	0	31,205	780,110	0
Series B	8,585,000	0	70,000	8,515,000	255,000
Series B Premium	477,590	0	26,533	451,057	0
Subtotal Bonds, Loans, and Note	22,993,905	0	647,738	22,346,167	615,000
Compensated Absences	4,093,712	191,515 *	0	4,285,227	428,067
Subtotal Bonds and Other Amounts	27,087,617	191,515	647,738	26,631,394	1,043,067
Net Pension Liability	16,597,807	0	1,763,033	14,834,774	0
Net OPEB Liability	797,368	0	350,316	447,052	0
Total Long-Term Obligations	<u>\$44,482,792</u>	<u>\$191,515</u>	<u>\$2,761,087</u>	<u>\$41,913,220</u>	<u>\$1,043,067</u>

*-net change

Certificates of Participation – In fiscal year 2013, the District authorized certificates of participation financing for the acquisition, construction, equipping, improving, installation, and renovation of school facilities, including roof repair and/or replacement. The District is required to make annual payments with interest rates ranging from 2 percent to 4.125 percent. The final payment is due on December 1, 2032. Payments will be made from the District's general fund.

General Obligation Bonds – In fiscal year 2016, the District issued two series of general obligation notes for the purpose of repaying series 2015 and series 2016 bond anticipation notes. The series A bonds, consisting of serial and terms bonds, were issued for \$14,970,000 with a premium of \$1,060,955, interest rates varying from 2 to 4 percent, and a final maturity date of November 1, 2049. The series B bonds,

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

consisting of serial and terms bonds, were issued for \$9,110,000 with a premium of \$689,854, interest rates varying from 1 to 4 percent, and a final maturity date of November 1, 2041.

Future principal and interest requirements for the certificates of participation are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2026	\$115,000	\$38,950	\$153,950
2027	120,000	34,837	154,837
2028	120,000	30,338	150,338
2029	125,000	25,437	150,437
2030	130,000	20,338	150,338
2031-2033	430,000	27,225	457,225
Total	<u>\$1,040,000</u>	<u>\$177,125</u>	<u>\$1,217,125</u>

Future principal and interest requirements for the bonds are as follows:

Fiscal Year Ending June 30	Series A			Series B		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$245,000	\$473,612	\$718,612	\$255,000	\$300,513	\$555,513
2027	445,000	459,813	904,813	70,000	295,287	365,287
2028	5,000	450,813	455,813	530,000	283,288	813,288
2029	5,000	450,813	455,813	550,000	261,688	811,688
2030	5,000	450,612	455,612	575,000	242,062	817,062
2031-2035	650,000	2,239,711	2,889,711	2,555,000	897,838	3,452,838
2036-2040	1,470,000	1,980,776	3,450,776	2,355,000	536,892	2,891,892
2041-2045	2,970,000	1,682,876	4,652,876	1,625,000	49,125	1,674,125
2046-2050	5,765,000	553,839	6,318,839	0	0	0
Total	<u>\$11,560,000</u>	<u>\$8,742,865</u>	<u>\$20,302,865</u>	<u>\$8,515,000</u>	<u>\$2,866,693</u>	<u>\$11,381,693</u>

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9 percent of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1 percent of the property valuation of the District. The Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1 percent of the property valuation of the District. The assessed valuation use in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The Ohio Revised Code further provides that when a Board of Education declares a resolution that the student population is not adequately served by existing facilities, and that insufficient capacity exists within the 9 percent limit to finance additional facilities, the State Department of Education may declare that district a "special needs" district. This permits the incurrence of additional debt based upon projected 5-year growth of the school district's assessed valuation. The District was determined to be a "special

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

needs” district by the State Superintendent.

Compensated absences will be paid from the general fund. The District pays obligations related to employee compensation from the fund benefitting from their service.

Note 12 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, Board resolutions, and State laws. Eligible classified employees and administrators earn ten to thirty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who are not on a twelve-month contract do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of 15 sick days of leave for each year under contract. During regular employment, sick leave may be accumulated, up to a maximum of 328 days for teachers, 328 days for administrators, and 240 days for classified employees. Upon retirement, severance pay is based upon one-fourth of the accrual of sick days up to a maximum of 100 days for teachers, 75 days for administrators, and 60 days for classified employees.

Retirement Incentive

The Board of Education shall provide a retirement incentive payment to any member of the bargaining unit who retires through STRS during the term of this Contract under the following conditions:

- Retirement eligibility shall occur for one (1) year periods during the term of this Contract beginning September 1 and ending August 31 of each year of the Contract..
- The member, to be eligible for the increase in severance retirement incentive at sixty percent (60%), must meet the qualifications as listed in the below charts::

60% of Accumulated Sick Leave

<u>Retirement Dates</u>	<u>Reduced Benefits (Minimum Age and Years of Service)</u>
<u>8/1/2021-7/1/2023</u>	<u>Any age and 30 yrs.; or age 55 and 29 yrs.; or age 60 and 5 yrs.*</u>
<u>8/1/2023-7/1/2028</u>	<u>Any age and 30 yrs.; or age 60 and 5 yrs.*</u>
<u>On or after 8/1/2028</u>	<u>Any age and 30 yrs.; or age 60 and 5 yrs.*</u>

*An actuarially reduced benefit reflects a reduction for each year that a member retires before meeting eligibility for an unreduced benefit.

- The member must retire effective at the completion of the school year in which the employee

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

first obtains eligibility based on the table above. The member must give the Board of Education written notice of his/her intention to retire before April 1 of the year in which the member first becomes eligible for the retirement incentive based on years of service and age as listed above. Failure to exercise this right shall result in that member's forfeiture of his/her right to the retirement incentive.

- Severance shall be at sixty percent (60%) of a maximum of three hundred (300) sick days paid out at one-third (1/3) of the amount on September 1 of the year of retirement, one-third (1/3) at January 1 of the following year, and one-third (1/3) at January 1 of the following year.
- Said retirement incentive payment shall be paid to the member on the last scheduled pay date in January of the next calendar year following retirement.

Insurance Benefits

The District provides medical, dental, and life insurance and accidental death and dismemberment insurance to most employees through the Greater Cincinnati Insurance Consortium. Employees generally must work in excess of 30 hours per week to be eligible for insurance benefits.

Note 13 – Jointly Governed Organizations

Hamilton/Clermont Cooperative

The District is a participant in a consortium of school districts that operate the Hamilton/Clermont Cooperative (H/CC). H/CC is a jointly governed organization among a two county consortium of school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports H/CC based upon a per pupil charge dependent upon the software package utilized. The Governing Board of H/CC consists of one representative from each of the participating members. Complete financial statements for H/CC can be obtained from their administrative offices.

Great Oaks Career Campuses

The Great Oaks Career Campuses, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the thirty-six participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to The Great Oaks Career Campuses, Mr. Ben Vanhorn, Treasurer, at 3254 East Kemper Road, Cincinnati, Ohio 45241.

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Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Note 14 – Set-Aside Calculations

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

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2024	\$0
Current Year Set Aside Requirements	339,879
Qualified Disbursements	0
Current Year Offsets	(339,879)
Set Aside Reserve Balance as of June 30, 2025	\$0
Restricted Cash as of June 30, 2025	\$0

Note 15 – Contingencies

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025.

Litigation

The District is not currently involved in any pending litigation.

Note 16 – Claims Servicing Pool

The District participates as a member of the Greater Cincinnati Insurance Consortium (the Consortium), a shared risk pool, comprised of fourteen Hamilton County school districts and the Hamilton County Educational Service Center. Decisions concerning the operation of the Consortium are made by a Board of Directors consisting of one (1) representative selected from each participating district and the educational service center. Each member pays an administrative fee to the pool. The Consortium converted from a fully-insured Consortium through an independent third party insurance company to a self-funded insurance Consortium with stop loss coverage effective July 1, 2007. Anthem Blue Cross Blue Shield provides claims review and processing.

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Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Note 17 – Interfund Activity

Interfund Transfers

Transfers made during the year ended June 30, 2025 were as follows:

	Transfers	
	In	Out
General Fund	\$0	\$6,468,000
Capital Projects	4,333,000	0
Other Governmental Funds	2,135,000	0
Total All Funds	\$6,468,000	\$6,468,000

Interfund Receivables/Payables

As of June 30, 2025, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund	
	Receivable	Payable
General Fund	\$310,465	\$0
Other Governmental Funds	0	310,465
Total All Funds	\$310,465	\$310,465

The amounts due to the general fund from nonmajor governmental funds are the result of the District moving unrestricted balances to support programs and projects accounted for in other funds. The general fund will be reimbursed when funds become available in other governmental funds, which is expected to be received within one year.

Note 18 – Encumbrance Commitments

At June 30, 2025, the District had encumbrance commitments in the governmental funds as follows:

Major Funds	
General	\$94,990
Other Governmental Funds	874,709
Total Encumbrances	\$969,699

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Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Note 19 – 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 the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Bond Retirement	Capital Projects	Other Governmental Funds	Total
Nonspendable:					
Prepays	\$251,701	\$0	\$0	\$13,287	\$264,988
Total Nonspendable	251,701	0	0	13,287	264,988
Restricted for:					
Food Service	0	0	0	1,302,077	1,302,077
Local Grants	0	0	0	24,948	24,948
Classroom Facilities Maintenance	0	0	0	301,846	301,846
District Managed Activities	0	0	0	2,307,752	2,307,752
Auxiliary Services	0	0	0	9,233	9,233
Title III	0	0	0	149	149
Straight A Grant	0	0	0	1,262	1,262
Miscellaneous State Grants	0	0	0	10,747	10,747
Career Education ICP	0	0	0	9	9
Student Activity	0	0	0	53,319	53,319
Private Purpose Trust	0	0	0	13,540	13,540
Non-Expendable Trust	0	0	0	88,950	88,950
Debt Service	0	2,624,958	0	0	2,624,958
Capital Projects	0	0	5,436,476	0	5,436,476
Local Funded Construction	0	0	0	18,337	18,337
Local Share Construction	0	0	0	1,557,513	1,557,513
Total Restricted	0	2,624,958	5,436,476	5,689,682	13,751,116
Committed to:					
Sick Severance Payout	434,730	0	0	0	434,730
Total Committed	434,730	0	0	0	434,730
Assigned to:					
Encumbrances	4,427	0	0	0	4,427
Student and Staff Support	22,383	0	0	0	22,383
Total Assigned	26,810	0	0	0	26,810
Unassigned (Deficit)	10,185,938	0	0	(23,168)	10,162,770
Total Fund Balance	\$10,899,179	\$2,624,958	\$5,436,476	\$5,679,801	\$24,640,414

Note 20– Related Party Disclosures

The District has evaluated its financial transactions, arrangements, and relationships in accordance with the requirements of the U.S. Department of Education (34 CFR §668.23(d)(1)) and Auditor of State Technical Bulletin 2025-001, which extend beyond the disclosure requirements of GASB Codification Section 2250, Related Party Transactions.

Reading Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Management has determined that, for the fiscal year ended June 30, 2025, the District had no related party relationships, related entities, related party transactions, or related party outstanding balances that are required to be disclosed. Accordingly, no related party disclosures are presented in these financial statements.

Note 21 – Implementation of New Accounting Principles

New Accounting Principles

For fiscal year 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, GASB Statement No. 102, Certain Risk Disclosures, and GASB Implementation Guide No. 2025-1.

GASB Statement No. 102 addresses the variety of risks that state and local governments face that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the District.

GASB Implementation Guide No. 2025-1 includes providing clarity on a range of accounting issues for state and local governments. These topics under GASB Implementation Guide No. 2025-1 provisions were implemented and did not have an effect on the financial statements of the District.

GASB Statement No. 101 sets out to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of GASB Statement No. 101 had the following effect on net position as reported June 30, 2024, by opinion unit affected:

	<u>Government-Wide</u>
	Governmental
	<u>Activities</u>
Net Position-Beginning of Year, as Previously Presented	\$33,707,964
Change in Accounting Principal- Adoption of GASB 101	<u>(2,467,546)</u>
Net Position-Beginning of Year, as Restated or Adjusted	<u><u>\$31,240,418</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

Reading Community City School District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years (1)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.04320430%	\$2,210,158	\$1,810,821	122.05%	78.52%
2024	0.04693320%	2,593,301	1,880,336	137.92%	76.06%
2023	0.04741240%	2,564,431	1,798,157	142.61%	75.82%
2022	0.04711370%	1,738,359	1,583,764	109.76%	82.86%
2021	0.05159660%	3,412,708	1,851,743	184.30%	68.55%
2020	0.05549790%	3,320,537	1,861,015	178.43%	70.85%
2019	0.05713010%	3,271,947	1,848,526	177.00%	71.36%
2018	0.05543200%	3,311,940	1,800,000	184.00%	69.50%
2017	0.05635780%	4,124,871	1,580,057	261.06%	62.98%
2016	0.05445050%	3,106,998	1,741,229	178.44%	69.16%

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

See accompanying notes to the required supplementary information.

Reading Community City School District
Required Supplementary Information
Schedule of the District's Contributions for Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2025	\$270,914	(\$270,914)	\$0	\$1,935,100	14.00%
2024	253,515	(253,515)	0	1,810,821	14.00%
2023	263,247	(263,247)	0	1,880,336	14.00%
2022	251,742	(251,742)	0	1,798,157	14.00%
2021	221,727	(221,727)	0	1,583,764	14.00%
2020	259,244	(259,244)	0	1,851,743	14.00%
2019	251,237	(251,237)	0	1,861,015	13.50%
2018	249,551	(249,551)	0	1,848,526	13.50%
2017	252,000	(252,000)	0	1,800,000	14.00%
2016	221,208	(221,208)	0	1,580,057	14.00%

See accompanying notes to the required supplementary information.

Reading Community City School District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years (1)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.06561100%	\$12,624,616	\$8,997,429	140.31%	82.55%
2024	0.06503156%	14,004,506	9,097,886	153.93%	80.02%
2023	0.06835004%	15,194,301	9,015,086	168.54%	78.88%
2022	0.06883412%	8,801,061	8,493,679	103.62%	87.78%
2021	0.07298548%	17,659,889	8,785,714	201.01%	75.48%
2020	0.07496906%	16,578,957	8,796,479	188.47%	77.40%
2019	0.07315464%	16,085,063	8,316,679	193.41%	77.30%
2018	0.07115479%	16,902,973	8,258,271	204.68%	75.30%
2017	0.07286233%	24,389,218	8,062,129	302.52%	66.80%
2016	0.07184919%	19,857,015	7,496,121	264.90%	72.10%

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

See accompanying notes to the required supplementary information.

Reading Community City School District
Required Supplementary Information
Schedule of the District's Contributions for Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2025	\$1,260,336	(\$1,260,336)	\$0	\$9,002,400	14.00%
2024	1,259,640	(1,259,640)	0	8,997,429	14.00%
2023	1,273,704	(1,273,704)	0	9,097,886	14.00%
2022	1,262,112	(1,262,112)	0	9,015,086	14.00%
2021	1,189,115	(1,189,115)	0	8,493,679	14.00%
2020	1,230,000	(1,230,000)	0	8,785,714	14.00%
2019	1,231,507	(1,231,507)	0	8,796,479	14.00%
2018	1,164,335	(1,164,335)	0	8,316,679	14.00%
2017	1,156,158	(1,156,158)	0	8,258,271	14.00%
2016	1,128,698	(1,128,698)	0	8,062,129	14.00%

See accompanying notes to the required supplementary information.

Reading Community City School District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Nine Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.04389340%	\$447,052	\$1,810,821	24.69%	44.50%
2024	0.04840030%	797,368	1,880,336	42.41%	30.02%
2023	0.04879640%	685,107	1,798,157	38.10%	30.34%
2022	0.04856310%	919,096	1,583,764	58.03%	24.08%
2021	0.05235800%	1,137,911	1,851,743	61.45%	18.17%
2020	0.05661780%	1,423,819	1,861,015	76.51%	15.57%
2019	0.05798790%	1,608,741	1,848,526	87.03%	13.57%
2018	0.05640040%	1,513,639	1,800,000	84.09%	12.46%
2017	0.05635780%	1,606,406	1,580,057	101.67%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Reading Community City School District
Required Supplementary Information
Schedule of the District's Contributions for Net OPEB Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years (1)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2025	\$34,134	(\$34,134)	\$0	\$1,935,100	1.76%
2024	30,798	(30,798)	0	1,810,821	1.70%
2023	35,953	(35,953)	0	1,880,336	1.91%
2022	33,487	(33,487)	0	1,798,157	0.34%
2021	31,118	(31,118)	0	1,583,764	1.96%
2020	28,037	(28,037)	0	1,851,743	1.51%
2019	42,660	(42,660)	0	1,861,015	2.29%
2018	9,243	(9,243)	0	1,848,526	0.50%
2017	0	0	0	1,800,000	0.00%
2016	0	0	0	1,580,057	0.00%

(1) Includes surcharge.

See accompanying notes to the required supplementary information.

Reading Community City School District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability
State Teachers Retirement System of Ohio
Last Nine Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2025	0.06561100%	(\$1,244,515)	\$8,997,429	(13.83%)	158.01%
2024	0.06503156%	(1,264,774)	9,097,886	(13.90%)	168.52%
2023	0.06835004%	(1,769,810)	9,015,086	(19.63%)	230.73%
2022	0.06883412%	(1,451,311)	8,493,679	(17.09%)	174.73%
2021	0.07298548%	(1,282,719)	8,785,714	(14.60%)	182.13%
2020	0.07496906%	(1,241,667)	8,796,479	(14.12%)	174.74%
2019	0.07315464%	(1,175,520)	8,316,679	(14.13%)	176.00%
2018	0.07115479%	2,776,197	8,258,271	33.62%	47.10%
2017	0.07286233%	3,896,696	8,062,129	48.33%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Reading Community City School District
Required Supplementary Information
Schedule of the District's Contributions for Net OPEB (Asset)/Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2025	\$0	\$0	\$0	\$9,002,400	0.00%
2024	0	0	0	8,997,429	0.00%
2023	0	0	0	9,097,886	0.00%
2022	0	0	0	9,015,086	0.00%
2021	0	0	0	8,493,679	0.00%
2020	0	0	0	8,785,714	0.00%
2019	0	0	0	8,796,479	0.00%
2018	0	0	0	8,316,679	0.00%
2017	0	0	0	8,258,271	0.00%
2016	0	0	0	8,062,129	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Reading Community City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2025

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$10,324,540	\$10,409,665	\$10,427,495	\$17,830
Revenue in lieu of taxes	308	310	311	1
Tuition and Fees	707,223	713,054	714,275	1,221
Investment Earnings	652,810	658,193	659,320	1,127
Intergovernmental	9,547,330	9,626,046	9,642,534	16,488
Charges for Services	26,938	27,160	27,207	47
Other Revenues	198,132	199,766	200,108	342
Total Revenues	21,457,281	21,634,194	21,671,250	37,056
Expenditures:				
Current:				
Instruction:				
Regular	6,817,870	9,116,808	9,033,175	83,633
Special	1,692,001	2,262,531	2,241,776	20,755
Vocational	17,533	23,445	23,230	215
Other	261,455	349,615	346,408	3,207
Support Services:				
Pupil	903,880	1,208,662	1,197,574	11,088
Instructional Staff	516,929	691,234	684,893	6,341
General Administration	23,848	31,890	31,597	293
School Administration	1,455,262	1,945,966	1,928,115	17,851
Fiscal	541,633	724,268	717,624	6,644
Operations and Maintenance	1,437,903	1,922,753	1,905,115	17,638
Pupil Transportation	295,545	395,200	391,575	3,625
Central	91,176	121,920	120,802	1,118
Operation of Non-Instructional Services	16,476	22,032	21,830	202
Extracurricular Activities	454,581	607,862	602,286	5,576
Capital Outlay	9,434	12,616	12,500	116
Debt Service:				
Principal Retirement	83,023	111,018	110,000	1,018
Interest and Fiscal Charges	32,974	44,092	43,688	404
Total Expenditures	14,651,523	19,591,912	19,412,188	179,724
Excess of Revenues Over (Under) Expenditures	6,805,758	2,042,282	2,259,062	216,780
Other Financing Sources (Uses):				
Transfers In	31,754	32,016	32,071	55
Transfers (Out)	(5,283,367)	(7,064,881)	(7,000,071)	64,810
Total Other Financing Sources (Uses)	(5,251,613)	(7,032,865)	(6,968,000)	64,865
Net Change in Fund Balance	1,554,145	(4,990,583)	(4,708,938)	281,645
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	12,931,938	12,931,938	12,931,938	0
Fund Balance - End of Year	\$14,486,083	\$7,941,355	\$8,223,000	\$281,645

See accompanying notes to the required supplementary information.

Reading Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

Note 1 – Budgetary Process

While the District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the basis of budgeting as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balances – budget (non-GAAP basis) and actual for the general fund is presented on the basis of budgeting to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) but have no effect on fund balance for GAAP.
4. Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies, rotary, and public school support funds.

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

	Net Change in Fund Balance
	General
GAAP Basis	(\$5,004,407)
Revenue Accruals	1,128,205
Expenditure Accruals	(237,746)
Transfers In	32,071
Transfers (Out)	(532,071)
Encumbrances	(94,990)
Budget Basis	<u>(\$4,708,938)</u>

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2025: Effective August 1, 2024, HB 33 established a Contribution-Based Benefit Cap (CBBC). Under this provision, a member's retirement allowance (and any survivor benefit derived from that allowance) will be limited if the calculated benefit under the statutory formula exceeds the CBBC amount.

2023-2024: There were no changes in benefit terms since the prior measurement period.

2022: Cost of Living Adjustments (COLA) increased from 0.50% to 2.50%.

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

Reading Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

2018: SERS changed from a fixed 3.00% annual increase to a Cost of Living Adjustments (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.50% and a floor of 0.00%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2023-2025: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Cost of Living Adjustments (COLA) was increased from 2.00% to 2.50% for calendar years 2025, 2024 and 2023.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.00% to 2.40%,
- (2) Payroll growth assumption was reduced from 3.50% to 1.75%,
- (3) Assumed real wage growth was increased from 0.50% to 0.85%,
- (4) Cost of Living Adjustments (COLA) was reduced from 2.50% to 2.00%,
- (5) The discount rate was reduced from 7.50% to 7.00%,
- (6) Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and,
- (7) Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) 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,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Reading Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2025: In March 2024, the Board adopted a change in the service retirement eligibility requirements for both unreduced and actuarially reduced benefits. This change is effective for retirements beginning June 1, 2024. The change allows for unreduced retirement at 34 years of service indefinitely (was previously set to increase to 35 years beginning August 1, 2029). The change also allows for an actuarially reduced retirement at any age with 29 years of service.

2019-2024: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2025: Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table:
 - a. Adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020
- (2) Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table:
 - a. Adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020
- (3) Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table:
 - a. Projected forward generationally using mortality improvement scale MP-2020
- (4) Projected salary increases changed from 2.50% to 12.50% to 2.50% to 8.50%

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and

Reading Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2025: The SERS Board increased the minimum compensation used for determining the health care surcharge from \$25,000 to \$30,000.

2024: Effective January 1, 2024, the non-Medicare disability health care subsidy amounts will change to reflect amounts equal to that of service retirees by years of service.

2017-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2025: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 4.27%
 - Measurement Date 4.88%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.86%
 - Measurement Date 3.93%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 4.27%
 - Measurement Date 4.88%
- (4) Health care trend rates were updated.
- (5) Fiduciary Net Position projected depletion changed from 2048 to 2059.

2024: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 4.08%
 - Measurement Date 4.27%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.69%
 - Measurement Date 3.86%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 4.08%
 - Measurement Date 4.27%
- (4) The assumption for percent of pre-Medicare eligible retirees who choose the Wraparound plan increased from 10% to 20%.
- (5) The health care trend assumption on retiree premiums was updated to not apply trend to the \$35 surcharge.

Reading Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

- (6) The morbidity factors were updated based on the Society of Actuaries' June 2013 research report Health Care Costs—From Birth to Death by Dale Yamamoto and from the ASOP 6 practice note developed by the American Academy of Actuaries.
- (7) An assumption was added to assume that 15% of pre-65 retirees who waive will elect coverage upon Medicare eligibility.

2023: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 2.27%
 - Measurement Date 4.08%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 1.92%
 - Measurement Date 3.69%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 2.27%
 - Measurement Date 4.08%
- (4) Health care trend rates were updated.

2022: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 2.63%
 - Measurement Date 2.27%
- (2) Investment Rate of Return:
 - Prior Measurement Date 7.50%
 - Measurement Date 7.00%
- (3) Assumed Rate of Inflation:
 - Prior Measurement Date 3.00%
 - Measurement Date 2.40%
- (4) Payroll Growth Assumption:
 - Prior Measurement Date 3.50%
 - Measurement Date 1.75%
- (5) Assumed Real Wage Growth:
 - Prior Measurement Date 0.50%
 - Measurement Date 0.85%
- (6) Municipal Bond Index Rate:
 - Prior Measurement Date 2.45%
 - Measurement Date 1.92%
- (7) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 2.63%
 - Measurement Date 2.27%
- (8) Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- (9) Rate of health care participation for future retirees and spouses was updated to reflect recent.
- (10) Mortality among active members was updated to the following:
 - a. PUB-2010 General Amount Weighted Below Median Employee mortality table.
- (11) Mortality among service retired members was updated to the following:

Reading Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

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

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 3.22%
 - Measurement Date 2.63%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.13%
 - Measurement Date 2.45%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.22%
 - Measurement Date 2.63%

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 3.70%
 - Measurement Date 3.22%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.62%
 - Measurement Date 3.13%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.70%
 - Measurement Date 3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 3.63%
 - Measurement Date 3.70%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.56%
 - Measurement Date 3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.63%
 - Measurement Date 3.70%

Reading Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

(2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) 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, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

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

2024: Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024. The change in the subsidy percentage and the base amount for all retiree Non-Medicare Eligible (NME) participants, from 2.2% per year in last year's valuation to 2.5% per year, capped at 75%, as well as the unfreezing of the NME subsidy, the removal of the 6% cap on the year over year subsidy increase for Medicare Eligible (ME) participants, the changes in deductible and office visits copays for Aetna's Medicare Advantage plan, and updates in the medical and PBM vendor contracts. In addition, there were benefit changes related to the change in eligibility for unreduced Pension benefits.

2023: 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. Healthcare trends were updated to reflect emerging claims and recoveries experience.

2022: The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The

Reading Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

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.

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. 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.

2020: There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% 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.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.10% to 1.90% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in Assumptions:

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

2024: Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024. The change in the subsidy percentage and the base amount for all retiree Non-Medicare Eligible (NME) participants, from 2.2% per year in last year's valuation to 2.5% per year, capped at 75%, as well as the unfreezing of the NME subsidy, the removal of the 6% cap on the year over year subsidy increase for Medicare Eligible (ME) participants, the changes in deductible and office visits copays for Aetna's Medicare Advantage plan, and updates in the medical and PBM vendor contracts. In addition, there were benefit changes related to the change in eligibility for unreduced Pension benefits.

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal years.

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

Reading Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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**READING COMMUNITY CITY SCHOOL DISTRICT
HAMILTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Assistance Listing Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education and Workforce:			
Child Nutrition Cluster:			
School Breakfast Program	3L70	10.553	\$58,347 
National School Lunch Program Non-Cash Assistance	3L60	10.555 	\$6,344
National School Lunch Program	3L60	10.555 	386,462
Total National School Lunch Program			<u>452,776</u> 
Total Child Nutrition Cluster			<u>511,123</u>
Total U.S. Department of Agriculture			<u>511,123</u>
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education and Workforce:			
Special Education Cluster:			
Special Education-Grants to States	3M20	84.027	556,544
Special Education-Preschool Grants	3C50	84.173	<u>8,489</u>
Total Special Education Cluster			<u>565,033</u>
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	3HS0	84.425U	54,318
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	3HZ0	84.425W	<u>2,185</u>
Total Education Stabilization Fund			<u>56,503</u>
Title I Grants to Local Educational Agencies	3M00	84.010	466,682
Supporting Effective Instruction State Grants	3Y60	84.367	63,946
Student Support and Academic Enrichment Program	3H10	84.424	44,741
Passed Through Hamilton County Educational Service Center:			
English Language Acquisition State Grants	N/A	84.365	<u>9,247</u>
Total U.S. Department of Education			<u>1,206,152</u>
Total Expenditures of Federal Awards			<u><u>\$1,717,275</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

**READING COMMUNITY CITY SCHOOL DISTRICT
HAMILTON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Reading Community 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 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – 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 4 – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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800-282-0370

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

Reading Community City School District
Hamilton County
810 East Columbia Avenue
Reading, Ohio 45215

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Reading Community City School District, Hamilton County, Ohio (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 6, 2026, wherein we noted the District adopted Governmental Accounting Standards Board Statement 101, *Compensated Absences*.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



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

March 6, 2026



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Reading Community City School District
Hamilton County
810 East Columbia Avenue
Reading, Ohio 45215

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

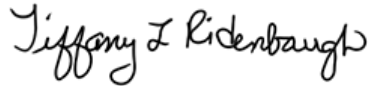
Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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

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

KEITH FABER
Ohio Auditor of State

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

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

March 6, 2026

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**READING COMMUNITY CITY SCHOOL DISTRICT
HAMILTON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Title I (84.010)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



READING COMMUNITY CITY SCHOOL DISTRICT

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/19/2026

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