

**TECUMSEH LOCAL SCHOOL DISTRICT
CLARK COUNTY, OHIO**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2025



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

Board of Education
Tecumseh Local School District
9760 West National Road
New Carlisle, Ohio 45344

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

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

KEITH FABER
Ohio Auditor of State

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

April 01, 2026

This page intentionally left blank.

TABLE OF CONTENTS

Independent Auditors' Report	1 – 3
Basic Financial Statements:	
Management's Discussion and Analysis	5 – 15
Statement of Net Position	16
Statement of Activities	17
Balance Sheet – Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – General Fund	22
Statement of Net Fiduciary Position – Custodial Fund	23
Statement of Changes in Fiduciary Net Position – Custodial Fund	24
Notes to the Basic Financial Statements	25 – 67
Required Supplementary Information:	
Schedules of the School District's Proportionate Share of the Net Pension Liability and School District Pension Contributions	68 – 69
Schedules of the School District's Proportionate Share of the Net OPEB Liability (Asset) and School District OPEB Contributions	70 – 71
Notes to the Required Supplemental Information	72 – 78
Schedule of Expenditures of Federal Awards	79
Notes to the Schedule of Expenditures of Federal Awards	80
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	81 – 82
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	83 – 85
Schedule of Findings and Questioned Costs	86

This page intentionally left blank.



INDEPENDENT AUDITORS' REPORT

Board of Education
Tecumseh Local School District
9760 West National Road
New Carlisle, Ohio 45344

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tecumseh Local School District (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 District, as of June 30, 2025, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 21, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, as of July 1, 2024. Our opinions were 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.

Auditors' 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 auditors' 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 the District's pension and OPEB amounts and contributions, as listed in the table of contents, 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 GAAS, 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* 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 GAAS. 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 December 30, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 30, 2025

THIS PAGE INTENTIONALLY LEFT BLANK

Tecumseh Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

The discussion and analysis of Tecumseh Local School District's 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2025 are as follows:

- In total, net position for governmental activities increased \$6,449,253, which represents a 31% increase. The decrease in long-term liabilities contributed to the increase in net position.
- General revenues accounted for \$39,630,846 in revenue or 88.51 percent of governmental revenues. Program specific revenues in the form of charges for services and operating grants, capital grants and contributions and interest accounted for \$5,147,059 or 11.49 percent of governmental revenues of \$44,777,905.
- The School District had \$38,328,652 in governmental expenses; \$5,147,059 of these expenses were offset by program specific charges for services, grants or contributions. General revenues for governmental activities (primarily taxes and entitlements) of \$39,630,846 also contributed to these programs.
- The general fund had \$37,806,065 in revenues and \$35,583,721 in expenditures. The general fund's balance decreased \$1,714,341 from 2024.
- During 2025, the general fund transferred \$3,950,000 to the capital project fund, a fund established by the Board to commit unrestricted resources to fund future capital projects and acquisitions.
- The School District had \$8,815,000 in general obligation bonds outstanding, a decrease of \$1,060,000 from prior year.

Using this Generally Accepted Accounting Principles Report (GAAP)

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

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

Tecumseh Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a 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 2025?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, liabilities and deferred outflows/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 fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that 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, and some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities where most of the School District's programs and services are reported including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District does not have any business-type activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the capital projects 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 fiscal year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Tecumseh Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

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:

Table 1
Net Position

	Governmental Activities	
	2024	2025
Assets		
Current and Other Assets	\$37,642,898	\$38,188,104
Capital Assets	45,197,338	42,518,793
Net OPEB Asset	2,204,334	2,108,382
Total Assets	85,044,570	82,815,279
Deferred Outflows of Resources		
Deferred Charge on Refunding	391,604	342,653
Pension	6,091,622	5,545,784
OPEB	1,312,389	1,081,679
Total Deferred Outflows of Resources	7,795,615	6,970,116
Liabilities		
Current and Other Liabilities	4,360,808	3,764,033
Long-Term Liabilities		
Due Within One Year	1,224,718	1,792,668
Due in More Than One Year		
Net Pension Liability	31,200,881	27,352,379
Net OPEB Liability	2,087,944	1,208,243
Other Amounts	10,930,033	13,312,776
Unamortized Bond Premium	445,502	389,814
Total Liabilities	50,249,886	47,819,913
Deferred Inflows of Resources		
Deferred Charge on Refunding	2,875	2,156
Pension	2,966,432	4,119,331
OPEB	3,948,629	3,719,093
Other Inflows	8,720,468	6,730,296
Total Deferred Inflows of Resources	15,638,404	14,570,876
Net Position		
Invested in Capital Assets, Net of Debt	35,121,548	33,517,952
Restricted	8,602,201	9,424,664
Unrestricted	(16,771,854)	(15,548,010)
Total Net Position	26,951,895	27,394,606

Tecumseh Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

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 principles.

The implementation of GASB 101 resulted in recognizing additional long-term compensated absences liabilities of \$6,006,542 in governmental activities at July 1, 2024. These amounts also impacted beginning net position for the cumulative effect of additional compensated absences expense (See Note 21).

The net pension liability (NPL) is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions-an amendment of GASB Statement 27". In addition, the School District reports a liability for other postemployment benefits (OPEB) in accordance with GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension 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 this liability. 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.

Tecumseh Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

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

Over time, net position can serve as a useful indicator of the School District's financial position. Total net position increased \$6,449,253 during fiscal year 2025, from the restated beginning net position of \$20,945,353 to \$27,394,606. The unrestricted net position deficit improved \$1,223,844 from the \$16,771,854 reported one year prior to \$15,548,010 reported at June 30, 2025.

Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS) See Note 10 for more detail.

Capital assets represent 51.34% of total assets. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. Capital assets decreased in fiscal year 2025 as a result of the continued depreciation of the assets.

Tecumseh Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Long-term liabilities decreased primarily due to a decrease in net pension and OPEB liability. The decrease in net pension liability and decrease in the net OPEB liability are outside the control of the School District. The School District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the School District.

The net pension liability decreased \$3,848,502, deferred outflows of resources related to pension decreased \$545,838 and deferred inflows of resources related to pension increased \$1,152,899. These changes were the result of changes in assumptions at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS).

Table 2 shows the changes in net position for governmental activities for fiscal year 2024 and 2025.

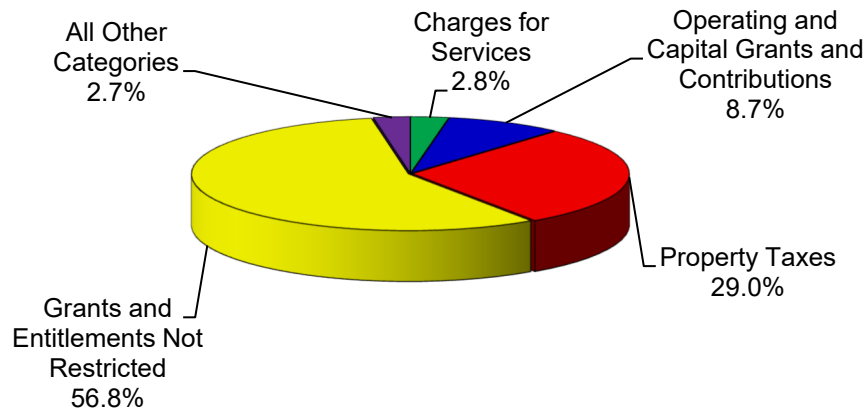
Table 2
Change in Net Position

	Governmental Activities		Percentage
	2024	2025	Change
Revenues			
Program Revenues:			
Charges for Services	\$1,576,323	\$1,268,596	(19.52)
Operating Grants and Contributions	5,964,612	3,878,463	(34.98)
Total Program Revenues	7,540,935	5,147,059	(31.75)
General Revenues			
Property Taxes	12,962,736	12,978,469	0.12
Grants and Entitlements Not Restricted	23,842,510	25,431,397	6.66
Other	1,206,054	1,220,980	1.24
Total General Revenues	38,011,300	39,630,846	4.26
Total Revenues	45,552,235	44,777,905	(1.70)
 Program Expenses			
Instruction	22,647,404	18,088,962	(20.13)
Support Services:			
Pupils and Instructional Staff	4,305,096	4,591,510	6.65
Board of Education, Administration, Fiscal and Business	3,722,307	3,234,134	(13.11)
Operation and Maintenance of Plant	3,851,311	4,551,364	18.18
Pupil Transportation	2,096,545	1,926,293	(8.12)
Central	348,170	450,540	29.40
Operation of Non-Instructional Services	1,941,423	1,798,859	(7.34)
Extracurricular Activities	886,766	851,588	(3.97)
Interest and Fiscal Charges	235,291	216,707	(7.90)
Unallocated Depreciation	2,627,679	2,618,695	(0.34)
Total Expenses	42,661,992	38,328,652	(10.16)
Change in Net Position	2,890,243	6,449,253	(123.14)
Net Position, Beginning of Year - Restated *	24,061,652	20,945,353	
Net Position, End of Year	\$26,951,895	\$27,394,606	1.64

Tecumseh Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

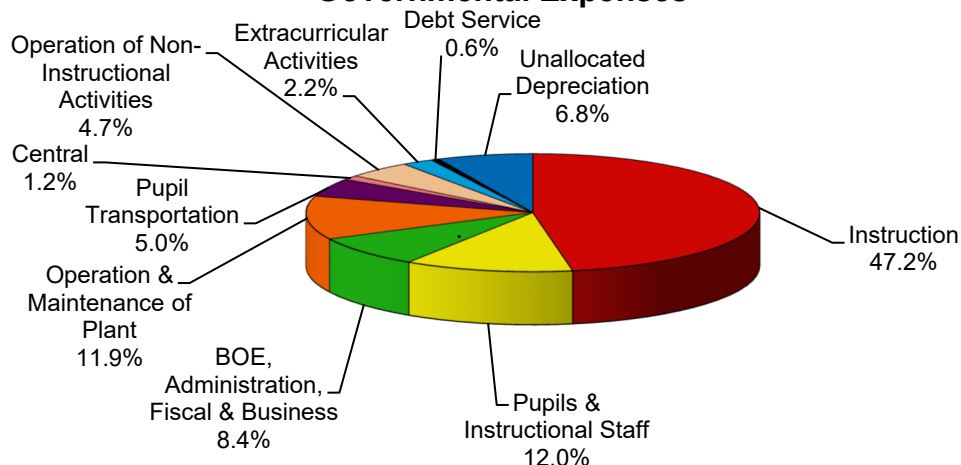
*Net Position, Beginning of Year was restated (\$6,006,542) for 2025 due to the implementation of GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections* does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principles. 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 21.)

Governmental Revenues



The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for the School District operations. The overall revenue generated by a levy does not increase solely as a result of inflation. Property taxes made up 29% and 28.5% of revenues for governmental activities for the Tecumseh Local School District for fiscal year 2025 and 2024 respectively. The School District is extremely dependent upon intergovernmental revenues provided by the State of Ohio and the federal government; approximately 56.8% and 52.3% of the School District's total revenue was received from intergovernmental sources during fiscal year 2025 and 2024, respectively. Operating and capital grants and contributions decreased from 13.1% of revenues to 8.7% from 2024 to 2025 due to ESSER grant funding coming to an end.

Governmental Expenses



Tecumseh Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Instruction comprises 47.2 percent of district expenses. Support services expenses make up 38.5 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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

	<u>Total Cost of Services 2024</u>	<u>Net Cost of Services 2024</u>	<u>Total Cost of Services 2025</u>	<u>Net Cost of Services 2025</u>
Instruction	\$22,647,404	(\$19,200,917)	\$18,088,962	(\$16,072,962)
Support Services:				
Pupils and Instructional Staff	4,305,096	(3,811,754)	4,591,510	(4,176,406)
Board of Education, Administration, Fiscal and Business	3,722,307	(3,499,355)	3,234,134	(2,992,751)
Operation and Maintenance of Plant	3,851,311	(3,043,928)	4,551,364	(4,403,608)
Pupil Transportation	2,096,545	(2,062,278)	1,926,293	(1,896,536)
Central	348,170	(345,635)	450,540	(450,540)
Operation of Non-Instructional Services	1,941,423	162,189	1,798,859	101,180
Extracurricular Activities	886,766	(456,409)	851,588	(454,568)
Interest & Fiscal Charges & Issuance Costs	235,291	(235,291)	216,707	(216,707)
Unallocated Depreciation	2,627,679	(2,627,679)	2,618,695	(2,618,695)
Total Expenses	<u>\$42,661,992</u>	<u>(\$35,121,057)</u>	<u>\$38,328,652</u>	<u>(\$33,181,593)</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to pupils.

Board of education, administration, fiscal and business includes expenses associated with administrative and financial supervision of the School District.

Operation and maintenance of plant activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Central includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Tecumseh Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Operation of non-instructional services includes the preparation, delivery, and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities along with after-school activities.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges and issue cost involves the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. Approximately 87 percent of all activities are supported through taxes and other general revenues. The community along with State revenues, as a whole, is the primary support for the Tecumseh Local School District.

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$44,798,229, a decrease of \$724,653 from prior year. All governmental funds had total expenditures of \$41,525,961, a decrease of \$2,061,554 from prior year.

The net change in fund balance for the general fund was a decrease of \$1,714,341. The School District transferred \$3,950,000 to the capital projects fund during fiscal year 2025 which contributed to the decrease.

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 amended its general fund budget, which resulted in an appropriation increase of \$10,977,129. A significant portion of the increase was transfers out. Transfers out included a \$3,950,000 transfer to the capital projects fund. The School District's negotiated agreement with Tecumseh Education Association included a 1% increase in base salaries for fiscal year 2025. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. For the general fund, the original budget basis revenue estimate remained the same as the final amounts.

Capital Assets

At the end of fiscal year 2025, the School District had \$42,518,793 invested in governmental land, land improvements, buildings and improvements, furniture, equipment, and fixtures, vehicles, and intangible – right to use: leased equipment.

Tecumseh Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Table 4 shows fiscal year 2025 balances compared to fiscal year 2024.

Table 4
Capital Assets (Net of Depreciation) at June 30,

	2024	2025
Land	\$520,022	\$520,022
Land Improvements	330,891	330,891
Buildings and Improvements	85,956,503	85,998,683
Furniture, Equipment & Fixtures	4,600,995	4,688,112
Vehicles	3,245,442	3,357,385
Intangible - Right to Use:		
Leased Equipment	263,323	283,498
Accumulated Depreciation & Amortization	(49,719,838)	(52,659,798)
Totals	<u>\$45,197,338</u>	<u>\$42,518,793</u>

Overall capital assets decreased \$2,678,545 from fiscal year 2024 to fiscal year 2025. Depreciation and amortization expense exceeded capital asset additions resulting in the decrease. Additions for 2025 included installation of a new bus, an upgrade to PA intercom system, hot water heater and a fence at park Layne. For more information on capital assets see Note 8 of the Basic Financial Statements.

Debt Administration

At June 30, 2025, the School District had the following outstanding long-term general obligation debt:

	Amount Outstanding 6/30/24	Amount Outstanding 6/30/25
Governmental Activities		
Refunding Bonds 2020	\$4,335,000	\$3,290,000
Refunding Bonds 2019	5,540,000	5,525,000
Total General Obligation Bonds	<u>\$9,875,000</u>	<u>\$8,815,000</u>
Unamortized Premium on Bonds	\$445,502	\$389,814

For more information on the School District's debt, see Note 14 of the Basic Financial Statements.

Current Financial Issues and Concerns

On November 5, 2024, the voters of the Tecumseh Local School District approved a 5-year renewal levy to collect \$731,000, at a rate not exceeding 4 mills for improvements, renovations and additions to school facilities.

Also on November 5, 2024, the voters rejected a substitute levy for providing necessary requirements of the School District in the initial sum of \$2,818,398, and a levy of taxes outside of the 10-mill limitation to require 7 mills for each \$1 of taxable value for 10 years, commencing in 2024.

Tecumseh Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Denise Robinson, Treasurer at Tecumseh Local School District, 9760 West National Road, New Carlisle, OH 45344 or email denise.robinson@tecumsehlocal.org.

Tecumseh Local School District

Statement of Net Position

June 30, 2025

	GOVERNMENTAL ACTIVITIES
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$25,069,631
Cash and Cash Equivalents in Segregated Accounts	8,000
Accounts Receivable	68,899
Intergovernmental Receivable	548,280
Prepaid Items	733,416
Property and Other Taxes Receivable	11,759,878
Depreciable Capital Assets, Net	41,998,771
Land	520,022
Net OPEB Asset	2,108,382
Total Assets	<u>82,815,279</u>
Deferred Outflows of Resources:	
Deferred Charge on Refunding	342,653
Pension	5,545,784
OPEB	1,081,679
Total Deferred Outflows of Resources	<u>6,970,116</u>
Liabilities:	
Accounts/Contracts Payable	163,820
Accrued Wages and Benefits Payable	2,767,001
Intergovernmental Payable	530,163
Accrued Interest Payable	13,364
Matured Compensated Absences Payable	123,991
Vacation Leave Payable	165,694
Long Term Liabilities:	
Due Within One Year	1,792,668
Due In More Than One Year	
Net Pension Liability	27,352,379
Net OPEB Liability	1,208,243
Other Amounts Due In More Than One Year	13,702,590
Total Liabilities	<u>47,819,913</u>
Deferred Inflows of Resources:	
Deferred Charge on Refunding	2,156
Property Taxes not Levied to Finance Current Year Operations	6,730,296
Pension	4,119,331
OPEB	3,719,093
Total Deferred Inflows of Resources	<u>14,570,876</u>
Net Position:	
Net Investment in Capital Assets	33,517,952
Restricted for:	
Debt Service	1,730,324
Capital Projects	2,809,403
Other Purposes	2,679,979
Pension	2,108,382
Set-asides	80,032
Non-expendable	2,513
Unclaimed Monies	14,031
Unrestricted	(15,548,010)
Total Net Position	<u>\$27,394,606</u>

See Accompanying Notes to the Basic Financial Statements

Tecumseh Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2025

		PROGRAM REVENUES		NET (EXPENSE)
		CHARGES FOR	OPERATING GRANTS	REVENUE AND CHANGES
		SERVICES	CONTRIBUTIONS	IN NET POSITION
	EXPENSES	AND SALES	AND INTEREST	TOTAL
				GOVERNMENTAL
				ACTIVITIES
Governmental Activities				
Instruction:				
Regular	\$11,361,713	\$435,039	\$247,537	(\$10,679,137)
Special	5,863,934	33,838	1,048,583	(4,781,513)
Vocational	368,985	2,923	144,150	(221,912)
Student Intervention Services	87,344	0	100,338	12,994
Other	406,986	0	3,592	(403,394)
Support Services:				
Pupils	3,615,132	0	366,934	(3,248,198)
Instructional Staff	976,378	2,190	45,980	(928,208)
Board of Education	89,140	0	0	(89,140)
Administration	2,318,457	0	241,383	(2,077,074)
Fiscal	790,865	0	0	(790,865)
Business	35,672	0	0	(35,672)
Operation and Maintenance of Plant	4,551,364	39,977	107,779	(4,403,608)
Pupil Transportation	1,926,293	15,289	14,468	(1,896,536)
Central	450,540	0	0	(450,540)
Operation of Non-Instructional Services	1,798,859	386,825	1,513,214	101,180
Extracurricular Activities	851,588	352,515	44,505	(454,568)
Interest and Fiscal Charges	216,707	0	0	(216,707)
Depreciation - Unallocated	2,618,695	0	0	(2,618,695)
Total	<u>\$38,328,652</u>	<u>\$1,268,596</u>	<u>\$3,878,463</u>	<u>(33,181,593)</u>
General Revenues:				
Property Taxes Levied for:				
General Purposes				10,649,561
Capital Outlay				748,907
Debt Service				1,447,358
Capital Maintenance				132,643
Grants and Entitlements not Restricted to Specific Programs				25,431,397
Gifts and Donations not Restricted to Specific Programs				5,051
Investment Earnings/Change in Fair Value				1,133,571
Miscellaneous				82,358
Total General Revenues				<u>39,630,846</u>
Change in Net Position				<u>6,449,253</u>
Net Position Beginning of Year - as previously reported				26,951,895
Restatement - change in accounting principle				<u>(6,006,542)</u>
Net Position Beginning of Year - Restated				<u>20,945,353</u>
Net Position End of Year				<u>\$27,394,606</u>

See Accompanying Notes to the Basic Financial Statements

Tecumseh Local School District

Balance Sheet

Governmental Funds

June 30, 2025

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$14,784,646	\$3,950,000	\$6,334,985	\$25,069,631
Cash and Cash Equivalents in Segregated Accounts	0	0	8,000	8,000
Receivables:				
Property and Other Taxes	9,863,954	0	1,895,924	11,759,878
Accounts	68,899	0	0	68,899
Intergovernmental	12,172	0	536,108	548,280
Interfund	164,111	0	0	164,111
Prepaid Items	714,317	0	19,099	733,416
Total Assets	<u>\$25,608,099</u>	<u>\$3,950,000</u>	<u>\$8,794,116</u>	<u>\$38,352,215</u>
Liabilities:				
Accounts/Contracts Payable	\$136,752	\$0	\$27,068	\$163,820
Matured Compensated Absences Payable	123,991	0	0	123,991
Accrued Wages and Benefits Payable	2,545,982	0	221,019	2,767,001
Intergovernmental Payable	497,746	0	32,417	530,163
Interfund Payable	0	0	164,111	164,111
Total Liabilities	<u>3,304,471</u>	<u>0</u>	<u>444,615</u>	<u>3,749,086</u>
Deferred Inflows of Resources:				
Property Taxes not Levied to Finance Current Year				
Operations	5,754,639	0	975,657	6,730,296
Unavailable Revenue	351,151	0	78,695	429,846
Total Deferred Inflows of Resources	<u>6,105,790</u>	<u>0</u>	<u>1,054,352</u>	<u>7,160,142</u>
Fund Balances:				
Nonspendable	728,348	0	21,099	749,447
Restricted	80,032	0	7,294,441	7,374,473
Committed	961,285	3,950,000	0	4,911,285
Assigned	1,587,850	0	0	1,587,850
Unassigned	12,840,323	0	(20,391)	12,819,932
Total Fund Balances	<u>16,197,838</u>	<u>3,950,000</u>	<u>7,295,149</u>	<u>27,442,987</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$25,608,099</u>	<u>\$3,950,000</u>	<u>\$8,794,116</u>	<u>\$38,352,215</u>

See Accompanying Notes to the Basic Financial Statements

Tecumseh Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2025

Total Governmental Fund Balances	\$27,442,987
----------------------------------	--------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	520,022	
Land Improvements	330,891	
Building and Improvements	85,998,683	
Furniture/Equipment/Fixtures	4,688,112	
Vehicles	3,357,385	
Intangible - Right to Use: Leased Equipment	283,498	
Accumulated Depreciation/Amortization	(52,659,798)	
Total Capital Assets, Net		42,518,793

Deferred outflows shown in governmental activities are not financial resources and therefore are not reported in the funds.

Deferred Charge on Refunding	342,653
------------------------------	---------

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:

Property Taxes Receivable	429,846
---------------------------	---------

The net position/OPEB liability (asset) is not due and payable in the current period; therefore, the liability (asset) and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows - Pension/OPEB	6,627,463	
Deferred Inflows - Pension/OPEB	(7,838,424)	
Net Pension/OPEB Asset/Liability	(26,452,240)	
		(27,663,201)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

General Obligation Bonds Payable	(8,815,000)	
Lease Payable	(136,524)	
Unamortized Premium on Bonds	(389,814)	
Deferred Gain on Refunding	(2,156)	
Accrued Interest Payable	(13,364)	
Vacation Leave Payable	(165,694)	
Compensated Absences Payable	(6,153,920)	
		(15,676,472)

Net Position of Governmental Activities	\$27,394,606
---	--------------

See Accompanying Notes to the Basic Financial Statements

Tecumseh Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	GENERAL	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Property and Other Taxes	\$10,676,916	\$0	\$2,335,192	\$13,012,108
Intergovernmental	25,251,287	0	3,941,771	29,193,058
Interest/Change in Fair Value	1,047,419	0	144,029	1,191,448
Tuition and Fees	502,464	0	0	502,464
Rent	39,977	0	0	39,977
Extracurricular Activities	7,411	0	278,250	285,661
Gifts and Donations	27,752	0	36,224	63,976
Charges for Services	142,136	0	234,305	376,441
Miscellaneous	110,703	0	22,393	133,096
Total Revenues	37,806,065	0	6,992,164	44,798,229
Expenditures:				
Current:				
Instruction:				
Regular	13,682,757	0	239,715	13,922,472
Special	5,601,954	0	853,612	6,455,566
Vocational	394,190	0	4,959	399,149
Student Intervention Services	1,044	0	83,596	84,640
Other	444,965	0	0	444,965
Support Services:				
Pupils	3,527,737	0	378,514	3,906,251
Instructional Staff	1,006,881	0	59,051	1,065,932
Board of Education	98,796	0	0	98,796
Administration	2,559,704	0	215,874	2,775,578
Fiscal	821,920	0	37,234	859,154
Business	35,672	0	0	35,672
Operation and Maintenance of Plant	4,012,545	0	490,006	4,502,551
Pupil Transportation	2,132,435	0	147,784	2,280,219
Central	447,517	0	0	447,517
Operation of Non-Instructional Services	194,922	0	1,855,897	2,050,819
Extracurricular Activities	534,498	0	346,385	880,883
Capital Outlay	0	0	2,910	2,910
Debt Service:				
Principal Retirement	27,668	0	1,060,000	1,087,668
Interest and Fiscal Charges	58,516	0	166,703	225,219
Total Expenditures	35,583,721	0	5,942,240	41,525,961
Excess of Revenues Over (Under) Expenditures	2,222,344	0	1,049,924	3,272,268
Other Financing Sources				
Proceeds from Sale of Capital Assets	11,527	0	0	11,527
Insurance Recoveries	1,788	0	0	1,788
Transfers In	0	3,950,000	0	3,950,000
Transfers Out	(3,950,000)	0	0	(3,950,000)
Other Financing Sources	(3,936,685)	3,950,000	0	13,315
Net Change in Fund Balances	(1,714,341)	3,950,000	1,049,924	3,285,583
Fund Balances at Beginning Of Year	17,912,179	0	6,245,225	24,157,404
Fund Balances at End of Year	\$16,197,838	\$3,950,000	\$7,295,149	\$27,442,987

See Accompanying Notes to the Basic Financial Statements

Tecumseh Local 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 \$3,285,583

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

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. In the current period,
these amounts are:

Capital Asset Additions	394,969	
Depreciation Expense	(3,057,868)	
Total		(2,662,899)

The proceeds from the sale of capital assets are reported as an other
financing source in the governmental funds. However, the cost of the
capital assets is removed from the capital assets account on the
statement of net position and is offset against the proceeds from the
sale of capital assets resulting in a loss on disposal of capital assets
on the statement of activities.

Loss on Disposal of Capital Assets		(15,646)
------------------------------------	--	----------

Repayment of long-term debt is reported as an expenditure
in governmental funds, but the repayment reduces long-term
liabilities in the statement of net position. In the current fiscal year,
these amounts consist of:

General Obligation Bonds	1,060,000	
Amortization of Deferred Gain on Refunding Bonds	719	
Amortization of Premium on Bonds	55,688	
Amortization of Deferred Charge on Refunding Bonds	(48,951)	
Leases Payable	27,668	
Total		1,095,124

The acquisition of capital assets through a lease agreement does not provide current
financial resources; therefore, it is not reported in the funds.

Leases Payable		(20,175)
----------------	--	----------

Some revenues that will not be collected for several months
after the School District's fiscal year-end are not
considered "available" revenues and are unavailable in the
governmental funds. Unavailable revenues decreased by this
amount this year.

Property Taxes		(33,639)
----------------	--	----------

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

Pension	2,932,161	
OPEB	87,607	
		3,019,768

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

Pension	(782,396)	
OPEB	694,968	
		(87,428)

Some items 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. These
activities consist of:

Increase in Vacation Leave Payable	(82,194)	
Decrease in Compensated Absences	1,949,703	
Decrease in Accrued Interest Payable	1,056	
Total		1,868,565

Change in Net Position of Governmental Activities		\$6,449,253
---	--	-------------

See Accompanying Notes to the Basic Financial Statements

Tecumseh Local 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			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
Revenues:				
Property and Other Taxes	\$8,192,742	\$8,192,742	\$9,923,608	\$1,730,866
Intergovernmental	23,468,177	23,468,177	25,523,243	2,055,066
Interest	150,000	150,000	843,248	693,248
Tuition and Fees	234,505	234,505	550,994	316,489
Rent	5,000	5,000	39,977	34,977
Gifts and Donations	0	0	5,051	5,051
Miscellaneous	22,065	22,065	80,712	58,647
Total Revenues	32,072,489	32,072,489	36,966,833	4,894,344
Expenditures:				
Current:				
Instruction:				
Regular	13,133,623	14,948,614	14,027,037	921,577
Special	6,537,492	6,746,591	5,755,392	991,199
Vocational	368,025	412,629	392,959	19,670
Student Intervention Services	783	1,050	1,044	6
Other	118,618	358,218	445,432	(87,214)
Support Services:				
Pupils	3,026,430	3,768,149	3,623,609	144,540
Instructional Staff	838,640	906,063	1,017,733	(111,670)
Board of Education	94,700	108,226	116,695	(8,469)
Administration	2,577,941	2,745,917	2,671,360	74,557
Fiscal	818,044	865,652	840,729	24,923
Business	26,198	48,842	50,210	(1,368)
Operation and Maintenance of Plant	3,665,253	4,703,086	4,648,060	55,026
Pupil Transportation	1,932,258	2,902,367	2,515,427	386,940
Central	211,263	449,928	455,986	(6,058)
Operation of Non-Instructional Services	653	268,212	66,576	201,636
Extracurricular Activities	507,241	517,060	527,848	(10,788)
Total Expenditures	33,857,162	39,750,604	37,156,097	2,594,507
Excess of Revenues Under Expenditures	(1,784,673)	(7,678,115)	(189,264)	7,488,851
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	11,527	11,527
Insurance Recoveries	0	0	1,788	1,788
Refund of Prior Year Expenditure	2,000	2,000	0	(2,000)
Transfers In	0	0	3,687	3,687
Advance In	100,000	100,000	0	(100,000)
Transfers Out	0	(5,083,687)	(5,083,687)	0
Total Other Financing Sources (Uses)	102,000	(4,981,687)	(5,066,685)	(84,998)
Net Change in Fund Balances	(1,682,673)	(12,659,802)	(5,255,949)	7,403,853
Fund Balance at Beginning of Year	16,264,436	16,264,436	16,264,436	0
Prior Year Encumbrances Appropriated	1,011,009	1,011,009	1,011,009	0
Fund Balance at End of Year	\$15,592,772	\$4,615,643	\$12,019,496	\$7,403,853

See Accompanying Notes to the Basic Financial Statements

Tecumseh Local School District
Statement of Fiduciary Net Position
Custodial Fund
June 30, 2025

	<u>CUSTODIAL</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$6,531</u>
Net Position	
Restricted for Other Organizations	<u>\$6,531</u>

See Accompanying Notes to the Basic Financial Statements

Tecumseh Local School District
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Fiscal Year Ended June 30, 2025

	<u>CUSTODIAL</u>
Additions	
Miscellaneous	\$89,894
Deductions	
Payments to Other Organizations	<u>83,363</u>
Change in Net Position	6,531
Net Position - Beginning of Year	<u>0</u>
Net Position - End of Year	<u><u>\$6,531</u></u>

See accompanying notes to the basic financial statements

Tecumseh Local 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

Tecumseh Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government and provides educational services as mandated by State statute and federal guidelines.

The School District was established in 1875 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 50 square miles. It is located in Clark and Miami Counties, and includes all of the City of New Carlisle and portions of Bethel and Pike Townships. It provides services to approximately 2,560 students and other community members. The School District currently operates six instructional buildings, one administrative building, and one garage.

Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading.

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Tecumseh Local School District, this includes instruction, student guidance, extracurricular activities, educational media, care and upkeep of grounds and buildings, food service, and latchkey programs. The operation of each of these activities is directly controlled by the Board of Education.

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. The School District is also financially accountable for any 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. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the School District, are accessible to the School District and are significant in amount to the School District. The School District has no component units.

The School District participates in four jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 16 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

Miami Valley Educational Computer Association
Clark County Family and Children First Council
Springfield-Clark Career Technology Center
Tecumseh Education Foundation

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. 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, except for fiduciary funds. The government-wide financial statements distinguish between those activities that are governmental and those that are business-type. The School District, however, has no activities which are reported as business-type.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program 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. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements:

During the fiscal 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. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

B. Fund Accounting

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

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Governmental Funds:

Governmental funds are those through which most governmental functions 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 deferred outflows, and liabilities and deferred inflows is reported as fund balance. The following are the School District's major governmental funds:

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

Capital Projects Fund – The capital projects fund accounts for transfers from the general fund that are committed to acquire, construct, and/or improve assets including, but is not limited to, four new chillers at its facilities and other various projects the Board approved.

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

Fiduciary Fund:

Fiduciary fund reporting focuses on net position and change in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's custodial fund accounts for tournament and New Carlisle Library monies.

C. Measurement Focus

Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, 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 accounts for increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements:

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

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

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

D. Basis of Accounting

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

Non-exchange 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 is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

The measurement focus of the accrual basis of accounting utilized on the government-wide financial statements recognizes revenues when they are earned, and expenses are recognized at the time they are incurred.

In governmental fund accounting the measurement focus is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded when the related liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the bond retirement fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by the employee. Allocation of costs, such as depreciation and amortization, are not recognized in governmental funds.

Tecumseh Local 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 net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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 and for pension/OPEB. A deferred charge on refunding results from the difference in carrying value of the 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 to pension/OPEB are explained in Note 10 and Note 11.

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension/OPEB, deferred charges on refunding and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables, which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for deferred charges on refunding represents a gain between the reacquisition price and the carrying amount of the bonds. This gain is deferred and amortized over the life of refunding bonds. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 10 and Note 11)

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Cash and Cash Equivalents

The School District maintains a cash and investment pool used by all funds. The cash and investment pool has the same characteristics as demand deposits. Each fund's portion of this pool is displayed in the financial statements as equity in pooled cash and cash equivalents. The monies are either maintained in a central bank account or used to purchase legal investments.

The School District has segregated bank accounts for monies held separate from the School District's central bank account. These depository accounts are presented on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited in the School District Treasury.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

The Ohio Revised Code authorizes the School District to invest in United States and State of Ohio bonds, notes, and other obligations; bank certificates of deposit; banker's acceptances; commercial paper notes rated prime and issued by United States Corporations; and STAR Ohio.

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

For the fiscal year 2025, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24-hour advance notice is appreciated for all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business days(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2025 amounted to \$1,047,419; \$295,982 of the interest posted to the General Fund was allocated from other funds.

F. 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. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

G. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$5,000. 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.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

Depreciation and amortization are computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 years
Buildings and Improvements	30 years
Furniture/Equipment/Fixtures	5-10 years
Vehicles	10 years
Intangible - Right to Use: Leased Equipment	5 years

H. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, 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 governmental funds. However, compensated absences, special termination benefits and contractually required pension contributions 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.

I. Compensated Absences

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

Vacation Leave

The School District's policy permits Directors, the Superintendent, and the Treasurer to have vacation leave paid out. The remaining employees must use it during the following fiscal year.

Sick Leave

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

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Personal Time

The School District's policy permits employees to accumulate earned but unused personal time, which are converted to sick days at the conclusion of each year per the contracts with the unions.

J. Pensions/Other Postemployment Benefits (OPEB)

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

K. 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 governmental funds. The classifications are as follows:

Non-spendable – The non-spendable classification 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' includes items that are not expected to be converted to cash.

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

Committed – The committed classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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 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. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

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

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

L. Net Position

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

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. None of the restricted net position amounts were restricted by enabling legislation.

M. Bond Discounts/Premiums

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, since the results are not significantly different from the effective interest method. Bond premiums/discounts are presented as additions/reductions to the face amount of the bonds payable. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which the debt is issued.

N. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and are eliminated on the statement of activities. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements. On the fund statements, receivables and payables resulting from short-term loans are classified as “interfund receivables” and “interfund payables”. These amounts are eliminated in the Statement of Net Position.

O. Estimates

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

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

P. Budgetary Data

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2025.

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

NOTE 3 – 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 basis), 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 Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as assigned fund balance (GAAP).
4. Advances are reported on the budgetary basis based on required chart of accounts but do not meet the criteria to be reported within that section on a GAAP basis.
5. Perspective differences for GAAP reporting purposes in which certain funds are budgeted separately from the general fund but are reported as part of the general fund on the GAAP basis.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

Net Change in Fund Balance	
	General
GAAP Basis	(\$1,714,341)
Revenue Accruals	(640,613)
Expenditure Accruals	(617,207)
Perspective Differences	(956,792)
Encumbrances	(1,326,996)
Budget Basis	(\$5,255,949)

NOTE 4 - FUND DEFICITS

The IDEA Part B, Title III, and Title IIA special revenue funds had deficit fund balances at June 30, 2025, of \$12,883, \$123, and \$7,385, respectively. Management expects the remaining deficits in these funds to be corrected in early fiscal year 2026 when grant dollars are received.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

Active Monies – Those monies required to be kept in “cash” or “near-cash” accounts for the immediate use of the School District. Such monies must be maintained either as cash in the treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Monies – Those monies not required for use within the current five-year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing no later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim Monies – 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. Ohio law permits interim monies to be invested in legal securities.

Protection of the School District’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 Ohio Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Interim monies are to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
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. 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;
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. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and, bankers' acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days, if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

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

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Deposits

Custodial credit risk is the risk that, in the event of bank failure, the School District's deposits may not be returned. The School District's policy for deposits is that any balance not covered by depository insurance will be collateralized by the financial institution with pledged securities. Ohio law requires that deposits either be insured or be protected by:

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At fiscal year-end, the carrying amount of the School District's deposits was \$2,095,405 and the bank balance was \$2,234,376. The entire bank balance was insured by federal depository insurance or was collateralized through the OPCS.

Investments

At June 30, 2025, the School District had the following investments:

Investment	Investment Maturity			Total	Credit Rating Moody's
	Less than 1 Yr	1-2 Years	3-5 Years		
First American Treasury Obligations Fund	\$385,681	\$0	\$0	\$385,681	AAAm
US Government Agency Notes	1,738,436	1,055,522	2,566,651	5,360,609	Aa1
US Treasury Notes	237,973	-	4,072,150	4,310,123	Aa1
Negotiable Certificates of Deposit	512,158	1,229,405	483,448	2,225,011	NA
Commercial Paper	1,815,014	-	-	1,815,014	P-1
STAR Ohio	8,892,319	-	-	8,892,319	AAAm
	<u>\$ 13,581,581</u>	<u>\$2,284,927</u>	<u>\$7,122,249</u>	<u>\$22,988,757</u>	

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. The School District's investment in First American Treasury Obligations Fund is valued using quoted market prices in active markets (Level 1 inputs). The School District's investments in US Government Agency Notes, US Treasury Notes, commercial paper and negotiable certificates of deposits are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). The above table identifies the School District's recurring fair value measurements as of June 30, 2025.

Interest Rate Risk - The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date, 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. The School District's investment policy does not further limit its investment choices.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Credit Risk – The School District’s investment policy limits investments to those authorized by State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk - The School District places no limit on the amount it may invest in any one user. However, State statute limits investments in commercial paper and bankers’ acceptance to 40 percent of the interim monies available for investment at any one time.

The following table includes the percentage of each investment type held by the School District at June 30, 2025:

Investment	Percent
Negotiable CDS	9.68%
First American Treasury Obligations Fund	1.68%
Commerical Paper	7.90%
US Treasury Notes	18.75%
US Government Agency Notes	23.32%
STAR Ohio	38.67%
Total	100.00%

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The federal agency securities are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the School District’s name. The School District has no investment policy dealing with custodial credit risk beyond the requirements of State statute that prohibit payment for investments prior to the delivery of the securities representing the investments to the Treasurer or qualified trustee.

NOTE 6 - PROPERTY TAXES

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

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

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

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The School District receives property taxes from Clark County and Miami County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2025, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Property taxes receivable represents real property and public utility property taxes that are measurable as of June 30, 2025 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the portion of real property taxes available as an advance at June 30 was levied to finance current year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, it is reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2025, was \$3,758,164 in the general fund and \$841,572 in the other governmental funds. The amount available as an advance at June 30, 2024, was \$2,171,756 in the general fund and \$606,381 in the other governmental funds.

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	\$386,135,518	95.3%	\$387,689,638	94.8%
Public Utility Personal	18,835,030	4.7%	21,330,830	5.2%
Total	<u>\$404,970,548</u>	<u>100.0%</u>	<u>\$409,020,468</u>	<u>100.0%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$44.50		\$41.34	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2025, consisted of property taxes, accounts (tuition and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of intergovernmental receivables is as follows:

	<u>Amounts</u>
Governmental Activities:	
Drug Free Schools	\$ 14,694
Food Service	162,276
Title I-C	34,568
Medicaid Reimbursements	12,172
Title I	162,960
IDEA Part B Special Education	131,602
Title III	7,649
Title II-A Supporting Effective Instruction	22,359
Total Governmental Activities	<u>\$ 548,280</u>

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 8 - CAPITAL ASSETS

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

	Balance 6/30/24	Additions	Deletions	Balance 6/30/25
Governmental Assets				
<i>Capital Assets, not being depreciated</i>				
Land	\$520,022	\$0	\$0	\$520,022
Total Capital Assets, not being depreciated	<u>520,022</u>	<u>0</u>	<u>0</u>	<u>520,022</u>
<i>Capital Assets, being depreciated</i>				
Land Improvements	330,891	-	-	330,891
Building and Improvements	85,956,503	42,180	-	85,998,683
Furniture/Equipment/Fixtures	4,600,995	197,029	(109,912)	4,688,112
Vehicles	3,245,442	135,585	(23,642)	3,357,385
Intangible - Right to Use: Leased Equipment	263,323	20,175	-	283,498
Total Capital Assets, being depreciated	<u>94,397,154</u>	<u>394,969</u>	<u>(133,554)</u>	<u>94,658,569</u>
Less: Accumulated Depreciation				
Land Improvements	(76,320)	(14,551)	-	(90,871)
Building and Improvements	(44,749,764)	(2,571,264)	-	(47,321,028)
Furniture/Equipment/Fixtures	(2,661,698)	(285,851)	98,921	(2,848,628)
Vehicles	(2,112,750)	(158,534)	18,987	(2,252,297)
Intangible - Right to Use: Leased Equipment	(119,306)	(27,668)	-	(146,974)
Total Accumulated Depreciation and Amortization	<u>(49,719,838)</u>	<u>(3,057,868)</u>	<u>117,908</u>	<u>(52,659,798)</u>
Total Capital Assets, being depreciated, net	<u>44,677,316</u>	<u>(2,662,899)</u>	<u>(15,646)</u>	<u>41,998,771</u>
Governmental Activities Capital Assets, net	<u><u>\$45,197,338</u></u>	<u><u>(\$2,662,899)</u></u>	<u><u>(\$15,646)</u></u>	<u><u>\$42,518,793</u></u>

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

Instruction:	
Regular	\$15,537
Vocational	2,265
Support Services:	
Board of Education	1,613
Administration	2,311
Operation and Maintenance of Plant	250,121
Pupil Transportation	142,705
Central	10,348
Operation of Non-Instructional Services	14,273
Unallocated Depreciation	2,618,695
	<u><u>\$3,057,868</u></u>

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 9 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2025, the School District contracted with Arthur J. Gallagher & Co. through the Southwestern Ohio Educational Purchasing Cooperative for property, general liability and automobile insurance.

Coverage provided by Arthur J. Gallagher & Co. is as follows:

Building and Contents	\$164,139,823
Excess Property	350,000,000
Crime Insurance (\$5,000 deductible)	1,000,000
Automobile Liability	1,000,000
School Errors & Omissions Liability	4,000,000
General Liability (aggregate)	3,000,000
Site Pollution (aggregate, \$50,000 deductible)	5,000,000
Excess Liability	4,000,000
Fiduciary Liability (\$1,500) deductible	1,000,000
Cyber Liability/Identity Theft	5,000,000
Violent Event (per event)	100,000
Special Crime Kidnap & Ransom	5,000,000

Settled claims have not exceeded this commercial coverage in the past three fiscal years. There has been no significant reduction in insurance coverage from last fiscal year.

B. Workers' Compensation

For fiscal year 2025, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 16). 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting provides administrative, cost control, and actuarial services to the GRP.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. 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 liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - 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.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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 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 \$721,286 for fiscal year 2025. Of this contribution, \$5,329 is shown as intergovernmental payable.

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

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

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

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

The DC Plan allows members to place all 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.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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.

For fiscal year 2025, the full employer contribution was allocated to pension. The School District's contractually required contribution to STRS was \$2,210,875 fiscal year 2025. Of this amount \$403,514 is reported as an intergovernmental payable.

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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$5,964,525	\$21,387,854	\$27,352,379
Proportion of the Net Pension Liability			
Prior Measurement Date	0.12293660%	0.11334140%	
Current Measurement Date	<u>0.11659490%</u>	<u>0.11115415%</u>	
Change in Proportionate Share	<u>-0.00634170%</u>	<u>-0.00218725%</u>	
Pension Expense	\$176,871	\$605,525	\$782,396

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$227,721	\$1,346,875	\$1,574,596
Changes of assumptions	53,357	985,670	1,039,027
School District contributions subsequent to the measurement date	<u>721,286</u>	<u>2,210,875</u>	<u>2,932,161</u>
Total Deferred Outflows of Resources	<u><u>\$1,002,364</u></u>	<u><u>\$4,543,420</u></u>	<u><u>\$5,545,784</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$11,712	\$11,712
Changes of assumptions	0	741,926	741,926
Net difference between projected and actual earnings on pension plan investments	373,078	1,838,921	2,211,999
Difference between School District contributions and proportionate share of contributions	<u>299,029</u>	<u>854,665</u>	<u>1,153,694</u>
Total Deferred Inflows of Resources	<u><u>\$672,107</u></u>	<u><u>\$3,447,224</u></u>	<u><u>\$4,119,331</u></u>

\$2,932,161 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 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	(\$415,186)	(\$1,725,642)	(\$2,140,828)
2027	\$257,054	\$1,818,468	\$2,075,522
2028	(\$123,191)	(\$687,497)	(\$810,688)
2029	<u>(\$109,706)</u>	<u>(\$520,008)</u>	<u>(\$629,714)</u>
Total	<u><u>(\$391,029)</u></u>	<u><u>(\$1,114,679)</u></u>	<u><u>(\$1,505,708)</u></u>

Actuarial Assumptions - SERS

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

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024, 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 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. Mortality among contingent survivor were based upon the PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

Discount Rate The 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.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$9,124,897	\$5,964,525	\$3,303,662

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Actuarial Assumptions – STRS

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

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

* Final target weights reflected at October 1, 2022.

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

Tecumseh Local 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	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$34,502,357	\$21,387,854	\$10,295,238

Changes Between Measurement Date and Reporting Date – The discount rate remained at 7.00% for June 30, 2024 valuation. Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

NOTE 11 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

The net OPEB liability (asset) reported on the statement of net position represents a liability (asset) to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

Plan Description - School Employees Retirement System (SERS)

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

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$87,608.

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 \$87,607 for fiscal year 2025.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

Tecumseh Local 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 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	
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.12673830%	0.11334140%	
Current Measurement Date	0.11863020%	0.11115415%	
Change in Proportionate Share	<u>-0.00810810%</u>	<u>-0.00218725%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$1,208,243	(\$2,108,382)	(\$900,139)
OPEB Expense	(\$191,897)	(\$503,071)	(\$694,968)

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	\$91,655	\$91,655
Changes of assumptions	518,577	259,513	778,090
Net difference between projected and actual earnings on pension plan investments	5,899	0	5,899
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	93,055	25,373	118,428
School District contributions subsequent to the measurement date	<u>87,607</u>	<u>0</u>	<u>87,607</u>
Total Deferred Outflows of Resources	<u>\$705,138</u>	<u>\$376,541</u>	<u>\$1,081,679</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$1,302,800	\$227,211	\$1,530,011
Changes of assumptions	555,023	950,867	1,505,890
Net difference between projected and actual earnings on OPEB plan investments	0	90,528	90,528
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	<u>592,664</u>	<u>0</u>	<u>592,664</u>
Total Deferred Inflows of Resources	<u>\$2,450,487</u>	<u>\$1,268,606</u>	<u>\$3,719,093</u>

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

\$87,607 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 in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	(\$403,717)	(\$314,065)	(\$717,782)
2027	(304,603)	(139,022)	(443,625)
2028	(254,659)	(178,670)	(433,329)
2029	(243,070)	(165,775)	(408,845)
Thereafter	<u>(626,907)</u>	<u>(94,533)</u>	<u>(721,440)</u>
Total	<u><u>(\$1,832,956)</u></u>	<u><u>(\$892,065)</u></u>	<u><u>(\$2,725,021)</u></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.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

	<u>June 30, 2024</u>
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.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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 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	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$1,611,149	\$1,208,243	\$888,080
	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$816,727	\$1,208,243	\$1,722,859

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Actuarial Assumptions – STRS

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

	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.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

* Final target weights reflected at October 1, 2022.

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

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

Sensitivity of the 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net OPEB (asset)	(\$1,714,254)	(\$2,108,382)	(\$2,451,359)
	<u>1% Decrease In Trend Rate</u>	<u>Current Trend Rate</u>	<u>1% Increase in Trend Rate</u>
School District's proportionate share of the net OPEB (asset)	(\$2,474,527)	(\$2,108,382)	(\$1,668,045)

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Vacation leave must be used by each employee prior to the end of their contract year. Administrators may request to have up to 10 days paid. Unused vacation time, earned within a contract year, is paid to classified employees and administrators upon retirement. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 280 days for all personnel, except administrators. Upon retirement, payment is made for one-fourth of the total unused sick leave balance up to a maximum 62 days for all employees with ten years of service with the State, any political subdivisions, or any combination thereof. Administrators may accumulate up to a maximum of 302 days depending upon their position. Upon retirement, payment is made at 20% of the sick leave plus 12% of 80 days of unused sick leave and personal leave accumulated above the maximum sick leave.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance through Fort Dearborn, administered by CoreSource. The School District provides health insurance coverage through United Health Care of Ohio, Inc. Each employee share of the total core premium was 17 percent of the monthly premium, with the option of the employee paying for any plan buy-up. Dental insurance is provided through Delta Dental and vision benefits are provided through Vision Service Plan.

NOTE 13 - PURCHASE COMMITMENTS

As of June 30, 2025, the School District had contractual purchase commitments (encumbrances) as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 1,190,243
Other nonmajor governmental funds	356,798
	<u>\$ 1,547,041</u>

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2025 were as follows:

	Restated Amount Outstanding 6/30/24	Additions	Deletions	Amount Outstanding 6/30/25	Amount Due in One Year
Governmental Activities					
Refunding Bonds 2020					
Term Bonds	\$4,335,000	\$0	(\$1,045,000)	\$3,290,000	\$1,060,000
Refunding Bonds 2019					
Term Bonds	5,540,000	0	(15,000)	5,525,000	15,000
Total General Obligation Bonds	9,875,000	0	(1,060,000)	8,815,000	1,075,000
Unamortized Premium on Bonds					
Refunding Bonds 2020	405,132	0	(50,641)	354,491	0
Refunding Bonds 2019	40,370		(5,047)	35,323	0
Total Unamortized Premiums on Bonds	445,502	0	(55,688)	389,814	0
Net Pension Liability					
SERS	6,792,881	0	(828,356)	5,964,525	0
STRS	24,408,000	0	(3,020,146)	21,387,854	0
Total Net Pension Liability	31,200,881	0	(3,848,502)	27,352,379	0
Net OPEB Liability					
SERS	2,087,944	0	(879,701)	1,208,243	0
Total Net OPEB Liability	2,087,944	0	(879,701)	1,208,243	0
Leases Payable	144,017	20,175	(27,668)	136,524	29,452
Compensated Absences*	8,103,623	0	(1,949,703)	6,153,920	688,216
Total Governmental Activities	\$51,856,967	\$20,175	(\$7,821,262)	\$44,055,880	\$1,792,668

*The change in compensated absences is reported at net.

Compensated absences will be paid from the general fund and the food service and latchkey funds.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Refunding Bonds 2019

On September 5, 2019, the School District issued \$5,555,000 in bonds for refunding \$5,555,000 of the 2012 general obligation bonds with interest rates ranging from 3% to 4%. The refunding bonds issued are term bonds with interest rates of 2.2%. and mature December 1, 2031.

Refunding Bonds 2020

On October 29, 2020, the School District issued \$5,545,000 in bonds for refunding \$5,545,000 of the 2013 general obligation bonds with interest rates ranging from 1 to 3%. The refunding bonds issued are term bonds with interest rates of 1.18%.

The School District's overall legal debt margin was \$29,695,263 and the un-voted debt margin was \$409,020 at June 30, 2025.

The School District's debt service requirements at June 30, 2025, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$1,075,000	\$153,953	\$1,228,953
2027	1,125,000	140,820	1,265,820
2028	1,140,000	127,278	1,267,278
2029	1,290,000	106,260	1,396,260
2030	1,340,000	77,330	1,417,330
2031-2032	2,845,000	63,195	2,908,195
Total	<u>\$8,815,000</u>	<u>\$668,836</u>	<u>\$9,483,836</u>

Leases Payable

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

The School District has entered into lease agreements for copier equipment with the following terms:

Company	Lease Commencement Date	Years	Lease End Date	Payment Amount	Payment Method
ProSource	Nov-20	5	Dec-25	\$988	monthly
ProSource	Apr-23	5	Mar-28	\$6,194	monthly
ProSource	Jul-25	5	Jun-30	\$1,066	monthly

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The following is a schedule of future lease payments under the lease agreements.

Fiscal Year Ending June 30,	Leases Payable		
	Principal	Interest	Total
2026	\$29,452	\$60,097	\$89,549
2027	40,862	43,839	84,701
2028	49,957	18,581	68,538
2029	6,249	6,543	12,792
2030	10,004	2,788	12,792
	<u>\$136,524</u>	<u>\$131,848</u>	<u>\$268,372</u>

NOTE 15 – FUND BALANCE

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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Capital Project	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$ 714,317	\$ -	\$ 19,099	\$ 733,416
Permanent Fund Principal	-	-	2,000	2,000
Unclaimed Checks	14,031	-	-	14,031
Total Nonspendable	<u>728,348</u>	<u>-</u>	<u>21,099</u>	<u>749,447</u>
Restricted for:				
Food Service	-	-	1,257,975	1,257,975
Classroom Maintenance	-	-	1,280,562	1,280,562
Athletics/Student Activities	-	-	221,838	221,838
Permanent Fund	-	-	513	513
Capital Improvements	-	-	2,767,812	2,767,812
Debt Service	-	-	1,698,421	1,698,421
State and Federal Grants	-	-	67,320	67,320
Budget Stabilization Reserve	80,032	-	-	80,032
Total Restricted	<u>80,032</u>	<u>-</u>	<u>7,294,441</u>	<u>7,374,473</u>
Committed to:				
Capital Projects	-	3,950,000	-	3,950,000
Workers' Comp Self Insurance	130,000	-	-	130,000
Termination Benefits	831,285	-	-	831,285
Total Committed	<u>961,285</u>	<u>3,950,000</u>	<u>-</u>	<u>4,911,285</u>
Assigned for:				
Latchkey	271,301	-	-	271,301
Unpaid Obligations	1,190,243	-	-	1,190,243
Public School Support	126,306	-	-	126,306
Total Assigned	<u>1,587,850</u>	<u>-</u>	<u>-</u>	<u>1,587,850</u>
Unassigned	12,840,323	-	(20,391)	12,819,932
Total Fund Balance	<u>\$ 16,197,838</u>	<u>\$ 3,950,000</u>	<u>\$ 7,295,149</u>	<u>\$ 27,442,987</u>

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS

A. Jointly Governed Organizations

Miami Valley Educational Computer Association - The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public-school districts within the boundaries of Clark, Clinton, Greene, Highland, Fayette, Madison, Montgomery and Ross counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of seven representatives from the member districts. Not less than two members are superintendents of the member districts and not less than two are treasurers of the member districts.

The School District paid MVECA \$237,973 for services provided during the fiscal year. Financial information can be obtained from Thor Sage, Executive Director, at MVECA at 330 East Enon Road, Yellow Springs, Ohio 45387.

Clark County Family and Children First Council - The Clark County Family and Children First Council (FCFC) is a voluntary association established with the purpose to coordinate and integrate those services within Clark County which are available for families and to establish a comprehensive, coordinated, multi-disciplinary, interagency system for the delivery of such services in order to more effectively meet the needs of families and children.

The Board of Trustees is comprised of representatives of each of the members of the Council, and representatives of those additional entities required to be represented on the Council pursuant to Section 121.37 of the Ohio Revised Code. The school districts in Clark County must appoint a superintendent of one of the schools to represent them on the eighteen-member Board. Currently, the superintendent of the Clark County Educational Service Center serves as this representative. All members are obligated to pay all dues as established by the Council to aid the financing of the operations and programs of the Council. The Tecumseh Local School District did not have any payments to the FCFC during fiscal year 2025.

Any member withdrawing from the Council must give one hundred eighty days written notice to the Council after formal action of the member's governing board. To obtain financial information, write to the Clark County Family and Children First Council, Leslie Crew, who serves as Executive Director, at 1345 Lagonda Avenue, Springfield, Ohio 45503.

Springfield-Clark Career Technology Center - The Springfield-Clark Career Technology Center (CTC) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one or two representatives from each of the eight participating school districts' and educational service center's elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following: Clark Shawnee Local School District, Greenon Local School District, Northeastern Local School District, Northwestern Local School District, Southeastern Local School District, Tecumseh Local School District, and the Clark County Educational Service Center. Two members are appointed from the Springfield City School District.

The School District did not make any financial contributions to the CTC during fiscal year 2025. To obtain financial information, write to the Springfield-Clark Career Technology Center, Julie Wallace, who serves as Treasurer, 1901 Selma Road, Springfield, Ohio 45505-4239.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Tecumseh Education Foundation – The Tecumseh Education Foundation (TEF) is a non-profit community organization of business, civic, industry and educational interests whose purpose is to secure and distribute contributions to assist the School District in enabling students to achieve their individual potential. The Board of Trustees is comprised of eleven representatives who are nominated and elected by a majority vote by the present trustees. One member of the Tecumseh Local School District Board is designated annually by the Tecumseh Local School District Board to serve as one of the eleven trustees.

Each of the elected trustees serves a three-year term, with one-third of the trustees being elected every year. The Superintendent of the School District will serve in an ex officio capacity on a continuing basis. Officers of the TEF are elected annually by the Board of Trustees. The officers of the foundation shall consist of a President, a Vice-President, a Secretary, a Treasurer and other offices as the Board of Trustees may appoint. The President and Vice-President of the Board of Trustees shall be members of the Board of Trustees. The Secretary and Treasurer need not be members of the Board of Trustees.

The School District is not able to impose its will on the TEF and no financial benefit/burden relationship exists. The TEF is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. The School District contributed \$1,495 to TEF during fiscal year 2025. During fiscal year 2008, the TEF received an endowment for \$2.4 million that is to be used to provide scholarships to Tecumseh LSD graduates. The money was turned over to the Springfield Foundation to administer the program. To obtain financial information write to the Tecumseh Educational Foundation, Kevin Harmon, who serves as President, at P.O. Box 305, New Carlisle, Ohio 45344.

B. Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council - The district participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), an insurance purchasing pool, for property, workers' compensation and medical insurance. The SOEPC was established under Section 2744.081 of the Ohio Revised Code. SOEPC is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SOEPC's business and affairs are conducted by a board consisting of seven school administrators, who are elected by the membership each year.

In addition, the cooperative hires attorneys, auditors and actuaries to assist in running the day-to-day program. Gallagher is responsible for the insurance program administration. JWF Specialty Company is responsible for processing claims between SOEPC and its members. Payments to SOEPC are made from the General Fund. During fiscal year 2025, the School District paid \$254,153 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

NOTE 17 - SET-ASIDE CALCULATIONS

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 fiscal year must be held in cash at fiscal year-end. These amounts must be carried forward and used for the same purposes in future years.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The following cash basis information identifies the changes in the fund balance reserves for capital improvements during fiscal year 2025.

	<u>Capital Acquisitions</u>
Set-aside Reserve Balance as of June 30, 2024	\$0
Current Year Set-aside Requirement	639,415
Offsets - Capital Maintenance Levy	(238,777)
Prior Year Offset from Bond Proceeds	(272,528)
Qualifying Disbursements	(128,110)
Totals	<u>\$0</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>\$0</u>
Set-aside Reserve Balances as of June 30, 2025	<u>\$0</u>

The School District had current year offsets that reduced the capital improvements set-aside amount to zero. During prior years, District issued capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to zero. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$17,260,470 at June 30, 2025.

In accordance with legislative requirements, the School District continues to maintain funds in the amount \$80,032 that were related to workers' compensation rebates in the budget stabilization reserve, which has been combined with the general fund. The School District's budget stabilization account is comprised entirely of workers' compensation rebate funds.

NOTE 18 – INTERFUND TRANSACTIONS

During 2025, the general fund transferred \$3,950,000 to the capital projects fund to fund future capital projects and acquisitions.

NOTE 19 - CONTINGENCIES

Grants

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

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

State 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. The final adjustments for FY2025 did not have a significant impact on the School District's foundation funding.

Litigation

The School District is not a party to any legal proceedings in which the ultimate disposition of will materially affect its financial position.

NOTE 20 – TAX ABATEMENTS

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures, the District is required to disclose certain information about tax abatements as defined in the Statement. For purposes of GASB Statement 77, a tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the local government or its citizens.

Enterprise Zone Program

The Ohio Enterprise Zone Program is an economic development tool administered by municipal and county governments that provides real property tax exemptions to businesses making investments in Ohio. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program can provide tax exemptions for a portion of the value of new real property investment when the investment is made in conjunction with a project that includes job creation. Existing land values and existing building values are not eligible. The zone's geographic area is identified by the local communities involved in the creation of the zone. Once a zone is defined, the local legislative authority participating in the creation must petition the Director of ODSA. The Director must then certify the area for it to become an active Enterprise Zone. Local communities may offer tax incentives for non-retail projects that are establishing or expanding operations in the State of Ohio. Tax incentives are negotiated at the local level, and an enterprise zone agreement must be in place before the project begins.

Businesses located in an Enterprise Zone may negotiate exemptions on new property tax from investment for up to seventy-five percent for ten years. For commercial projects, job retention and/or creation is also required. Taxes are abated as the increase in assessed value resulting from the investment is not included (or included at a lesser amount) in the assessed value used for property tax computation for the taxpayer. Agreements must be in place before the project begins. Pursuant to the terms of such agreements, if the actual number of employee positions created or retained by the business in any three-year period during which the agreement is in effect is not equal to or greater than seventy-five percent of the number of employee positions estimated to be created or retained under the agreement, the business shall repay the amount of taxes on property that would have been payable had the property not been exempted. In addition, the local governments may terminate or modify the exemptions from taxation granted under the agreement if the terms of the agreement are not met.

Tecumseh Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Tecumseh Local School District falls within an enterprise zone created by Clark County. In 2020, Hensley Family Limited Partnership entered into an agreement with Clark County for a 10 year, 75% tax abatement. Taxes foregone by the School District was \$40,896 for tax year 2024.

NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES AND NET POSITION

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

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

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

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

Tecumseh Local School District
Required Supplementary Information
Schedules of the School District's Proportionate Share of the Net Pension Liability
and School District Pension Contributions
School Employees Retirement System of Ohio

Measurement Date Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Employee Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability
2016	0.1378480%	\$7,865,723	\$4,408,134	178.44%	69.16%
2017	0.1299496%	\$9,511,112	\$4,035,750	235.67%	62.98%
2018	0.1275512%	\$7,620,902	\$4,276,450	178.21%	69.50%
2019	0.1332431%	\$7,631,079	\$4,088,570	186.64%	71.36%
2020	0.1338490%	\$8,008,420	\$4,609,504	173.74%	70.85%
2021	0.1328905%	\$8,789,658	\$4,656,057	188.78%	68.55%
2022	0.1382080%	\$5,103,636	\$4,762,857	107.15%	82.86%
2023	0.1275449%	\$6,801,262	\$4,674,657	145.49%	75.82%
2024	0.1229366%	\$6,792,881	\$4,862,129	139.71%	76.06%
2025	0.1165949%	\$5,964,525	\$5,098,793	116.98%	78.52%

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$565,005	(\$565,005)	\$0	\$4,035,750	14.00%
2017	\$598,703	(\$598,703)	\$0	\$4,276,450	14.00%
2018	\$551,957	(\$551,957)	\$0	\$4,088,570	13.50%
2019	\$622,283	(\$622,283)	\$0	\$4,609,504	13.50%
2020	\$651,848	(\$651,848)	\$0	\$4,656,057	14.00%
2021	\$666,800	(\$666,800)	\$0	\$4,762,857	14.00%
2022	\$654,452	(\$654,452)	\$0	\$4,674,657	14.00%
2023	\$680,698	(\$680,698)	\$0	\$4,862,129	14.00%
2024	\$713,831	(\$713,831)	\$0	\$5,098,793	14.00%
2025	\$721,286	(\$721,286)	\$0	\$5,152,043	14.00%

See notes to required supplementary information.

Tecumseh Local School District
Required Supplementary Information
Schedules of the School District's Proportionate Share of the Net Pension Liability
and School District Pension Contributions
State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Employee Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability
2016	0.12367450%	\$34,180,015	\$12,903,364	264.89%	72.10%
2017	0.12234095%	\$40,951,204	\$12,814,350	319.57%	66.80%
2018	0.12592863%	\$29,914,616	\$13,035,607	229.48%	75.30%
2019	0.11720434%	\$25,770,603	\$14,146,471	182.17%	77.30%
2020	0.12263732%	\$27,120,506	\$14,858,014	182.53%	77.40%
2021	0.12248951%	\$29,638,103	\$14,810,650	200.11%	75.48%
2022	0.11992104%	\$15,332,983	\$15,464,500	99.15%	87.78%
2023	0.11460957%	\$25,447,852	\$14,778,536	172.19%	78.90%
2024	0.11334140%	\$24,408,000	\$15,781,043	154.67%	80.00%
2025	0.11115415%	\$21,387,854	\$15,269,250	140.07%	82.55%

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$1,794,009	(\$1,794,009)	\$0	\$12,814,350	14.00%
2017	\$1,824,985	(\$1,824,985)	\$0	\$13,035,607	14.00%
2018	\$1,980,506	(\$1,980,506)	\$0	\$14,146,471	14.00%
2019	\$2,080,122	(\$2,080,122)	\$0	\$14,858,014	14.00%
2020	\$2,073,491	(\$2,073,491)	\$0	\$14,810,650	14.00%
2021	\$2,165,030	(\$2,165,030)	\$0	\$15,464,500	14.00%
2022	\$2,068,995	(\$2,068,995)	\$0	\$14,778,536	14.00%
2023	\$2,209,346	(\$2,209,346)	\$0	\$15,781,043	14.00%
2024	\$2,137,695	(\$2,137,695)	\$0	\$15,269,250	14.00%
2025	\$2,210,875	(\$2,210,875)	\$0	\$15,791,964	14.00%

See notes to required supplementary information.

Tecumseh Local School District
Required Supplementary Information
Schedules of the School District's Proportionate Share of the Net OPEB Liability
and School District OPEB Contributions
School Employees Retirement System of Ohio

Measurement Date Fiscal Year (1) (2)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Employee Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability
2017	0.1292629%	\$3,684,471	\$4,035,750	91.30%	11.49%
2018	0.1292629%	\$3,469,077	\$4,276,450	81.12%	12.46%
2019	0.1336855%	\$3,708,797	\$4,088,570	90.71%	13.57%
2020	0.1369579%	\$3,444,203	\$4,609,504	74.72%	15.57%
2021	0.1351537%	\$2,937,332	\$4,656,057	63.09%	18.17%
2022	0.1422801%	\$2,692,768	\$4,762,857	56.54%	24.08%
2023	0.1285020%	\$1,804,181	\$4,674,657	38.59%	30.34%
2024	0.1267383%	\$2,087,944	\$4,862,129	42.94%	30.02%
2025	0.1186302%	\$1,208,243	\$5,098,793	23.70%	44.50%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$66,443	(\$66,443)	\$0	\$4,035,750	1.65%
2017	\$69,995	(\$69,995)	\$0	\$4,276,450	1.64%
2018	\$90,718	(\$90,718)	\$0	\$4,088,570	2.22%
2019	\$105,654	(\$105,654)	\$0	\$4,609,504	2.29%
2020	\$73,835	(\$73,835)	\$0	\$4,656,057	1.59%
2021	\$89,901	(\$89,901)	\$0	\$4,762,857	1.89%
2022	\$83,544	(\$83,544)	\$0	\$4,674,657	1.79%
2023	\$93,922	(\$93,922)	\$0	\$4,862,129	1.93%
2024	\$84,251	(\$84,251)	\$0	\$5,098,793	1.65%
2025	\$87,607	(\$87,607)	\$0	\$5,152,043	1.70%

See notes to required supplementary information.

Tecumseh Local School District
Required Supplementary Information
Schedules of the School District's Proportionate Share of the Net OPEB Liability (Asset)
and School District OPEB Contributions
State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1) (2)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability (Asset)	School District's Covered Employee Payroll	School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability (Asset)
2017	0.129592863%	\$6,734,696	\$12,814,350	52.56%	37.30%
2018	0.129592863%	\$4,913,270	\$13,035,607	37.69%	47.10%
2019	0.117204340%	(\$1,883,354)	\$14,146,471	-13.31%	176.00%
2020	0.122637320%	(\$2,031,168)	\$14,858,014	-13.67%	174.70%
2021	0.122489510%	(\$2,152,751)	\$14,810,650	-14.54%	182.10%
2022	0.119921040%	(\$2,528,437)	\$15,464,500	-16.35%	174.73%
2023	0.114609570%	(\$2,967,623)	\$14,778,536	-20.08%	230.70%
2024	0.113341400%	(\$2,204,334)	\$15,781,043	-13.97%	168.50%
2025	0.111154150%	(\$2,108,382)	\$15,269,250	-13.81%	158.01%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$0	\$0	\$0	\$12,814,350	0.00%
2017	\$0	\$0	\$0	\$13,035,607	0.00%
2018	\$0	\$0	\$0	\$14,146,471	0.00%
2019	\$0	\$0	\$0	\$14,858,014	0.00%
2020	\$0	\$0	\$0	\$14,810,650	0.00%
2021	\$0	\$0	\$0	\$15,464,500	0.00%
2022	\$0	\$0	\$0	\$14,778,536	0.00%
2023	\$0	\$0	\$0	\$15,781,043	0.00%
2024	\$0	\$0	\$0	\$15,269,250	0.00%
2025	\$0	\$0	\$0	\$15,791,964	0.00%

See notes to required supplementary information.

Tecumseh Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Notes to Pension Information - SERS

Change in benefit terms:

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

Change in assumptions:

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

Tecumseh Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50% - 18.20% to 3.25% - 13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

Notes to Pension Information - STRS

Change in benefit terms:

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

Changes in assumptions:

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

Tecumseh Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

Notes to OPEB Information – SERS

Change in benefit terms:

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

Change in assumptions:

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

Tecumseh Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50% - 5.00% to a range of 5.375% - 4.75% and Pre-Medicare were changed from a range of 7.50% - 5.00% to a range of 7.25% - 4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased 3.63 to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375% - 4.75% to a range of 5.25% - 4.75% and Pre-Medicare were changed from a range of 7.25% - 4.75% to a range of 7.00% - 4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50% - 18.20% to 3.25% - 13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

Tecumseh Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

- For fiscal year 2025, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.86% to 3.93%, (b) single equivalent interest rate went from 4.27% to 4.88% and (c) medical trend assumptions went from 6.75% to 4.40% to 7.00% to 4.40%.

Notes to OPEB Information – STRS

Change in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the non-Medicare subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2025.

Change in assumptions:

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

Tecumseh Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

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

Tecumseh Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

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

TECUMSEH LOCAL SCHOOL DISTRICT
CLARK COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Agency/ Pass Through Agency/ Program Title	Assistance Listing Number	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture:			
<i>Passed through Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program	10.553	\$ 298,452	\$ -
National School Lunch Program	10.555	1,066,319	-
National School Lunch Program - Food Distribution	10.555	-	90,913
		<u>1,066,319</u>	<u>90,913</u>
Total Child Nutrition Cluster		<u>1,364,771</u>	<u>90,913</u>
Total U.S. Department of Agriculture		<u>1,364,771</u>	<u>90,913</u>
U.S. Department of Education:			
<i>Passed through Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010A	725,129	-
Migrant Education State Grant Program	84.011A	50,247	-
<u>Special Education Cluster (IDEA):</u>			
Special Education Grants to States	84.027A	723,925	-
Special Education Preschool Grants	84.173A	26,334	-
		<u>750,259</u>	<u>-</u>
Total Special Education Cluster (IDEA)		<u>750,259</u>	<u>-</u>
English Language Acquisition State Grants	84.365A	50,632	-
Supporting Effective Instruction State Grants	84.367A	120,964	-
Student Support and Academic Enrichment Program:			
Title IV, Part A	84.424A	87,052	-
Stronger Connections Grant (SCG)	84.424F	14,483	-
		<u>101,535</u>	<u>-</u>
COVID-19: Education Stabilization Fund:			
American Rescue Plan—Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	124,610	-
Total Education Stabilization Fund		<u>124,610</u>	<u>-</u>
Total U.S. Department of Education		<u>1,923,376</u>	<u>-</u>
Total Expenditures of Federal Awards		<u>\$ 3,288,147</u>	<u>\$ 90,913</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Tecumseh Local School District

Clark County, Ohio

Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) is a summary activity of all federal award programs of the Tecumseh Local School District (the School District). 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 School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The Schedule has been prepared on the cash basis of accounting. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. In addition, the School District did not pass-through any federal awards to subrecipients during the year ended June 30, 2025.

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

NOTE 3 – U.S. DEPARTMENT OF AGRICULTURE PROGRAMS

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported on the Schedule at the market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Tecumseh Local School District
9760 West National Road
New Carlisle, Ohio 45344

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tecumseh Local School District (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 30, 2025, wherein we noted the District adopted the provisions of GASB Statement No. 101 for the year ended June 30, 2025.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 30, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Tecumseh Local School District
9760 West National Road
New Carlisle, Ohio 45344

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 30, 2025

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
<i>Child Nutrition Cluster:</i>	
ALN# 10.553 – School Breakfast Program	
ALN# 10.555 – National School Lunch Program	
<i>Special Education Cluster:</i>	
ALN# 84.027A – Special Education Grants to States	
ALN# 84.173A – Special Education Preschool Grants	
Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted



This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



TECUMSEH LOCAL SCHOOL DISTRICT

CLARK 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 4/14/2026

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

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