



OHIO AUDITOR OF STATE
KEITH FABER



**SOUTH EUCLID-LYNDHURST CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2025**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund	20
Notes to the Basic Financial Statements	21

**SOUTH EUCLID-LYNDBURST CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2025**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability (School Employees Retirement System of Ohio).....	62
Schedule of the School District's Proportionate Share of the Net OPEB Liability (School Employees Retirement System of Ohio).....	64
Schedule of the School District's Proportionate Share of the Net Pension Liability (State Teachers Retirement System of Ohio).....	66
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset) (State Teachers Retirement System of Ohio).....	68
Schedule of the School District's Contributions (School Employees Retirement System of Ohio)	70
Schedule of the School District's Contributions (State Teachers Retirement System of Ohio).....	72
Notes to Required Supplementary Information	74
Schedule of Expenditures of Federal Awards	79
Notes to the Schedule of Expenditures of Federal Awards	80
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	81
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	83
Schedule of Findings	87
Prepared by Management:	
Corrective Action Plan	91

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

South Euclid-Lyndhurst City School District
Cuyahoga County
5044 Mayfield Road
Lyndhurst, Ohio 44124

To the Board of Education:

Report on the Audit of the Financial Statement

Opinions

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

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

Basis for 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 22 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 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 25, 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 25, 2026

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South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

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

Financial Highlights

Key financial highlights for 2025 are as follows:

- Net position increased in fiscal year 2025 due mainly to an increase in net capital assets resulting from current year additions outpacing annual depreciation and to changes in the net OPEB asset/liability and the associated deferred inflows/outflows.
- The increase in capital assets was due to current year additions exceeding depreciation/amortization. Current year capital asset additions include a new server system and installation of a new heating ventilation, air conditioning system, window replacement, various equipment such as vending machines, dell laptop, chromebooks, and one new bus.
- The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2025?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets and deferred outflows of resources and liabilities and deferred inflows of resources* using the *accrual basis of accounting* 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.

South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

These two statements report the School District's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, Governmental Activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and non-instructional services.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental fund is the general fund.

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

The School District as a Whole

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

South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

(Table 1)
Net Position

	Governmental Activities		
	2025	2024	Change
Assets			
Current and Other Assets	\$91,732,966	\$95,395,861	(\$3,662,895)
Net OPEB Asset	3,777,009	3,955,089	(178,080)
Capital Assets, Net	39,282,079	37,773,214	1,508,865
<i>Total Assets</i>	<u>134,792,054</u>	<u>137,124,164</u>	<u>(2,332,110)</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	40,766	49,996	(9,230)
Pension	10,882,510	11,552,664	(670,154)
OPEB	2,266,090	2,463,218	(197,128)
Asset Retirement Obligation	10,800	11,700	(900)
<i>Total Deferred Outflows of Resources</i>	<u>13,200,166</u>	<u>14,077,578</u>	<u>(877,412)</u>
Liabilities			
Current Liabilities	8,444,813	9,693,170	1,248,357
Long Term Liabilities:			
Due Within One Year	12,478,572	2,729,006	(9,749,566)
Due in More than One Year			
Net Pension Liability	52,409,431	58,685,204	6,275,773
Net OPEB Liability	2,815,547	4,397,211	1,581,664
Other Amounts	19,144,771	19,683,655	538,884
<i>Total Liabilities</i>	<u>95,293,134</u>	<u>95,188,246</u>	<u>(104,888)</u>
Deferred Inflows of Resources			
Property Taxes	49,901,239	46,692,917	(3,208,322)
Payments in Lieu of Taxes	368,948	270,364	(98,584)
Pension	7,840,387	5,644,027	(2,196,360)
OPEB	7,570,403	8,023,519	453,116
<i>Total Deferred Inflows of Resources</i>	<u>65,680,977</u>	<u>60,630,827</u>	<u>(5,050,150)</u>
Net Position			
Net Investment in Capital Assets	23,581,275	23,275,112	306,163
Restricted:			
Capital Projects	2,833,129	2,395,697	437,432
Debt Service	0	331,049	(331,049)
OPEB Plans	3,777,009	3,955,089	(178,080)
Other Purposes	815,907	880,054	(64,147)
Unrestricted (Deficit)	(43,989,211)	(35,454,332)	(8,534,879)
<i>Total Net Position</i>	<u>(\$12,981,891)</u>	<u>(\$4,617,331)</u>	<u>(\$8,364,560)</u>

South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

New Accounting Pronouncement/Restatements

Table 1 provides a summary of the School District's net position for fiscal year 2025 compared to 2024. For 2025, the School District implemented GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections*, does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle.

The implementation of GASB 101 resulted in recognizing additional absences liabilities of \$11,321,899 in governmental activities at July 1, 2024. This amount also impacted beginning net position for the cumulative effect of additional compensated absences expense (See Note 22).

Governmental Activities

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2025. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

The School District continues to provide the services that the School District residents expect while maintaining the costs of providing those services. The most dramatic changes were increases in net capital assets and changes in the net pension and net OPEB (asset) liabilities and the deferred outflows and inflows associated with these liabilities. Capital assets increased as a result of current year additions outpacing depreciation/amortization outpacing. The following explains changes in the balance of the net pension and net OPEB (asset) liabilities and associated deferred inflows and outflows:

- During fiscal year 2025, the net pension liability and the net OPEB asset/liability decreased for both STRS and SERS. These changes primarily resulted from increased investment earnings.

South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

- The decrease in deferred outflows for pension primarily results from the difference between expected and actual experience amounts recognized in 2025 for STRS, offset by the amortization recognized in the current year for both STRS and SERS.
- The increase in deferred inflows for pension resulted from the difference between projected and actual earnings on investments recognized in the current year offset by the amortization recognized in the current year.
- For STRS, the net difference between projected and actual earnings on investments for OPEB changed from a net deferred outflow to a net deferred inflow as a result of prior year amortization offset by the deferred inflow amount recognized in 2025.
- The decrease in the remaining deferred outflows for OPEB resulted primarily from the amortization of prior year SERS amounts.
- The decrease in deferred inflows for OPEB resulted from the amortization recognized in the current year exceeding the difference between expected and actual experience amounts, change of assumptions amounts, and the difference between projected and actual earnings on investments amounts, recognized in fiscal year 2025.

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

(Table 2)
Changes in Net Position
Governmental Activities

	2025	2024	Change
Program Revenues			
Charges for Services and Sales	\$1,963,781	\$2,334,184	(\$370,403)
Operating Grants, Contributions and Interest	5,542,413	7,274,717	(1,732,304)
<i>Total Program Revenues</i>	<u>7,506,194</u>	<u>9,608,901</u>	<u>(2,102,707)</u>
General Revenues			
Property Taxes	52,108,002	52,774,369	(666,367)
Grants and Entitlements	13,734,000	12,535,000	1,199,000
Unrestricted Contributions	0	8,937	(8,937)
Investment Earnings/Interest	1,840,299	1,981,334	(141,035)
Payment in Lieu of Taxes	0	218,592	(218,592)
Miscellaneous	121,148	727,434	(606,286)
<i>Total General Revenues</i>	<u>67,803,449</u>	<u>68,245,666</u>	<u>(442,217)</u>
<i>Total Revenues</i>	<u>\$75,309,643</u>	<u>\$77,854,567</u>	<u>(\$2,544,924)</u>

(continued)

South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

(Table 2)
Changes in Net Position *(continued)*
Governmental Activities

	2025	2024	Change
Program Expenses			
Instruction	\$37,981,469	\$37,512,076	(\$469,393)
Support Services:			
Pupil	7,772,111	7,486,846	(285,265)
Instructional Staff	1,473,163	1,828,673	355,510
Board of Education	170,935	340,750	169,815
Administration	4,048,380	4,192,981	144,601
Fiscal	1,946,124	2,270,548	324,424
Business	520,950	415,050	(105,900)
Operation and Maintenance of Plant	7,722,880	8,019,125	296,245
Pupil Transportation	2,897,590	2,863,645	(33,945)
Central	2,757,027	2,200,193	(556,834)
Operation of Non-Instructional Services	543,512	315,432	(228,080)
Operation of Food Service	2,318,907	1,983,087	(335,820)
Extracurricular Activities	1,639,261	1,203,493	(435,768)
Interest	559,995	568,920	8,925
<i>Total Program Expenses</i>	<u>72,352,304</u>	<u>71,200,819</u>	<u>(1,151,485)</u>
Change in Net Position	<u>2,957,339</u>	<u>6,653,748</u>	<u>(3,696,409)</u>
<i>Net Position Beginning of Year as Previously Reported</i>	(4,617,331)	(11,271,079)	6,653,748
Change in Accounting Principle	<u>(11,321,899)</u>	<u>0</u>	<u>11,321,899</u>
Restated Net Position of Year	<u>(15,939,230)</u>	<u>(11,271,079)</u>	<u>(4,668,151)</u>
Net Position End of Year	<u>(\$12,981,891)</u>	<u>(\$4,617,331)</u>	<u>(\$8,364,560)</u>

New Accounting Pronouncement/Restatements

Table 2 provides a summary of the School District's change in net position for fiscal year 2025 compared to 2024. The above table also separately reflects the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections* does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle. The 2024 information does not reflect activity related to the additional compensated absences expenses required under GASB 101, *Compensated Absences*. (See also explanation of new accounting pronouncements provided related to Net Position – Table 1 and explanation provided in Note 22.)

Governmental Activities

Program revenues decreased for governmental activities in fiscal year 2025. Charges for services decreased due to a decrease in charges for services revenue during the fiscal year. Operating grants decreased in fiscal year 2025 primarily due to a reduction in COVID related grants provided to the School District. General revenues decreased in fiscal year 2025 due to a decrease in miscellaneous revenue along with a decrease in investment earnings/interest due to lower cash balances and less favorable rates of return on investments.

South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Instruction composes the most significant portion of governmental program expenses. The increase in program expenses results due to changes in the net pension and net OPEB liabilities as well as increases in the majority of support services program expenses.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voter levy does not increase solely as a result of inflation. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920 (HB 920). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would be assessed \$35.00 annually in taxes. If three years later the home was appraised and increased to \$200,000 (and the inflationary increase in value is comparable to the other property owners), the effective tax rate would become .5 mills and the owner would still be assessed \$35.00 and the School District would collect the same dollar value the levy generated in the year it was passed.

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

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services for governmental activities. Table 3 shows 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.

(Table 3)
Governmental Activities

Programs	Total Cost of Services 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
Instruction	\$37,981,469	(\$35,067,811)	\$37,512,076	(\$34,021,592)
Support Services:				
Pupil and Instructional Staff	9,245,274	(8,076,014)	9,315,519	(7,912,991)
Board of Education, Administration, Fiscal and Business	6,686,389	(6,405,829)	7,219,329	(6,609,010)
Operation and Maintenance of Plant	7,722,880	(7,528,243)	8,019,125	(6,368,710)
Pupil Transportation	2,897,590	(2,528,527)	2,863,645	(2,598,676)
Central	2,757,027	(2,679,409)	2,200,193	(2,122,128)
Non-Instructional Services	2,862,419	(649,544)	2,298,519	(402,442)
Extracurricular Activities	1,639,261	(1,350,738)	1,203,493	(987,449)
Interest	559,995	(559,995)	568,920	(568,920)
Total Expenses	<u>\$72,352,304</u>	<u>(\$64,846,110)</u>	<u>\$71,200,819</u>	<u>(\$61,591,918)</u>

The School District's Funds

Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues, not including other financing sources, of \$75,899,802 and expenditures, not including other financing uses, of \$81,032,968. The total fund balance for the general fund decreased in fiscal year 2025 due mainly to an decrease in property tax revenue and a decrease in investment earnings/interest. Investment earnings/interest decreased due to lower cash balances available for reinvestment. The community as a whole is by far the primary support for the School District's students.

South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

General Fund Budgeting Highlights

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

During the course of fiscal year 2025, the School District modified its general fund budget numerous times. The School District uses site-based budgeting and budgeting systems which are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budget basis revenue was higher than the original budget estimate mainly due to an increase in estimated property taxes as funding levels became more apparent.

For the general fund, final budget basis expenditures was higher than the original budget basis expenditures mainly due to increases in instructional services and support services, as a more accurate picture of the fiscal year was realized.

Capital Assets

Capital assets increased during fiscal year 2025 due to current year additions exceeding depreciation/amortization. Current year capital asset additions include a new server system and installation of a new heating ventilation, air conditioning system, window replacement, various equipment such as vending machines, dell laptop, chromebooks, and one new bus. See Note 10 for additional information.

Debt

Debt obligations outstanding as of June 30, 2025, included bonded tax anticipation notes, financed purchase, and leases. The bonded tax anticipation notes were issued in fiscal year 2021 for school building improvements as well as to fully refund the 2019 tax anticipation notes. The financed purchase was issued in fiscal year 2025 for a new heating ventilation and air conditioning system. The leases are for copiers. Principal retirement during fiscal year 2025 totaled \$1,168,342. The School District's overall debt margin was \$93,762,500 with an unvoted debt margin of \$1,166,898 at June 30, 2025. For more information about the School District's debt obligations, see Note 15.

Current Financial Related Activities

The financial future and well-being of any School District is not without internal and external challenges. For the most part, both internal and external challenges are quite similar in most School Districts. In this School District, a primary internal challenge is student achievement, and a primary external challenge is the over-reliance on local property taxes required to fund general operations.

Unfortunately, the School District, like many in Ohio, must rely heavily on its property tax payers for both residents and businesses to support its general operations. Approximately seventy-two percent of general fund revenue is received from property taxes paid by residents and business owners. Thankfully, the South Euclid-Lyndhurst community has been extremely supportive of the School District and has approved continuing operating levies in 1978, 1982, 1986, 1991, 1994, 1998, 2001, 2005, 2008, and again in 2012.

On March 17, 2020, the residents of the School District passed a 6.9 mill additional levy that allocates 5.9 mills for general operations and 1 mill for general permanent improvements throughout the School District. The levy is continuous and will generate approximately \$5.5 million annually. The School District began collecting on the levy in January 2021.

South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Joshua J. Hill, Treasurer of South Euclid-Lyndhurst City School District, 5044 Mayfield Road, Lyndhurst, Ohio 44124 or hillj@sel.k12.oh.us.

South Euclid-Lyndhurst City School District

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$33,596,622
Cash and Cash Equivalents with Fiscal Agents	205,324
Accrued Interest Receivable	57,013
Intergovernmental Receivable	818,131
Prepaid Items	74,000
Materials and Supplies Inventory	16,095
Inventory Held for Resale	9,204
Payments in Lieu of Taxes Receivable	368,948
Property Taxes Receivable	56,587,629
Net OPEB Asset (See Note 12)	3,777,009
Non-depreciable Capital Assets	1,527,521
Depreciable Capital Assets, Net	37,754,558
<i>Total Assets</i>	<u>134,792,054</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	40,766
Pension	10,882,510
OPEB	2,266,090
Asset Retirement Obligation	10,800
<i>Total Deferred Outflows of Resources</i>	<u>13,200,166</u>
Liabilities	
Accounts Payable	510,474
Contracts Payable	102,072
Accrued Wages and Benefits	5,951,661
Intergovernmental Payable	1,357,740
Matured Compensated Absences Payable	466,372
Unearned Revenue	11,770
Accrued Interest Payable	44,724
Long-Term Liabilities:	
Due Within One Year	12,478,572
Due In More Than One Year:	
Net Pension Liability (See Note 11)	52,409,431
Net OPEB Liability (See Note 12)	2,815,547
Other Amounts	19,144,771
<i>Total Liabilities</i>	<u>95,293,134</u>
Deferred Inflows of Resources	
Property Taxes	49,901,239
Payments in Lieu of Taxes	368,948
Pension	7,840,387
OPEB	7,570,403
<i>Total Deferred Inflows of Resources</i>	<u>65,680,977</u>
Net Position	
Net Investment in Capital Assets	23,581,275
Restricted for:	
Capital Outlay	2,833,129
OPEB Plans	3,777,009
Scholarships	39,426
Athletics	265,173
Auxiliary Services	518
Unclaimed Monies	14,990
Other Purposes	495,800
Unrestricted (Deficit)	(43,989,211)
<i>Total Net Position</i>	<u><u>(\$12,981,891)</u></u>

The accompanying notes are an integral part of the basic financial statements

South Euclid-Lyndhurst City School District

Statement of Activities
For the Fiscal Year Ended June 30, 2025

				Net (Expense) Revenue and Changes in Net Position
		Program Revenues		
			Operating Grants, Contributions and Interest	
	Expenses	Charges for Services and Sales		Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$24,977,556	\$606,808	\$569,776	(\$23,800,972)
Special	11,355,365	269,740	1,320,404	(9,765,221)
Vocational	1,554,002	37,387	36,777	(1,479,838)
Student Intervention	94,546	0	72,766	(21,780)
Support Services:				
Pupil	7,772,111	181,280	703,209	(6,887,622)
Instructional Staff	1,473,163	33,709	251,062	(1,188,392)
Board of Education	170,935	4,020	0	(166,915)
Administration	4,048,380	101,833	114,258	(3,832,289)
Fiscal	1,946,124	48,223	0	(1,897,901)
Business	520,950	12,226	0	(508,724)
Operation and Maintenance of Plant	7,722,880	193,117	1,520	(7,528,243)
Pupil Transportation	2,897,590	68,520	300,543	(2,528,527)
Central	2,757,027	65,671	11,947	(2,679,409)
Operation of Non-Instructional Services	543,512	57	394,578	(148,877)
Operation of Food Service	2,318,907	129,865	1,688,375	(500,667)
Extracurricular Activities	1,639,261	211,325	77,198	(1,350,738)
Interest	559,995	0	0	(559,995)
Totals	\$72,352,304	\$1,963,781	\$5,542,413	(64,846,110)
General Revenues				
Property Taxes Levied for:				
General Purposes				49,577,850
Debt Service				1,318,059
Capital Projects				1,212,093
Grants and Entitlements not Restricted to Specific Programs				13,734,000
Investment Earnings/Interest				1,840,299
Miscellaneous				121,148
Total General Revenues				67,803,449
Change in Net Position				2,957,339
Net Position Beginning of Year as Previously Reported				(4,617,331)
Change in Accounting Principle - See Note 22				(11,321,899)
Restated Net Position Beginning of Year				(15,939,230)
Net Position End of Year				(\$12,981,891)

The accompanying notes are an integral part of the basic financial statements

South Euclid-Lyndhurst City School District

*Balance Sheet
Governmental Funds
June 30, 2025*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$29,899,950	\$3,681,682	\$33,581,632
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	14,990	0	14,990
Equity in Pooled Cash and Cash Equivalents with Fiscal Agent	0	205,324	205,324
Accrued Interest Receivable	57,013	0	57,013
Intergovernmental Receivable	680,825	137,306	818,131
Prepaid Items	69,560	4,440	74,000
Materials and Supplies Inventory	13,359	2,736	16,095
Inventory Held for Resale	0	9,204	9,204
Interfund Receivable	138,100	0	138,100
Payments in Lieu of Taxes Receivable	368,948	0	368,948
Property Taxes Receivable	53,887,950	2,699,679	56,587,629
<i>Total Assets</i>	<u>\$85,130,695</u>	<u>\$6,740,371</u>	<u>\$91,871,066</u>
Liabilities			
Accounts Payable	\$411,205	\$99,269	\$510,474
Contracts Payable	0	102,072	102,072
Accrued Wages and Benefits	5,724,755	226,906	5,951,661
Intergovernmental Payable	1,314,892	42,848	1,357,740
Matured Compensated Absences Payable	466,372	0	466,372
Unearned Revenue	0	11,770	11,770
Interfund Payable	0	138,100	138,100
<i>Total Liabilities</i>	<u>7,917,224</u>	<u>620,965</u>	<u>8,538,189</u>
Deferred Inflows of Resources			
Property Taxes	47,518,153	2,383,086	49,901,239
Payments in Lieu of Taxes	368,948	0	368,948
Unavailable Revenue	3,163,500	123,401	3,286,901
<i>Total Deferred Inflows of Resources</i>	<u>51,050,601</u>	<u>2,506,487</u>	<u>53,557,088</u>
Fund Balances			
Nonspendable	97,909	7,176	105,085
Restricted	0	3,626,636	3,626,636
Committed	0	1,466	1,466
Assigned	6,220,754	0	6,220,754
Unassigned (Deficit)	19,844,207	(22,359)	19,821,848
<i>Total Fund Balances (Deficit)</i>	<u>26,162,870</u>	<u>3,612,919</u>	<u>29,775,789</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$85,130,695</u>	<u>\$6,740,371</u>	<u>\$91,871,066</u>

The accompanying notes are an integral part of the basic financial statements

South Euclid-Lyndhurst City School District
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2025*

Total Governmental Fund Balances		\$29,775,789
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		39,282,079
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	2,631,407	
Intergovernmental	23,596	
Tuition and Fees	631,898	
Total		3,286,901
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		(44,724)
The net pension liability and net OPEB asset (liability) are not due and payable in the current period; therefore, the asset (liability) and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	3,777,009	
Deferred Outflows - Pension	10,882,510	
Deferred Outflows - OPEB	2,266,090	
Net Pension Liability	(52,409,431)	
Net OPEB Liability	(2,815,547)	
Deferred Inflows - Pension	(7,840,387)	
Deferred Inflows - OPEB	(7,570,403)	
Total		(53,710,159)
Deferred outflows of resources represent deferred charges on refundings, which are not reported in the funds.		40,766
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Bonded Tax Anticipation Notes	(6,303,000)	
Financed Purchase	(9,461,000)	
Leases Payable	(80,822)	
Compensated Absences	(15,508,521)	
Special Termination Benefits	(180,000)	
Deferred Outflow Asset Retirement	10,800	
Asset Retirement Obligation	(90,000)	
Total		(31,612,543)
<i>Net Position of Governmental Activities</i>		<u>(\$12,981,891)</u>

The accompanying notes are an integral part of the basic financial statements

South Euclid-Lyndhurst City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$50,061,584	\$2,557,280	\$52,618,864
Intergovernmental	14,431,404	4,805,026	19,236,430
Investment Earnings/Interest	1,840,299	5,871	1,846,170
Tuition and Fees	1,594,315	8,575	1,602,890
Extracurricular Activities	6,361	176,000	182,361
Contributions and Donations	0	137,861	137,861
Charges for Services	15,195	129,865	145,060
Rentals	9,018	0	9,018
Miscellaneous	107,502	13,646	121,148
<i>Total Revenues</i>	<u>68,065,678</u>	<u>7,834,124</u>	<u>75,899,802</u>
Expenditures			
Current:			
Instruction:			
Regular	25,509,994	595,627	26,105,621
Special	11,584,810	799,550	12,384,360
Vocational	1,566,820	0	1,566,820
Student Intervention	0	94,546	94,546
Support Services:			
Pupil	7,689,956	707,918	8,397,874
Instructional Staff	1,402,833	269,131	1,671,964
Board of Education	170,935	0	170,935
Administration	4,823,061	116,505	4,939,566
Fiscal	2,185,599	0	2,185,599
Business	484,959	0	484,959
Operation and Maintenance of Plant	7,772,523	302,674	8,075,197
Pupil Transportation	2,900,572	0	2,900,572
Central	3,104,040	0	3,104,040
Operation of Non-Instructional Services:			
Food Service Operations	0	2,318,465	2,318,465
Other Non-Instructional Services	2,324	539,986	542,310
Extracurricular Activities	990,993	425,922	1,416,915
Capital Outlay	0	2,952,237	2,952,237
Debt Service:			
Principal Retirement	33,342	1,135,000	1,168,342
Interest	4,672	547,974	552,646
<i>Total Expenditures</i>	<u>70,227,433</u>	<u>10,805,535</u>	<u>81,032,968</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,161,755)</u>	<u>(2,971,411)</u>	<u>(5,133,166)</u>
Other Financing Sources (Uses)			
Transfers In	0	595,000	595,000
Transfers Out	(595,000)	0	(595,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(595,000)</u>	<u>595,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(2,756,755)</u>	<u>(2,376,411)</u>	<u>(5,133,166)</u>
<i>Fund Balances Beginning of Year</i>	<u>28,919,625</u>	<u>5,989,330</u>	<u>34,908,955</u>
<i>Fund Balances End of Year</i>	<u>\$26,162,870</u>	<u>\$3,612,919</u>	<u>\$29,775,789</u>

The accompanying notes are an integral part of the basic financial statements

South Euclid-Lyndhurst City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025*

Net Change in Fund Balances - Total Governmental Funds	(\$5,133,166)
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***Amounts reported for governmental activities in the
statement of activities are different because:***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period.

Capital Asset Additions	3,484,822	
Current Year Depreciation/Amortization	(1,975,957)	
Total		1,508,865

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

Delinquent Property Taxes	(510,862)	
Intergovernmental	(103,749)	
Tuition and Fees	24,452	
Total		(590,159)

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,168,342
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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:

Accrued Interest	1,881	
Amortization of Deferred Charge on Refunding	(9,230)	
Total		(7,349)

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

Pension	5,803,080	
OPEB	187,042	
Total		5,990,122

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities:

Pension	(2,393,821)	
OPEB	1,472,530	
Total		(921,291)

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	602,875	
Special Termination Benefits	340,000	
Asset Retirement Obligation	(900)	
Total		941,975

<i>Change in Net Position of Governmental Activities</i>	<u>\$2,957,339</u>
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The accompanying notes are an integral part of the basic financial statements

South Euclid-Lyndhurst City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$50,074,940	\$50,342,571	\$50,342,571	\$0
Intergovernmental	14,338,396	14,411,673	14,411,673	0
Interest	1,754,605	1,704,610	1,763,640	59,030
Tuition and Fees	1,648,553	1,656,750	1,657,060	310
Extracurricular Activities	6,306	6,361	6,361	0
Charges for Services	15,121	15,195	15,195	0
Rentals	8,951	9,018	9,018	0
Miscellaneous	72,946	63,460	63,800	340
<i>Total Revenues</i>	<u>67,919,818</u>	<u>68,209,638</u>	<u>68,269,318</u>	<u>59,680</u>
Expenditures				
Current:				
Instruction:				
Regular	21,840,650	25,355,356	25,345,170	10,186
Special	9,879,261	11,569,382	11,569,382	0
Vocational	1,453,264	1,677,563	1,677,563	0
Support Services:				
Pupil	6,630,495	7,698,537	7,698,537	0
Instructional Staff	1,211,056	1,404,787	1,404,787	0
Board of Education	183,492	242,533	242,533	0
Administration	4,076,792	4,722,335	4,722,335	0
Fiscal	1,904,499	2,209,869	2,209,869	0
Business	421,618	497,172	497,172	0
Operation and Maintenance of Plant	6,818,155	8,162,184	8,162,184	0
Pupil Transportation	2,512,396	3,089,770	3,089,770	0
Central	2,684,569	3,191,062	3,191,062	0
Operation of Non-Instructional Services	2,015	3,000	3,000	0
Extracurricular Activities	858,694	995,302	991,365	3,937
<i>Total Expenditures</i>	<u>60,476,956</u>	<u>70,818,852</u>	<u>70,804,729</u>	<u>14,123</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>7,442,862</u>	<u>(2,609,214)</u>	<u>(2,535,411)</u>	<u>73,803</u>
Other Financing Sources (Uses)				
Advances In	421,600	421,600	421,600	0
Advances Out	(300,000)	(138,100)	(138,100)	0
Transfers Out	(950,000)	(950,000)	(950,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(828,400)</u>	<u>(666,500)</u>	<u>(666,500)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>6,614,462</u>	<u>(3,275,714)</u>	<u>(3,201,911)</u>	<u>73,803</u>
<i>Fund Balance Beginning of Year</i>	<u>27,716,529</u>	<u>27,716,529</u>	<u>27,716,529</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>1,577,821</u>	<u>1,577,821</u>	<u>1,577,821</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$35,908,812</u>	<u>\$26,018,636</u>	<u>\$26,092,439</u>	<u>\$73,803</u>

The accompanying notes are an integral part of the basic financial statements

South Euclid-Lyndhurst City School District

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

Note 1 – Description of the School District and Reporting Entity

The South Euclid-Lyndhurst City School District (School District) is a body public 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 School District is governed by a locally-elected five-member Board of Education (Board) and provides educational services as mandated by state and/or federal agencies. This Board controls the School District's six instructional/support facilities which are staffed by 250 classified and 306 certificated personnel who provide services to 3,179 students and other community members.

Reporting Entity

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

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

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

The School District participates in two jointly governed organizations and one public entity insurance purchasing pool. These organizations are Connect, Ohio Schools Council and Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 16 and 17 of the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

South Euclid-Lyndhurst City School District

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

Fund Accounting

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

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

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

South Euclid-Lyndhurst City School District

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

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

Measurement Focus

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

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

Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end. Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes and payment in lieu of taxes are recognized in the fiscal year for which the taxes are levied (See Note 7 and 8). 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

South Euclid-Lyndhurst City School District

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

Deferred Outflows/Inflows 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 represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, asset retirement obligations and pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is expensed in a systematic and rational manner over the tangible asset's useful life. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12, respectively.

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 assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB plans and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12)

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as inventory held for resale.

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

Pensions/Other Postemployment Benefits (OPEB)

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

South Euclid-Lyndhurst City School District

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

Budgetary Data

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set 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 object level within each function for the general fund and at the fund level for all other funds. The Treasurer has been given the authority to allocate board appropriations to the function and object levels within each fund, other than the general fund.

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources by fund. 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 fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Cash and Cash Equivalents

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

The School District utilizes a financial institution to service payments related to the completion and installation of a new heating ventilation and air conditioning system. The balance in this account is presented on the financial statements as "Cash and Cash Equivalents with Fiscal Agents."

During fiscal year 2025, investments were limited to STAR Ohio, Federated Hermes government obligations fund, U.S. treasury notes, federal home loan bank bonds and negotiable certificates of deposit.

Except for STAR Ohio and the Federated Hermes government obligations, investments are reported at fair value which is based on quoted market prices. The School District measures its investment in the Federated Hermes government obligations fund at the net asset value (NAV) per share provided by Federated Hermes Funds.

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.

South Euclid-Lyndhurst City School District

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

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment earnings/interest revenue credited to the general fund during 2025 amounted to \$1,840,299 which includes \$205,702 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

Restricted Assets

Assets are reported as restricted when limitations on their use change the 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 general fund includes unclaimed monies legally required to be maintained until the end of a five-year holding period.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the fiscal year which services are consumed.

Inventory

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

Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the governmental-wide statement of net position but are not reported in the fund financial statements.

Capital assets (except for intangible right to use lease assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

South Euclid-Lyndhurst City School District

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

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

Description	Estimated Lives
<i>Tangible Assets</i>	
Buildings and Improvements	15-40 years
Furniture and Equipment	5-20 years
Vehicles	8 years
<i>Intangible Right to Use Lease Assets</i>	
Equipment	6 years

The School District is reporting intangible right to use assets related to lease assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Leases Payable

The School District serves as a lessee in two noncancellable leases. At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column of the statement of net position.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. Nonspendable fund balance in the general fund includes monies legally required to be maintained until the end of a five-year holding period offset by any estimated liability for payments to claimants.

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.

South Euclid-Lyndhurst City School District

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (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 School 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. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for administration, after school daycare program, athletics, workers compensation.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The School 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.

Compensated Absences

For the School District, compensated absences includes leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The School District does not offer noncash settlements. The School District uses a first-in first-out flow assumption for compensated absences.

Liabilities should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates and is allowed to be carried over to subsequent years, and the leave is more likely than not to be used for time off or otherwise paid in cash. For the School District, this leave includes sick and vacation time. However, the School District also has certain compensated absences that are dependent upon the occurrence of a sporadic events that affects a relatively small proportion of employees. A liability for these types of leave is recognized when the leave commences. For the School District this type of leave includes bereavement leave, military leave, personal leave, on-the-job injury leave, and court leave. Holiday leave taken on a specific date, not at the discretion of the employee is recognized as a liability when used. The liability for compensated absences includes salary-related payments, where applicable.

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

South Euclid-Lyndhurst City School District

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

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 that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, financed purchase and leases are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position are not sufficient for payment of those benefits.

Deferred Charge on Refunding

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws, or regulations of other governments adopted by the School District. Restricted net position for unclaimed monies represents amounts required to be maintained until the end of a five-year holding period offset by any estimated liability for payments to claimants. Restricted net position for OPEB plans represents the corresponding restricted asset amounts held in trust by the OPEB plans for future benefits. Net position restricted for other purposes include resources restricted for education management information systems, entry-year programs, school-net professional development and miscellaneous grant programs.

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

Internal Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are eliminated.

South Euclid-Lyndhurst City School District

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

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

Estimates

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

Unearned Revenue

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because the amounts have not yet been earned. The School District recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

Note 3 – Fund Balances

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

Fund Balances	General	Other Governmental Funds	Total
Nonspendable:			
Unclaimed Monies	\$14,990	\$0	\$14,990
Prepays	69,560	4,440	74,000
Materials and Supplies Inventory	13,359	2,736	16,095
Total Nonspendable	97,909	7,176	105,085
Restricted for:			
Scholarships	0	39,426	39,426
Leadership/Intern Programs	0	184,933	184,933
Student Activities	0	112,840	112,840
Athletics	0	265,173	265,173
Auxiliary Services	0	518	518
Technology Improvements	0	67,133	67,133
Teacher Development	0	3,717	3,717
Coronavirus Relief	0	464	464
Food Service Supply	0	102,952	102,952
School Safety	0	23,761	23,761
Capital Projects	0	2,812,980	2,812,980
Debt Service	0	12,739	12,739
Total Restricted	\$0	\$3,626,636	\$3,626,636

South Euclid-Lyndhurst City School District

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

Fund Balances	General	Other Governmental Funds	Total
Committed to:			
Other Purposes	\$0	\$1,466	\$1,466
Assigned to:			
Administration	3,904,041	0	3,904,041
Workers Compensation	1,689,590	0	1,689,590
Purchases on Order:			
Instruction	165,858	0	165,858
Support Services	460,382	0	460,382
Extracurricular Activities	883	0	883
Total Assigned	6,220,754	0	6,220,754
Unassigned (Deficit)	19,844,207	(22,359)	19,821,848
Total Fund Balances	\$26,162,870	\$3,612,919	\$29,775,789

Note 4 – Accountability

At June 30, 2025, the food service special revenue fund had a deficit fund balance of \$22,359. This deficit is the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 – Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
3. Investments are reported at cost (budget basis) rather than at fair value (GAAP basis).
4. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

South Euclid-Lyndhurst City School District

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

5. Budgetary revenues and expenditures of the public school support, workers compensation and termination benefits funds are classified to general fund for GAAP Reporting.
6. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund:

Net Change in Fund Balance

	General
GAAP Basis	(\$2,756,755)
Net Adjustment for Revenue Accruals	925,648
Advances In	421,600
Beginning Fair Value Adjustment for Investments	(143,332)
Ending Fair Value Adjustment for Investments	(179,960)
Net Adjustment for Expenditure Accruals	(555,596)
Perspective Difference:	
Public School Support	(2,290)
Self Insurance	(9,492)
Workers Compensation	(11,203)
Termination Benefits	293,674
Advances Out	(138,100)
Encumbrances	(1,046,105)
Budget Basis	(\$3,201,911)

Note 6 – Deposits and Investments

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

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

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

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

South Euclid-Lyndhurst City School District

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

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

Interim monies held by the School District can 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;
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. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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. 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.

South Euclid-Lyndhurst City School District

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

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Net Asset Value (NAV) per Share:				
STAR Ohio	\$17,583,737	Average 30.4 Days	AAAm	N/A
Federated Hermes Government Obligations	272,659	Less Than One Year	AAAm	N/A
Total Net Asset Value per Share	17,856,396			
Fair Value - Level Two Inputs:				
U.S. Treasury Notes	8,157,942	Less Than One Year	N/A	25.40%
Federal Home Loan Bank	3,365,394	Less Than One Year	A-1+	10.48%
Federal Home Loan Bank	490,140	More Than One Year	A-1+	N/A
Negotiable Certificates of Deposit	994,744	Less Than One Year	N/A	N/A
Negotiable Certificates of Deposit	1,252,152	More Than One Year	N/A	N/A
Total Fair Value - Level Two Inputs	14,260,372			
Total	\$32,116,768			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2025. STAR Ohio and federated hermes government obligations funds are measured at net asset value per share. The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs)

Credit Risk All investments of the School District carry a rating of AAAm, A-1+, or A-1 by Standard and Poor's, except for the U.S. treasury notes and negotiable certificates of deposit which are unrated. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization. The School District does not have an investment policy that addresses credit risk.

Interest Rate Risk The School District has no policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

South Euclid-Lyndhurst City School District

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

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer.

Note 7 – Property Taxes

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

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

Public utility property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien on December 31, 2023, were levied after April 1, 2024, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

Accrued property taxes receivable represents the real property and public utility property taxes which were 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 were levied to finance current fiscal year operations and are 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 – property taxes.

The amount available as an advance at June 30, 2025, was \$3,861,791 in the general fund and \$193,192 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2024, was \$4,142,778 in the general fund and \$166,521 in the permanent improvement capital projects fund.

South Euclid-Lyndhurst City School District

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

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

	2024 Second Half Collections			2025 First Half Collections	
	Amount	Percent		Amount	Percent
Agricultural/Residential and Other Real Estate	\$903,043,220	97.28 %		\$1,138,411,770	97.56 %
Public Utility Personal	25,262,360	2.72		28,485,740	2.44
Total	<u>\$928,305,580</u>	<u>100.00 %</u>		<u>\$1,166,897,510</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$113.29			\$113.29	

Note 8 – Receivables

Receivables at June 30, 2025, consisted of taxes, payments in lieu of taxes, accrued interest, accounts (tuition, charges for services and miscellaneous) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes. All receivables, except delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the intergovernmental receivables follows:

Governmental Activities	Amount
State Foundation Adjustments	\$651,629
Title VI-B Grant	65,742
Title I Grant	56,231
School Employees Retirement System Refund	23,596
Title IV-A Grant	7,999
Title II-A Grant	7,334
Ohio State Testing	5,600
Total Governmental Activities	<u>\$818,131</u>

Payments in Lieu of Taxes

The School District is party to Tax Increment Financing (TIF) agreements. Municipalities, townships, and counties can enter into TIF agreements which lock in real property at its unimproved value for up to 30 years in a defined TIF district. Some TIF agreements also require the TIF government to allocate service payments to school districts and other governments to help offset the property taxes these governments would have received had the improvements to real property not been exempted. The service payments that the School District receives as part of TIF agreements are presented on the financial statements as Payments in Lieu of Taxes.

South Euclid-Lyndhurst City School District

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

Note 9 – Risk Management

Insurance

The School District is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. The School District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$9,000,000 for each occurrence and \$11,000,000 in the aggregate.

The School District maintains fleet insurance in the amount of \$9,000,000 for any one accident or loss.

The School District maintains replacement cost insurance on buildings and contents in the amount of \$264,823,028.

Settled claims have not exceeded coverage within the last three years. There has not been a significant reduction in coverage from the prior years.

Employee Health Benefits

The School District provides health, dental, and prescription drug benefits through Medical Mutual. Employees may choose between two comprehensive major medical plans for medical insurance. These plans provide medical coverage with deductibles ranging from \$100 to \$13,200 for single coverage and \$200 to \$26,400 for family coverage with a maximum of \$1,000 per individual and \$2,000 per family. Prescription drug is provided through Medical Mutual of Ohio and dental is provided through Superior Dental Care.

The School District provides vision coverage through VSP and is also subject to certain deductibles, co-pays and maximum benefits as outlined in the plan. In order for employees to be eligible to receive vision coverage they must work at least twenty hours or more for classified and at least half time for certified employees. Per the negotiated agreement, the premium is paid based on full time equivalency. If an employee is not full time, the School District pays the premium for an employee who has single coverage and the difference between the monthly family premium and the employee contribution for family coverage.

Workers' Compensation

For fiscal year 2025, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniserve provides administration, cost control, and actuarial services to the GRP.

South Euclid-Lyndhurst City School District

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

Note 10 – Capital Assets

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

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025
Nondepreciable Capital Assets				
Land	\$1,527,521	\$0	\$0	\$1,527,521
Construction in Progress	7,234,495	2,301,934	(9,536,429)	0
Total Nondepreciable Capital Assets	8,762,016	2,301,934	(9,536,429)	1,527,521
Depreciable Capital Assets				
Tangible Assets				
Buildings and Improvements	53,616,212	10,311,010	0	63,927,222
Furniture and Equipment	11,103,620	280,208	0	11,383,828
Vehicles	3,516,714	128,099	0	3,644,813
Total Tangible Assets	68,236,546	10,719,317	0	78,955,863
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Equipment	170,912	0	0	170,912
Total Depreciable Capital Assets	68,407,458	10,719,317	0	79,126,775
Less Accumulated Depreciation/Amortization				
Depreciation				
Buildings and Improvements	(27,861,229)	(1,403,433)	0	(29,264,662)
Furniture and Equipment	(9,037,911)	(357,061)	0	(9,394,972)
Vehicles	(2,425,907)	(186,978)	0	(2,612,885)
Total Depreciation	(39,325,047)	(1,947,472)	0	(41,272,519)
Amortization				
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Equipment	(71,213)	(28,485)	0	(99,698)
Total Accumulated Depreciation/Amortization	(39,396,260)	(1,975,957)	0	(41,372,217)
Total Depreciable Capital Assets, Net	29,011,198	8,743,360	0	37,754,558
Governmental Activities Capital Assets, Net	\$37,773,214	\$11,045,294	(\$9,536,429)	\$39,282,079

South Euclid-Lyndhurst City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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

	Depreciation	Amortization	Total
Instruction:			
Regular	\$1,154,597	\$28,845	\$1,183,442
Special	312	0	312
Vocational	8,357	0	8,357
Support Services:			
Pupils	6,387	0	6,387
Instructional Staff	8,654	0	8,654
Administration	14,272	0	14,272
Fiscal	2,847	0	2,847
Business	41,338	0	41,338
Operation and Maintenance of Plant	202,836	0	202,836
Pupil Transportation	181,562	0	181,562
Central	43,593	0	43,593
Operation of Non-Instructional Services	1,284	0	1,284
Operation of Food Service	46,759	0	46,759
Extracurricular Activities	234,314	0	234,314
Total Depreciation/Amortization Expense	<u>\$1,947,112</u>	<u>\$28,845</u>	<u>\$1,975,957</u>

Note 11 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

South Euclid-Lyndhurst City School District

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

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 proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the

South Euclid-Lyndhurst City School District

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

CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2024.

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

The School District's contractually required contribution to SERS was \$1,748,035 for fiscal year 2025. Of this amount \$36,510 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – School 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 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.

South Euclid-Lyndhurst City School District

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

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.

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 School District's contractually required contribution to STRS was \$4,055,045 for fiscal year 2025. Of this amount \$613,824 is reported as an intergovernmental payable.

South Euclid-Lyndhurst City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.27552410%	0.19912428%	
Prior Measurement Date	0.26950540%	0.20336090%	
Change in Proportionate Share	0.00601870%	-0.00423662%	
Proportionate Share of the Net Pension Liability	\$14,094,701	\$38,314,730	\$52,409,431
Pension Expense	\$1,087,420	\$1,306,401	\$2,393,821

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$538,124	\$2,412,826	\$2,950,950
Changes of assumptions	126,088	1,765,753	1,891,841
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	236,639	0	236,639
School District contributions subsequent to the measurement date	1,748,035	4,055,045	5,803,080
Total Deferred Outflows of Resources	<u>\$2,648,886</u>	<u>\$8,233,624</u>	<u>\$10,882,510</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$20,980	\$20,980
Changes of assumptions	0	1,329,104	1,329,104
Net difference between projected and actual earnings on pension plan investments	881,616	3,294,287	4,175,903
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	614,211	1,700,189	2,314,400
Total Deferred Inflows of Resources	<u>\$1,495,827</u>	<u>\$6,344,560</u>	<u>\$7,840,387</u>

\$5,803,080 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

South Euclid-Lyndhurst City School District

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$969,905)	(\$2,959,314)	(\$3,929,219)
2027	697,591	3,128,000	3,825,591
2028	(63,418)	(1,361,248)	(1,424,666)
2029	(259,244)	(973,419)	(1,232,663)
Total	(\$594,976)	(\$2,165,981)	(\$2,760,957)

Actuarial Assumptions – SERS

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

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

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

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

Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	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

South Euclid-Lyndhurst City School District

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

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:

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

South Euclid-Lyndhurst City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$21,562,942	\$14,094,701	\$7,806,846

Actuarial Assumptions – STRS

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

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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

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

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

South Euclid-Lyndhurst City School District

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$61,808,372	\$38,314,730	\$18,443,143

Note 12 - Defined Benefit OPEB Plans

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

School Employees Retirement System (SERS)

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

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period

South Euclid-Lyndhurst City School District

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

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.

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 School District's surcharge obligation was \$187,042.

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 School District's contractually required contribution to SERS was \$187,042 for fiscal year 2025. Of this amount \$187,042 is reported as an intergovernmental payable.

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.

South Euclid-Lyndhurst City School District

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

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.27644190%	0.19912428%	
Prior Measurement Date	0.26691080%	0.20336090%	
Change in Proportionate Share	0.00953110%	-0.00423662%	
Proportionate Share of the:			
Net OPEB Liability	\$2,815,547	\$0	\$2,815,547
Net OPEB (Asset)	\$0	(\$3,777,009)	(\$3,777,009)
OPEB Expense	(\$624,415)	(\$848,115)	(\$1,472,530)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$164,193	\$164,193
Changes of assumptions	1,208,432	464,897	1,673,329
Net difference between projected and actual earnings on OPEB plan investments	13,747	0	13,747
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	190,207	37,572	227,779
School District contributions subsequent to the measurement date	187,042	0	187,042
Total Deferred Outflows of Resources	\$1,599,428	\$666,662	\$2,266,090
Deferred Inflows of Resources			
Differences between expected and actual experience	\$3,035,892	\$407,032	\$3,442,924
Changes of assumptions	1,293,360	1,703,407	2,996,767
Net difference between projected and actual earnings on OPEB plan investments	0	162,175	162,175
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	965,899	2,638	968,537
Total Deferred Inflows of Resources	\$5,295,151	\$2,275,252	\$7,570,403

South Euclid-Lyndhurst City School District

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

\$187,042 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$1,036,237)	(\$572,370)	(\$1,608,607)
2027	(734,534)	(249,900)	(984,434)
2028	(521,869)	(320,505)	(842,374)
2029	(406,847)	(297,232)	(704,079)
2030	(402,708)	(239,592)	(642,300)
Thereafter	(780,570)	71,009	(709,561)
Total	<u>(\$3,882,765)</u>	<u>(\$1,608,590)</u>	<u>(\$5,491,355)</u>

Actuarial Assumptions – SERS

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

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

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

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

South Euclid-Lyndhurst City School District

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

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

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

South Euclid-Lyndhurst City School District

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

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 School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the 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%)
School District's proportionate share of the net OPEB liability	\$3,754,433	\$2,815,547	\$2,069,477

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$1,903,205	\$2,815,547	\$4,014,749

Actuarial Assumptions – STRS

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

South Euclid-Lyndhurst City School District

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

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

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 School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00 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

South Euclid-Lyndhurst City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

(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.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	(\$3,070,956)	(\$3,777,009)	(\$4,391,425)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$4,432,929)	(\$3,777,009)	(\$2,988,176)

Note 13 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees whose established contractual year is 240 days or more earn 10 to 25 days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators employed to work 260 days per year earn 20 to 30 days of vacation annually. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Employee sick leave may be accumulated to a maximum number of days, classified employees, teachers and administrators have an unlimited number of days. Upon retirement, employees receive payment for a percentage of their total sick leave accumulation, up to a maximum number of days. Classified employees receive 30 percent of their total sick leave accumulation to a maximum of 75 days, teachers receive 30 percent of their total sick leave accumulation to a maximum of 80 days, and administrators receive 30 percent of their total sick leave to a maximum of 90 days.

Early Retirement Incentive

In prior years, the School District negotiated an early retirement incentive for eligible certified employees who submit an irrevocable notice of resignation for retirement from the State Teachers Retirement System on or before March 2023 to take effect on or before July 1, 2023 and who are not seeking reemployment with the School District. The incentive amount is \$60,000 per eligible employee to be made in three equal payments in January of the first, second and third consecutive year after retirement. There was a liability of \$180,000 as of June 30, 2025 for this plan.

Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees administered by Medical Mutual, in the amount of \$60,000 for all certified employees, \$50,000 for classified employees, and \$135,000 for administrators.

South Euclid-Lyndhurst City School District

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

Note 14 – Set-Asides

The School 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 the end of the fiscal year 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 fiscal year end set-aside amount for capital acquisitions. Disclosure of this information is required by State statute.

	Capital Improvements
Set-Aside Balance as of June 30, 2024	\$0
Current Year Set-Aside Requirement	760,132
Current Year Offsets	(2,530,609)
Qualifying Disbursements	(679,254)
Totals	<u>(2,449,731)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>
Set-Aside Balance as of June 30, 2025	<u>\$0</u>

While the current year offsets and qualifying disbursements during the fiscal year reduced the capital improvement set-aside amount to below zero, this amount may not be used to reduce the set-aside requirements of future fiscal years.

Note 15 – Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2025 were as follows:

	Principal Outstanding 7/1/24	Additions	(Reductions)	Principal Outstanding 6/30/25	Amount Due in One Year
Governmental Activities:					
General Obligation Debt:					
2021 Bonded Refunding					
Tax Anticipation Notes (1.6%):					
Term Notes	\$6,569,000	\$0	(\$991,000)	\$5,578,000	\$1,007,000
2021 Bonded School Improvement					
Tax Anticipation Notes (1.6%):					
Term Notes	725,000	0	0	725,000	0
Total General Obligation Debt	<u>7,294,000</u>	<u>0</u>	<u>(991,000)</u>	<u>6,303,000</u>	<u>1,007,000</u>
Other Long-term Obligations:					
Net Pension Liability					
SERS	14,891,562	0	(796,861)	14,094,701	0
STRS	43,793,642	0	(5,478,912)	38,314,730	0
Total Net Pension Liability	<u>\$58,685,204</u>	<u>\$0</u>	<u>(\$6,275,773)</u>	<u>\$52,409,431</u>	<u>\$0</u>

South Euclid-Lyndhurst City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

	Principal Outstanding 7/1/24	Additions	(Reductions)	Principal Outstanding 6/30/25	Amount Due in One Year
Other Long-term Obligations (continued):					
Net OPEB Liability					
SERS	\$4,397,211	\$0	(\$1,581,664)	\$2,815,547	\$0
Financed Purchase From Direct Borrowing	9,605,000	0	(144,000)	9,461,000	322,000
Leases Payable	114,164	0	(33,342)	80,822	34,899
Compensated Absences	16,111,396	0	(602,875)	15,508,521	10,934,673
Special Termination Benefits	520,000	0	(340,000)	180,000	180,000
Asset Retirement Obligation	90,000	0	0	90,000	0
<i>Total Other Long-term Obligations</i>	<u>89,522,975</u>	<u>0</u>	<u>(8,977,654)</u>	<u>80,545,321</u>	<u>11,471,572</u>
Total Governmental Activities	<u>\$96,816,975</u>	<u>\$0</u>	<u>(\$9,968,654)</u>	<u>\$86,848,321</u>	<u>\$12,478,572</u>

Increases and decreases to compensated absences are presented net on the above table.

All bonded tax anticipation notes will be paid from property taxes. The leases and special termination benefits will be paid from the general fund. Financed purchases will be paid from the permanent improvement capital project fund. The asset retirement obligation will be paid from the general fund. There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from following funds: general, food service, title VI-B and title I. For additional information related to the net pension and net OPEB liabilities see Notes 11 and 12.

On March 30, 2021, the School District issued \$9,525,000 in bonded tax anticipation notes. Of this total, \$8,800,000 was used to fully refund the 2019 tax anticipation notes. The remaining \$725,000 was for renovations and improvements to school buildings. The bonded tax anticipation notes are term notes that were issued for a ten year period with a maturity at December 1, 2030. The notes will be retired from the debt service fund.

The term notes are being repaid through annual debt service repayments through fiscal year 2031. The term notes maturing on December 1, 2030 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Fiscal Year	Issue
	<u>\$9,525,000</u>
2026	1,007,000
2027	1,024,000
2028	1,041,000
2029	1,059,000
2030	<u>1,077,000</u>
Total Mandatory Sinking Fund Payments	5,208,000
Amount Due at Stated Maturity	<u>1,095,000</u>
Total	<u>\$6,303,000</u>
<i>Stated Maturity</i>	<i>12/1/2030</i>

South Euclid-Lyndhurst City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

In fiscal year 2024, the School District entered into a financed purchase agreement from direct borrowing for the installation of a new heating ventilation and air conditioning system in the amount of \$9,605,000. The agreement includes interest at a rate of 4.60 percent and will mature on December 1, 2043. As of June 30, 2025, the School District has \$205,324 in unspent proceeds.

The School District's overall debt margin was \$93,762,500 with an unvoted debt margin of \$1,166,898 at June 30, 2025. Principal and interest requirements to retire the general obligation and financed purchase are as follows:

	Direct Placements		From	
	Bond Tax Anticipation Notes		Direct Borrowing	
	Term		Financed Purchase	
	Principal	Interest	Principal	Interest
2026	\$1,007,000	\$93,372	\$322,000	\$427,800
2027	1,024,000	77,022	337,000	412,643
2028	1,041,000	60,399	353,000	396,773
2029	1,059,000	43,494	369,000	380,167
2030	1,077,000	26,299	386,000	362,802
2031-2035	1,095,000	8,815	2,213,000	1,524,233
2036-2040	0	0	2,770,000	953,534
2041-2045	0	0	2,711,000	256,381
Total	\$6,303,000	\$309,401	\$9,461,000	\$4,714,333

The School District has outstanding agreements to lease copiers. The future lease payments were discounted based on the interest rate implicit in the leases. This discount is being amortized using the interest method over the life of the lease. A summary of the principal and interest amounts for the remaining leases is as follows:

	Leases	
Year	Principal	Interest
2026	\$34,899	\$3,115
2027	36,528	1,485
2028	9,395	108
	\$80,822	\$4,708

Note 16 – Jointly Governed Organizations

Connect

Connect is a jointly governed organization comprised of twenty-four member school districts, three educational service centers, and the Ohio Schools' Council. The jointly governed organization was formed for the purpose of providing support and leadership which enables organizations to achieve their objectives through innovative and cost effective shared technology solutions. Connect is governed by a four member Board of Directors consisting of the Superintendent of the Educational Service Center of Northeast Ohio, the Superintendent of the Educational Service Center of Lorain County, the Superintendent of the Educational Service Center of Medina County and the Executive Director of the

South Euclid-Lyndhurst City School District

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

Ohio Schools Council. The degree of control exercised by any participating school district is limited to its representation of the Governing Board. The Board exercises total control over the operation of the organization including budgeting, appropriating, contracting and designating management. Each participating entity's contribution to Connect is dependent upon student enrollment and/or software packages and services utilized. Financial information for Connect can be obtained by contacting the Treasurer at the Educational Service Center of Northeast Ohio, which serves as fiscal agent. During fiscal year 2025, the School District contributed \$101,571 to Connect. Financial information can be obtained by contacting the Educational Service Center of Northeast Ohio at 6393 Oak Tree Boulevard, Independence, Ohio 44131.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 302 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Council's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2025, the School District paid \$6,418 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director at the Ohio Schools Council at 6393 Oak Tree Boulevard, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation serves as the supplier from July 1, 2023 through June 30, 2025. There are currently 185 participants in the program. The participants make monthly payments based on estimated usage with a true up at the end of the fiscal year. Each August, these estimated payments are compared to their actual usage and actual prices for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in August until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the August monthly estimated billing. Any school district that requests a refund for their excess amount has the amount returned in November of that fiscal year.

Note 17 – Public Entity Insurance Purchasing Pool

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

South Euclid-Lyndhurst City School District

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

Note 18 – Contingencies

Grants

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

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional DEW adjustments for fiscal year 2025 are not finalized.

Litigation

The School District is a party to legal proceedings seeking damages as of June 30, 2025. The School District management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

Note 19 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$1,048,594
Other Governmental Funds	475,380
Total	<u><u>\$1,523,974</u></u>

South Euclid-Lyndhurst City School District

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

Note 20 – Interfund Balances and Transfers

Interfund Balances

Interfund balances at June 30, 2025, consisted of the following:

	Interfund Receivable
Interfund Payable	General
<i>Other Governmental Funds:</i>	
Title I	\$73,000
Title VI-B	40,000
Title II-A	15,000
Title IV Part A	10,100
<i>Total</i>	<u>\$138,100</u>

The general fund made the above advances to the various special revenue funds to support the activities of those funds due to the timing of grant collections. The balances are anticipated to be repaid within one year.

Interfund Transfers

The general fund transferred \$595,000 to other governmental funds to move unrestricted balances to support programs accounted for in those funds.

Note 21 – Asset Retirement Obligations

The Governmental Accounting Standard Board's (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a School District classified as an "owner" or "operator," to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of \$90,000 associated with the School District's underground storage tanks was estimated by the School District. The remaining useful life of these USTs is 13 years. The School District maintains insurance related to any potential pollution remediation associated with the USTs.

Note 22 – Change in Accounting Principles

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

South Euclid-Lyndhurst City School District

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

GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs such an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. For the School District, GASB Statement No. 101 increased the compensated absences liability and the cumulative effects of compensated absence related expense decreased beginning net position. This change in accounting principle is separately displayed by reporting unit in the accompanying financial statements.

GASB 102 will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB 102 requirements apply only to note disclosure and do not have any effect on beginning net position/fund balance. The School District evaluated their concentrations and constraints but did not have any events that required disclosure.

Note 23 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2025, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

South Euclid-Lyndhurst City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.27552410%	0.26950540%	0.29442100%	0.28822290%
School District's Proportionate Share of the Net Pension Liability	\$14,094,701	\$14,891,562	\$15,924,578	\$10,634,590
School District's Covered Payroll	\$11,562,850	\$10,707,457	\$10,945,429	\$9,928,393
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	121.90%	139.08%	145.49%	107.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.52%	76.06%	75.82%	82.86%

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.29864450%	0.30248090%	0.31397790%	0.31342150%	0.32784280%	0.32455690%
\$19,752,976	\$18,097,962	\$17,982,095	\$18,726,242	\$23,995,067	\$18,519,531
\$10,541,493	\$10,375,193	\$10,239,911	\$10,266,193	\$10,235,579	\$9,797,679
187.38%	174.43%	175.61%	182.41%	234.43%	189.02%
68.55%	70.85%	71.36%	69.50%	62.98%	69.16%

South Euclid-Lyndhurst City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Nine Fiscal Years (1)

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Liability	0.27644190%	0.26691080%	0.28897920%	0.27747440%
School District's Proportionate Share of the Net OPEB Liability	\$2,815,547	\$4,397,211	\$4,057,298	\$5,251,430
School District's Covered Payroll	\$11,562,850	\$10,707,457	\$10,945,429	\$9,928,393
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	24.35%	41.07%	37.07%	52.89%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.50%	30.02%	30.34%	24.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.29238670%	0.30083850%	0.31375710%	0.31127180%	0.32918440%
\$6,354,520	\$7,565,456	\$8,704,469	\$8,353,717	\$9,382,973
\$10,541,493	\$10,375,193	\$10,239,911	\$10,266,193	\$10,235,579
60.28%	72.92%	85.01%	81.37%	91.67%
18.17%	15.57%	13.57%	12.46%	11.49%

South Euclid-Lyndhurst City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.19912428%	0.20336090%	0.20637047%	0.20663498%
School District's Proportionate Share of the Net Pension Liability	\$38,314,730	\$43,793,642	\$45,876,415	\$26,420,140
School District's Covered Payroll	\$27,680,471	\$27,552,857	\$26,937,686	\$25,475,571
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	138.42%	158.94%	170.31%	103.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.00%	78.90%	87.80%

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.21324834%	0.21534194%	0.21487031%	0.21991715%	0.23247905%	0.23351627%
\$51,598,511	\$47,621,576	\$47,245,157	\$52,241,792	\$77,817,744	\$64,537,067
\$25,778,993	\$25,373,564	\$24,459,029	\$24,149,457	\$24,446,664	\$24,376,636
200.16%	187.68%	193.16%	216.33%	318.32%	264.75%
75.50%	77.40%	77.30%	75.30%	66.80%	72.10%

South Euclid-Lyndhurst City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Nine Fiscal Years (1)

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Liability/Asset	0.19912428%	0.20336090%	0.20637047%	0.20663498%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$3,777,009)	(\$3,955,089)	(\$5,343,619)	(\$4,356,730)
School District's Covered Payroll	\$27,680,471	\$27,552,857	\$26,937,686	\$25,475,571
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-13.65%	-14.35%	-19.84%	-17.10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	158.00%	168.50%	230.70%	174.70%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.21324834%	0.21534194%	0.21487031%	0.21991715%	0.23247905%
(\$3,747,836)	(\$3,566,579)	(\$3,452,746)	\$8,580,356	\$12,433,040
\$25,778,993	\$25,373,564	\$24,459,029	\$24,149,457	\$24,446,664
-14.54%	-14.06%	-14.12%	35.53%	50.86%
182.10%	174.70%	176.00%	47.10%	37.30%

South Euclid-Lyndhurst City School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
Net Pension Liability				
Contractually Required Contribution	\$1,748,035	\$1,618,799	\$1,499,044	\$1,532,360
Contributions in Relation to the Contractually Required Contribution	<u>(1,748,035)</u>	<u>(1,618,799)</u>	<u>(1,499,044)</u>	<u>(1,532,360)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$12,485,964	\$11,562,850	\$10,707,457	\$10,945,429
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$187,042	\$173,887	\$138,950	\$126,991
Contributions in Relation to the Contractually Required Contribution	<u>(187,042)</u>	<u>(173,887)</u>	<u>(138,950)</u>	<u>(126,991)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.50%</u>	<u>1.50%</u>	<u>1.30%</u>	<u>1.16%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.50%</u>	<u>15.50%</u>	<u>15.30%</u>	<u>15.16%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
\$1,389,975	\$1,475,809	\$1,400,651	\$1,382,388	\$1,437,267	\$1,432,981
(1,389,975)	(1,475,809)	(1,400,651)	(1,382,388)	(1,437,267)	(1,432,981)
\$0	\$0	\$0	\$0	\$0	\$0
\$9,928,393	\$10,541,493	\$10,375,193	\$10,239,911	\$10,266,193	\$10,235,579
14.00%	14.00%	13.50%	13.50%	14.00%	14.00%
\$87,196	\$104,988	\$192,640	\$199,505	\$138,296	\$153,490
(87,196)	(104,988)	(192,640)	(199,505)	(138,296)	(153,490)
\$0	\$0	\$0	\$0	\$0	\$0
0.88%	1.00%	1.86%	1.95%	1.35%	1.50%
14.88%	15.00%	15.36%	15.45%	15.35%	15.50%

South Euclid-Lyndhurst City School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
Net Pension Liability				
Contractually Required Contribution	\$4,055,045	\$3,875,266	\$3,857,400	\$3,771,276
Contributions in Relation to the Contractually Required Contribution	(4,055,045)	(3,875,266)	(3,857,400)	(3,771,276)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$28,964,607	\$27,680,471	\$27,552,857	\$26,937,686
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Net OPEB Liability

(1) Although the covered payroll for the net OPEB liability is the same as the net pension liability, there were no OPEB related required contributions for 2016-2025, STRS did not allocate any employer contributions to postemployment health care; therefore, there is no required supplementary information to present related to the statutorily established employer contribution requirements for the net OPEB liability.

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
\$3,566,580	\$3,609,059	\$3,552,299	\$3,424,264	\$3,380,924	\$3,422,533
(3,566,580)	(3,609,059)	(3,552,299)	(3,424,264)	(3,380,924)	(3,422,533)
\$0	\$0	\$0	\$0	\$0	\$0
\$25,475,571	\$25,778,993	\$25,373,564	\$24,459,029	\$24,149,457	\$24,446,664
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

South Euclid Lyndhurst City School District. Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

Net Pension Liability

Changes in Benefit Terms/Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used. For 2021, the cost-of living adjustment was reduced from 2.5 percent to 2 percent. For 2023 and 2024, the cost-of-living adjustment was increased from 2 percent to 2.5 percent.

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

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates 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.

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

Changes in Assumptions – STRS

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

South Euclid Lyndhurst City School District. Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

Beginning with Fiscal Year 2022	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

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

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

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

South Euclid Lyndhurst City School District. Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

Changes in Benefit Term – STRS

For 2024 and 2025, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

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

Net OPEB Liability

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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

Municipal Bond Index Rate:

Fiscal year 2025	3.93 percent
Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation

Fiscal year 2025	4.88 percent
Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

South Euclid Lyndhurst City School District. Ohio

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

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent 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 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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

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

For fiscal year 2023, the projected salary increases were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

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

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

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

South Euclid Lyndhurst City School District. Ohio

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

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

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

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

For fiscal year 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.

**SOUTH EUCLID - LYNDHURST CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 437,799
National School Lunch Program	10.555	N/A	1,102,618
National School Lunch Program - Non-Cash	10.555	N/A	125,870
Total Child Nutrition Cluster			<u>1,666,287</u>
Total U.S. Department of Agriculture			<u>1,666,287</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies - 2024	84.010A	N/A	156,126
Title I Grants to Local Educational Agencies - 2025	84.010A	N/A	1,097,169
Total Title I Grants to Local Educational Agencies			<u>1,253,295</u>
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B) - 2024	84.027A	N/A	263,669
Special Education - Grants to States (IDEA, Part B) - 2025	84.027A	N/A	881,623
Total Special Education - Grants to States (IDEA, Part B)			<u>1,145,292</u>
Special Education - Preschool Grants (IDEA Preschool) - 2024	84.173A	N/A	6,995
Total Special Education Cluster (IDEA)			<u>1,152,287</u>
Education for Homeless Children and Youths - 2025	84.196A	N/A	5,657
English Language Acquisition State Grants - 2024	84.365A	N/A	1,227
English Language Acquisition State Grants - 2025	84.365A	N/A	4,773
Total English Language Acquisition State Grants			<u>6,000</u>
Title II, Part A, Supporting Effective Instruction State Grants - 2024	84.367A	N/A	2,050
Title II, Part A, Supporting Effective Instruction State Grants - 2025	84.367A	N/A	163,393
Total Title II, Part A, Supporting Effective Instruction State Grants			<u>165,443</u>
Student Support and Academic Enrichment Program - 2024	84.424A	N/A	13,848
Student Support and Academic Enrichment Program - 2025	84.424A	N/A	66,496
Total Student Support and Academic Enrichment Program			<u>80,344</u>
COVID-19 Elementary and Secondary Emergency Relief Fund - 2024	84.425U	N/A	141,770
Total U.S. Department of Education			<u>2,804,796</u>
Total Expenditures of Federal Awards			<u>\$ 4,471,083</u>

The accompanying notes are an integral part of this schedule.

**SOUTH EUCLID-LYNTHURST CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the South Euclid-Lyndhurst City School District (the District) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented 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 or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

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

<u>Program Title</u>	<u>AL Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$24,293
Special Education - Grants to States	84.027	308,234
Special Education - Preschool	84.173	41,384
Title II, Part A, Supporting Effective Instruction State Grants	84.367	20,011
Student Support and Academic Enrichment Program	84.424	10,160



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

South Euclid-Lyndhurst City School District
Cuyahoga County
5044 Mayfield Road
Lyndhurst, Ohio 44124

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the South Euclid-Lyndhurst City School District, Cuyahoga County, Ohio (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 25, 2026, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

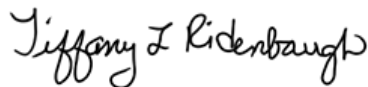
Report on Compliance and Other Matters

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 25, 2026



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

South Euclid-Lyndhurst City School District
Cuyahoga County
5044 Mayfield Road
Lyndhurst, Ohio 44124

To the Board of Education:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited South Euclid-Lyndhurst City School District's, Cuyahoga 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 each of South Euclid-Lyndhurst City School District's major federal programs for the year ended June 30, 2025. South Euclid-Lyndhurst City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, South Euclid-Lyndhurst City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the year ended June 30, 2025.

Unmodified Opinion on the Other Major Federal Program

In our opinion, South Euclid-Lyndhurst 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 other major federal program identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended June 30, 2025.

Basis for Qualified and Unmodified Opinions

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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on the Child Nutrition Cluster

As described in finding 2025-001 in the accompanying schedule of findings, the District did not comply with requirements regarding Reporting applicable to its Child Nutrition Cluster major federal programs.

Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

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 each major federal program as a whole.

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

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

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

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

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2025-001 to be a material weakness.

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.

South Euclid-Lyndhurst City School District
Cuyahoga County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance
Page 4

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

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

KEITH FABER
Ohio Auditor of State



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

March 25, 2026

**SOUTH EUCLID-LYNDBURST CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

**SOUTH EUCLID-LYNDBURST CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

3. FINDING FOR FEDERAL AWARDS

Claims Reporting and Reimbursement System Reporting

Finding Number:	2025-001
Assistance Listing Number and Title:	AL # 10.553, 10.555 Child Nutrition Cluster
Federal Award Identification Number / Year:	N/A / 2025
Federal Agency:	United States Department of Agriculture
Compliance Requirement:	Reporting
Pass-Through Entity:	Ohio Department of Education and Workforce
Repeat Finding from Prior Audit?	No

Noncompliance and Material Weakness

7 CFR § 210.8(a) states, "The school food authority shall establish internal controls which ensure the accuracy of meal counts prior to the submission of the monthly Claim for Reimbursement. At a minimum, these internal controls shall include: an on-site review of the meal counting and claiming system employed by each school within the jurisdiction of the school food authority; comparisons of daily free, reduced price and paid meal counts against data which will assist in the identification of meal counts in excess of the number of free, reduced price and paid meals served each day to children eligible for such meals; and a system for following up on those meal counts which suggest the likelihood of meal counting problems."

7 CFR § 220.11(b) states in part, claims for reimbursement shall include data in sufficient detail to justify the reimbursement claimed and to enable the State Agency to provide the Reports of School Program Operations required under § 220.13(b)(2).

In Ohio, the Ohio Department of Education and Workforce (DEW) requires school districts to use the Claims Reporting and Reimbursement System (CRRS) to report meal data for reimbursement. The District switched from a point-of-sale system that generates a CN-6 Report (Breakfast) and CN-7 Report (Lunch), which is used to compile the monthly reimbursement request submitted to DEW, in August and September. After learning they were 100% Nutrition Cluster eligible, the District transitioned to a faculty operated "clicker count" system, in which a faculty member would observe students going through the cafeteria line and push a button of a clicker counter each time a student left the line with a meal. Clicker counts were then entered into a report and submitted to Food Services Department for entry into a master count.

**SOUTH EUCLID-LYNTHURST CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

**3. FINDING FOR FEDERAL AWARDS
(Continued)**

**FINDING NUMBER 2025-001
(Continued)**

**Claims Reporting and Reimbursement System Reporting – Noncompliance and Material Weakness
(Continued)**

Due to insufficient controls over CN-6 and CN-7 reporting related to breakfast and lunch meal counts, all four (100%) CN reports tested were inaccurate. This led to inaccuracies in meal counts reported in the CRRS system, as shown below:

Month	Type	Recalculated Meal Count	Reported Meal Count	Variance
January 2025	Breakfast	13,790	15,815	2,025
	Lunch	26,922	25,287	(1,635)
March 2025	Breakfast	17,807	17,784	(23)
	Lunch	27,221	27,222	1

This weakness resulted in a loss of accountability over meal count reporting and could lead to a reduction or forfeiture of future funding for this program.

The District should develop control policies and procedures to ensure the number of meals served and reported to DEW agree to the respective daily meal count forms and the meals served / tabulated on the point-of-sale system CN-6 and CN-7 Reports. The procedures should include an independent review of the meal counts manually entered into the master count system based upon the daily meal count forms, and the meal counts manually entered into CRRS, based upon the CN-6 and CN-7 reports by an employee not associated with the computer entry. If there are errors or discrepancies between the reports, the District should maintain supporting documentation to demonstrate the meals reported to DEW were accurate and complete.

Officials' Response: The Nutrition Cluster daily building counts that are submitted for the CEP program will be entered into Infinite campus daily and then the monthly number of counts in each building will be pulled from Infinite Campus and audited each month to make sure the paper backups match the totals in the system and then the finalized numbers will be used to submit the month end claim to the state for reimbursement.

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**SOUTH EUCLID-
LYNDHURST
SCHOOLS**

Joshua J. Hill
Treasurer

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2025**

Finding Number:	2025-001
Planned Corrective Action:	The Nutrition Cluster daily building counts that are submitted for the CEP program will be entered into Infinite campus daily and then the monthly number of counts in each building will be pulled from Infinite Campus and audited each month to make sure the paper backups match the totals in the system and then the finalized numbers will be used to submit the month end claim to the state for reimbursement
Anticipated Completion Date:	06/30/2026
Responsible Contact Person:	Joshua Hill, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



SOUTH EUCLID-LYNDBURST CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/31/2026

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

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www.ohioauditor.gov