



**TOLEDO SCHOOL FOR THE ARTS
LUCAS COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

**TOLEDO SCHOOL FOR THE ARTS
LUCAS COUNTY
JUNE 30, 2025**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Statement of Net Position June 30, 2025	12
Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Year Ended June 30, 2025	13
Statement of Cash Flows For the Fiscal Year Ended June 30, 2025	14
Notes to the Basic Financial Statements	16
Required Supplementary Information:	
Schedule of TSA's Proportionate Share of the Net Pension Liability School Employees Retirement System of Ohio Last Ten Fiscal Years	46
Schedule of TSA's Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio Last Ten Fiscal Years	48
Schedule of TSA's Proportionate Share of the Net OPEB Liability School Employees Retirement System of Ohio Last Nine Fiscal Years	50
Schedule of TSA's Proportionate Share of the Net OPEB Liability (Asset) State Teachers Retirement System of Ohio Last Nine Fiscal Years	52
Schedule of TSA's Contributions School Employees Retirement System of Ohio Last Ten Fiscal Years	54
Schedule of TSA's Contributions State Teachers Retirement System of Ohio Last Ten Fiscal Years	56
Notes to the Required Supplementary Information	58
Schedule of Expenditures of Federal Awards	63
Notes to the Schedule of Expenditures of Federal Awards	64
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	65

TOLEDO SCHOOL FOR THE ARTS
LUCAS COUNTY
JUNE 30, 2025

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	67
Schedule of Findings.....	71

OHIO AUDITOR OF STATE KEITH FABER

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

INDEPENDENT AUDITOR'S REPORT

Toledo School for the Arts
Lucas County
333 14th Street
Toledo, Ohio 43604

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Toledo School for the Arts, Lucas County, Ohio (the TSA), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the TSA'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 financial position of Toledo School for the Arts, Lucas County, Ohio as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2025, the TSA adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 TSA'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 TSA's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2026, on our consideration of the TSA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the TSA'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 TSA's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

March 20, 2026

This page intentionally left blank.

Toledo School for the Arts
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

The discussion and analysis of Toledo School for the Arts (TSA) financial performance provides an overall review of TSA's financial activities for the fiscal year ended June 30, 2025. Readers should also review the basic financial statements and notes to enhance their understanding of TSA's financial performance.

Highlights

For the fiscal year ended June 30, 2025, TSA's net position decreased \$979,708, or over 100 percent.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements.

The statement of net position and the statement of revenues, expenses, and change in net position reflect how TSA did financially during fiscal year 2025. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report TSA's net position and change in net position. This change in net position is important because it tells the reader whether the financial position of TSA has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

Table 1 provides a summary of TSA's net position for fiscal year 2025 and fiscal year 2024:

Table 1
Net Position

	2025	2024	Change
<u>Assets</u>			
Current Assets	\$1,835,168	\$1,775,169	\$59,999
Non-Current Assets (excluding capital assets)	628,771	1,064,364	(435,593)
Net OPEB Asset	445,786	438,617	7,169
Capital Assets, Net	13,537,869	13,997,297	(459,428)
Total Assets	<u>16,447,594</u>	<u>17,275,447</u>	<u>(827,853)</u>
<u>Deferred Outflows of Resources</u>			
Pension	1,685,081	1,595,433	89,648
OPEB	421,232	391,977	29,255
Total Deferred Outflows of Resources	<u>2,106,313</u>	<u>1,987,410</u>	<u>118,903</u>

(continued)

Toledo School for the Arts
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Table 1
Net Position
(continued)

	2025	2024	Change
<u>Liabilities</u>			
Current Liabilities	\$1,698,735	\$1,343,296	(\$355,439)
Non-Current Liabilities			
Pension	6,056,724	6,348,266	291,542
OPEB	298,910	418,329	119,419
Other Amounts	9,030,200	8,796,875	(233,325)
Total Liabilities	<u>17,084,569</u>	<u>16,906,766</u>	<u>(177,803)</u>
<u>Deferred Inflows of Resources</u>			
Pension	893,050	789,169	(103,881)
OPEB	826,553	813,804	(12,749)
Other Amounts	17,420	41,095	23,675
Total Deferred Inflows of Resources	<u>1,737,023</u>	<u>1,644,068</u>	<u>(92,955)</u>
<u>Net Position</u>			
Net Investment in Capital Assets	4,945,627	4,966,873	(21,246)
Restricted	739,329	726,728	12,601
Unrestricted (Deficit)	(5,952,641)	(4,981,578)	(971,063)
Total Net Position (Deficit)	<u>(\$267,685)</u>	<u>\$712,023</u>	<u>(\$979,708)</u>

New Accounting Pronouncements/Restatements

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

The implementation of GASB 101 resulted in recognizing compensated absences liabilities of \$919,882 in business-type activities at July 1, 2024. These amounts also impacted beginning net position for the cumulative effect of additional compensated absences expense.

Business-Type Activities

The net pension liability and net OPEB liability (asset) reported by TSA at June 30, 2025, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", respectively. For reasons discussed below, end users of these financial statements will gain a clearer understanding of TSA's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

Toledo School for the Arts
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension or net OPEB liability. GASB Statements No. 68 and No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statements No. 68 and No. 75 require the net pension liability and the net OPEB liability (asset) to equal TSA's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan 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. vacation and sick leave) are satisfied through paid time off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of TSA. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension/OPEB 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 Statements No. 68 and No. 75, TSA's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred outflows/inflows.

Toledo School for the Arts
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Each year, the above referenced changes impact the balance of the net pension/OPEB asset/liability and the related deferred inflows and outflows.

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

Aside from the changes related to pension/OPEB, there were several changes of note in the above table. Current asset increased slightly mainly due to intergovernmental receivables for Workers Compensation refund from Ohio Bureau of Workers Compensation. Non-current assets (excluding capital assets), decreased as a result of lower outstanding pledges toward the construction project. The overall decrease in net capital assets is the result of annual depreciation exceeding capital asset additions for the year. Note, however, nondepreciable capital assets did increase for construction in progress for the windows replacement project. The increase in current liabilities occurred for increases in accounts payable and contracts payable for student equipment ordered and work on the window replacement project completed at fiscal year end but not yet paid in cash. The decrease in other non-current liabilities is for the payment of principal on long term obligations. Net investments in capital assets decreased overall with the decrease in net capital assets, increase in contracts payable, and a decrease in development bonds and loans payable.

Table 2 reflects the change in net position for fiscal year 2025 and fiscal year 2024.

Table 2
Change in Net Position

	2025	2024	Change
<u>Operating Revenues</u>			
Foundation	\$7,578,525	\$7,172,308	\$406,217
Sales	196,955	276,317	(79,362)
Tuition and Fees	15,631	11,932	3,699
Other Operating Revenues	336,633	203,631	133,002
Total Operating Revenues	8,127,744	7,664,188	463,556

(continued)

Toledo School for the Arts
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Table 2
Change in Net Position
(continued)

	2025	2024	Change
<u>Non-Operating Revenues</u>			
Operating Grants	\$807,556	\$826,889	(\$19,333)
Contributions and Donations	652,908	1,189,023	(536,115)
Capital Contributions	500,000	0	500,000
Investment Earnings and Other Interest	4,095	10,909	(6,814)
Total Non-Operating Revenues	1,964,559	2,026,821	(62,262)
Total Revenues	10,092,303	9,691,009	401,294
<u>Operating Expenses</u>			
Salaries	5,159,540	5,093,934	(65,606)
Fringe Benefits	1,388,823	1,455,010	66,187
Purchased Services	1,714,343	1,771,327	56,984
Materials and Supplies	825,832	786,467	(39,365)
Depreciation	556,730	555,562	(1,168)
Other Operating Expenses	136,932	157,439	20,507
Total Operating Expenses	9,782,200	9,819,739	37,539
<u>Non-Operating Expenses</u>			
Interest Expense	\$369,929	\$378,446	\$8,517
Total Expenses	10,152,129	10,198,185	29,024
Decrease in Net Position	(59,826)	(507,176)	447,350
Net Position at Beginning of Year			
as Previously Reported	712,023	1,219,199	(507,176)
Restatement - Change in Accounting Principles	(919,882)	0	(919,882)
Restated Net Position (Deficit) at			
Beginning of Year	(207,859)	1,219,199	(1,427,058)
Net Position (Deficit) at End of Year	(\$267,685)	\$712,023	(\$979,708)

New Account Pronouncements/Restatements

Table 2 provides a summary of TSA's change in net position for fiscal year 2025 compared to 2024. The above table separately reflects the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101 *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections* does not require Management Discussion and Analysis information for years prior to the periods presented on the basic financial statements to be restated for changes in accounting principle. The 2024 information does not reflect activity related to the compensated absences expenses required under GASB Statement No. 101, *Compensated Absences* (See also explanation of new accounting pronouncements provided related to Net Position - Table 1 and explanation provided in Note 3).

Business-Type Activities

Total revenues increased over 4 percent. There was a moderate increase in foundation funding as the result of the school funding formula used by the Ohio Department of Education and Workforce. The decrease in contributions and donations was primarily related to less pledge contributions received for the "Next Big Thing" pledge campaign to allow for facilities expansion. This project was completed in the prior year. The increase in capital contributions was for a Strategic Community Investment grant from the State of Ohio that will be used for the new window replacements project.

Toledo School for the Arts
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Overall expenses increased less than one percent, which is insignificant. Salaries increase was due to step increases for certified staff; a 3% increase for classified staff; and every employee received a \$2,500 bonus. Materials and expenses increased for a one-time purchase of student equipment for the completed portal expansion project. Fringe benefits decreased due to a reduction of employees covered by TSA insurance. Purchased services decreased due to the prior having final contractor costs for the portal expansion project that was completed in the prior year.

Budgeting

TSA is not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705.

Capital Assets

At the end of fiscal year 2025, TSA had \$13,537,869 invested in capital assets (net of accumulated depreciation). Additions consisted of music equipment and the start of construction in progress for the windows replacement project. There were no disposals for the year. For further information regarding TSA's capital assets, refer to Note 6 to the basic financial statements.

Debt Administration

At the end of fiscal year 2025, TSA had outstanding development revenue bonds, in the amount of \$4,947,502 and outstanding loans, in the amount of \$3,849,373. Long-term obligations also include the net pension/OPEB liability and compensated absences. For further information regarding TSA's long-term obligations, refer to Note 11 to the basic financial statements.

Current Issues

Bowling Green State University (BGSU) initially adopted the sponsorship contract of TSA for a period of four years, from July 1, 2008, through June 30, 2012. The sponsorship agreement renewed in the spring of 2012 for an additional five years through June 30, 2017. On April 11, 2017, the Board approved a new sponsorship agreement for an additional five years through June 30, 2022; however, due to changes in State legislation, this agreement expired on June 30, 2019. On June 13, 2019, the Board approved a resolution to renew the contract with BGSU that expires on June 30, 2022. On August 12, 2021, the Board approved a resolution that extended the contract with BGSU until June 30, 2024. In May 2024, the Board renewed the sponsorship contract with BGSU until June 30, 2029.

The Toledo Community Foundation currently houses three endowment funds for the Toledo School for the Arts. The first was established in July 2008; the purpose of this endowment is to provide funding for programs that would not otherwise be available through federal, state, or local sources. The balance of this endowment on June 30, 2025, was \$626,382. The second fund was established November 1, 2016; the purpose of this endowment is also to provide funding for programs that would not otherwise be available through federal, state, or local sources. The balance of this endowment on June 30, 2025, was \$28,636. The third fund was established on October 4, 2023. The purpose of this endowment is to provide guest artist experiences to the students of TSA in the name of Pamela Hollenbeck. The balance of this endowment on June 30, 2025 was \$103,599.

Toledo School for the Arts
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Contacting TSA's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of TSA's finances and to reflect TSA's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jamie Lockwood, Treasurer, Toledo School for the Arts, 333 14th Street, Toledo, Ohio, 43604.

Toledo School for the Arts
Statement of Net Position
June 30, 2025

<u>Current Assets</u>	
Cash and Cash Equivalents	\$1,352,368
Accounts Receivable	312
Intergovernmental Receivable	48,876
Prepaid Items	7,234
Pledges Receivable	426,378
Total Current Assets	<u>1,835,168</u>
<u>Non-Current Assets</u>	
Restricted Assets:	
Cash and Cash Equivalents	69,491
Cash and Cash Equivalents with Fiscal Agent	293,543
Net OPEB Asset	445,786
Pledges Receivable	265,737
Nondepreciable Capital Assets	143,922
Depreciable Capital Assets, Net	13,393,947
Total Non-Current Assets	<u>14,612,426</u>
Total Assets	<u>16,447,594</u>
<u>Deferred Outflows of Resources</u>	
Pension	1,685,081
OPEB	421,232
Total Deferred Outflows of Resources	<u>2,106,313</u>
<u>Current Liabilities</u>	
Accounts Payable	122,701
Contracts Payable	42,867
Accrued Wages and Benefits Payable	633,456
Accrued Interest Payable	34,683
Intergovernmental Payable	99,726
Development Revenue Bonds Payable	291,666
Loans Payable	251,663
Compensated Absences Payable	221,973
Total Current Liabilities	<u>1,698,735</u>
<u>Non-Current Liabilities</u>	
Development Revenue Bonds Payable	4,655,836
Loans Payable	3,597,710
Net Pension Liability	6,056,724
Net OPEB Liability	298,910
Compensated Absences Payable	776,654
Total Non-Current Liabilities	<u>15,385,834</u>
Total Liabilities	<u>17,084,569</u>
<u>Deferred Inflows of Resources</u>	
Unavailable Revenue	17,420
Pension	893,050
OPEB	826,553
Total Deferred Inflows of Resources	<u>1,737,023</u>
<u>Net Position</u>	
Net Investment in Capital Assets	4,945,627
Restricted for:	
Future Debt Service	293,543
OPEB Plans	445,786
Unrestricted (Deficit)	(5,952,641)
Total Net Position (Deficit)	<u><u>(\$267,685)</u></u>

See Accompanying Notes to Basic Financial Statements

Toledo School for the Arts
Statement of Revenues, Expenses, and Change in Net Position
For the Fiscal Year Ended June 30, 2025

<u>Operating Revenues</u>	
Foundation	\$7,578,525
Sales	196,955
Tuition and Fees	15,631
Other Operating Revenues	336,633
Total Operating Revenues	<u>8,127,744</u>
<u>Operating Expenses</u>	
Salaries	5,159,540
Fringe Benefits	1,388,823
Purchased Services	1,714,343
Materials and Supplies	825,832
Depreciation	556,730
Other Operating Expenses	136,932
Total Operating Expenses	<u>9,782,200</u>
Operating Loss	<u>(1,654,456)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Grants	807,556
Contributions and Donations	652,908
Investment Earnings and Other Interest	4,095
Interest Expense	(369,929)
Total Non-Operating Revenues (Expenses)	<u>1,094,630</u>
Loss before Contributions	(559,826)
Capital Contributions	<u>500,000</u>
Change in Net Position	(59,826)
Net Position Beginning of Year as Previously Reported	712,023
Changes in Accounting Principle - GASB 101 - See Note 3	<u>(919,882)</u>
Restated Net Position (Deficit) Beginning of Year	<u>(207,859)</u>
Net Position (Deficit) at End of Year	<u><u>(\$267,685)</u></u>
See Accompanying Notes to the Basic Financial Statements	

Toledo School for the Arts
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
<u>Cash Flows from Operating Activities</u>	
Cash Received from Foundation	\$7,574,593
Cash Received from Sales	173,280
Cash Received from Tuition and Fees	17,925
Cash Received from Other Revenues	297,618
Cash Payments for Salaries	(5,077,081)
Cash Payments for Fringe Benefits	(1,818,295)
Cash Payments for Goods and Services	(2,510,554)
Cash Payments for Other Expenses	(136,897)
Net Cash Used for Operating Activities	(1,479,411)
<u>Cash Flows from Noncapital Financing Activities</u>	
Cash Received from Grants	808,929
Cash Received from Contributions and Donations	1,045,828
Net Cash Provided by Noncapital Financing Activities	1,854,757
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital Contributions	500,000
Principal Paid on Development Revenue Bonds	(240,001)
Interest Paid on Development Revenue Bonds	(207,213)
Principal Paid on Loans	(241,048)
Interest Paid on Loans	(165,932)
Acquisition of Capital Assets	(54,435)
Net Cash Used for Capital and Related Financing Activities	(408,629)
<u>Cash Flows from Investing Activities</u>	
Cash Received from Interest	4,095
Net Decrease in Cash and Cash Equivalents	(29,188)
Cash and Cash Equivalents at Beginning of Year	1,744,590
Cash and Cash Equivalents at End of Year	

(continued)

Toledo School for the Arts
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025
(continued)

Reconciliation of Operating Loss	
<u>to Net Cash Used for Operating Activities</u>	
Operating Loss	(\$1,654,456)
Adjustments to Reconcile Operating Loss	
<u>to Net Cash Used for Operating Activities</u>	
Depreciation	556,730
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	2,536
Increase in Intergovernmental Receivable	(43,189)
Increase in Prepaid Items	(7,234)
Increase in Accounts Payable	29,611
Increase in Accrued Wages and Benefits Payable	6,136
Increase in Compensated Absences Payable	78,745
Decrease in Intergovernmental Payable	(4,212)
Decrease in Deferred Inflows of Resources	(23,675)
Increase in Net OPEB Asset	43,401
Increase in Net Pension Liability	527,350
Decrease in Deferred Outflows of Resources - Pension	692,072
Decrease in Deferred Inflows of Resources - Pension	(1,496,731)
Decrease in Net OPEB Liability	57,536
Decrease in Deferred Outflows of Resources - OPEB	114,455
Decrease in Deferred Inflows of Resources - OPEB	(358,486)
Net Cash Used for Operating Activities	<u><u>(\$1,479,411)</u></u>

Non-Cash Capital Transactions

At June 30, 2025, TSA had outstanding payables related to the acquisition of capital assets, in the amount of \$42,867.

See Accompanying Notes to the Basic Financial Statements

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 1 - Description of the School

Toledo School for the Arts (TSA) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. TSA is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect TSA's tax exempt status. TSA's objective is to serve students who are not thriving in a traditional setting, desire meaningful learning experiences, and wish to regain a level of control over their educational experience. TSA encompasses a safe community environment, discovery based methods, parenting education, critical thinking, and problem solving. TSA's programs are currently available to students in grades 6 through 12. TSA, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. TSA may acquire facilities as needed and contract for any services necessary for the operation of TSA.

TSA was initially approved for operation under a contract with Bowling Green State University (the Sponsor) for a period of four years commencing July 1, 2008. On April 28, 2017, the contract was again renewed for an additional five years through June 30, 2022; however, due to changes in State legislation, this contract expired June 30, 2019. On June 13, 2019, the contract was renewed for July 1, 2019, to June 30, 2022. On August 12, 2021, the Board approved a resolution that extended the contract with BGSU until June 30, 2024. On October 10, 2024, the Board approved a resolution that extended the contract with BGSU an additional five years through June 30, 2029. The Sponsor is responsible for evaluating the performance of TSA and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

TSA operates under the direction of a nineteen member Governing Board. The Governing Board is responsible for carrying out the provisions of the contract which include, but are not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. It is staffed by thirty-four classified employees, fifty-five certified teaching personnel, and ten administrative employees who provide services to seven hundred thirty-eight students and other community members.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of TSA 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. Following are the more significant of the TSA's accounting policies.

A. Basis of Presentation

TSA's basic financial statements consist of a statement of net position; a statement of revenues, expenses, and change in net position, and a statement of cash flows.

TSA uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, change in net position, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

Note 2 - Summary of Significant Accounting Policies (continued)

B. Measurement Focus

TSA is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of TSA are included on the statement of net position. The statement of revenues, expenses, and change in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how TSA finances and meets its cash flow needs.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. TSA's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded when the exchange takes place. Revenues resulting from nonexchange transactions, in which TSA receives value without directly giving equal value in return, such as grants and entitlements, are 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 TSA must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to TSA on a reimbursement basis.

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until that time. For TSA, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB and explained in Notes 8 and 9 to the basic financial statements.

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For TSA, deferred inflows of resources consist of unavailable revenue, pension, and OPEB. Unavailable revenue consists of registration fees. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position and explained in Notes 8 and 9 to the basic financial statements.

Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by TSA's contract with its Sponsor. The contract between TSA and its Sponsor does prescribe a budget requirement.

Note 2 - Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents

Cash held by TSA is reflected as “Cash and Cash Equivalents” on the statement of net position. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Cash and cash equivalents that are held separately with the Bank of New York are recorded as “Cash and Cash Equivalents with Fiscal Agent”.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions.

Restricted assets represent certain resources which are segregated from other resources of TSA to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of TSA or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific purposes. Restricted assets represent amounts held in trust by the OPEB plans for future benefits.

G. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. TSA maintains a capitalization threshold of five thousand dollars. TSA does not have 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 capitalized.

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

Description	Useful Lives
Buildings and Building Improvements	15 - 50 years
Furniture, Fixtures, and Equipment	5 - 40 years
Vehicles	15 years

Note 2 - Summary of Significant Accounting Policies (continued)

H. Compensated Absences

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

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

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

I. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. TSA first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted net position for OPEB plans represent the corresponding restricted asset amounts held in trust by the OPEB plans for future benefits.

J. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of TSA. For TSA, these revenues are generally foundation payments from the State. TSA also received operating revenues from sales (ticket and store sales) and from tuition and fees. Operating expenses are necessary costs incurred to provide the service that is the primary activity of TSA. All revenues and expenses not meeting this definition are reported as non-operating.

Note 2 - Summary of Significant Accounting Policies (continued)

K. Pension/Other Postemployment Benefits (OPEB)

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

L. Estimates

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

Note 3 - Change in Accounting Principles

For fiscal year 2025, TSA implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and GASB Statement No. 2, *Certain Risk Disclosures*.

GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. For TSA, GASB 101 increased the liability and the cumulative effects of compensated absences related expense on net position. This change in accounting principle is separately displayed by reporting unit in the accompanying financial statements.

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

Note 4 - Deposits

Monies held by TSA are classified by State statute into three categories.

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

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 4 - Deposits (continued)

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

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

Protection of TSA'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, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio (if training requirements have been met);
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 4 - Deposits (continued)

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

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

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

Note 5 - Receivables

Receivables at June 30, 2025, consisted of accounts, intergovernmental, and pledges receivable. Most intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal funds. All receivables, except pledges, are expected to be collected within one year. Pledges, in the amount of \$265,737, will not be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Bureau of Worker's Compensation	\$41,956
Foundation	<u>6,920</u>
Total Intergovernmental Receivables	<u><u>\$48,876</u></u>

Note 6 - Capital Assets

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

	<u>Balance at 6/30/2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/2025</u>
Nondepreciable Capital Assets				
Land	\$58,300	\$0	\$0	\$58,300
Construction in Progress	<u>0</u>	<u>85,622</u>	<u>0</u>	<u>85,622</u>
Total Nondepreciable Capital Assets	<u>58,300</u>	<u>85,622</u>	<u>0</u>	<u>143,922</u>

(continued)

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 6 - Capital Assets (continued)

	Balance at 6/30/2024	Additions	Reductions	Balance at 6/30/2025
Depreciable Capital Assets				
Buildings and Building Improvements	\$17,182,268	\$0	\$0	\$17,182,268
Furniture, Fixtures, and Equipment	48,243	11,680	0	59,923
Vehicles	108,744	0	0	108,744
Total Depreciable Capital Assets	17,339,255	11,680	0	17,350,935
Less Accumulated Depreciation				
Buildings and Building Improvements	(3,344,982)	(546,318)	0	(3,891,300)
Furniture, Fixtures, and Equipment	(36,548)	(3,162)	0	(39,710)
Vehicles	(18,728)	(7,250)	0	(25,978)
Total Accumulated Depreciation	(3,400,258)	(556,730)	0	(3,956,988)
Depreciable Capital Assets, Net	13,938,997	(545,050)	0	13,393,947
Capital Assets, Net	\$13,997,297	(\$459,428)	\$0	\$13,537,869

Note 7 - Risk Management

TSA 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, TSA contracted for the following insurance coverage:

Coverage provided by The Philadelphia Indemnity Insurance Company is as fol	
Building and Contents	\$6,037,040
General School District Liability	
Per Occurrence	1,000,000
Total Per Year	3,000,000
Automobile Liability	1,000,000
Uninsured Motorists	100,000
Umbrella	5,000,000
Stop Gap	1,000,000

Settled claims have not exceeded this commercial coverage for the past three fiscal years and there has been no significant reduction in insurance coverage from the prior fiscal year.

Workers' compensation coverage is provided by the State of Ohio. TSA pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 8 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 8 - Defined Benefit Pension Plans (continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the 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 TSA 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 TSA's contractually required contribution to SERS was \$197,413 for fiscal year 2025. Of this amount \$14,879 is reported as an intergovernmental payable.

Note 8 - Defined Benefit Pension Plans (continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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.

Note 8 - Defined Benefit Pension Plans (continued)

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

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

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

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

The TSA's contractually required contribution to STRS was \$475,637 for fiscal year 2025. Of this amount \$64,694 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. TSA's proportion of the net pension liability was based on TSA'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:

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 8 - Defined Benefit Pension Plans (continued)

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02999820%	0.02350186%	
Prior Measurement Date	0.02699430%	0.02255261%	
Change in Proportionate Share	<u>0.00300390%</u>	<u>0.00094925%</u>	
Proportionate Share of the Net			
Pension Liability	\$1,534,587	\$4,522,137	\$6,056,724
Pension Expense	\$178,914	\$216,827	\$395,741

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$58,589	\$284,776	\$343,365
Changes of assumptions	13,728	208,405	222,133
Changes in proportionate share and difference between TSA contributions and proportionate share of contributions	281,641	164,892	446,533
TSA contributions subsequent to the measurement date	<u>197,413</u>	<u>475,637</u>	<u>673,050</u>
Total Deferred Outflows of Resources	<u>\$551,371</u>	<u>\$1,133,710</u>	<u>\$1,685,081</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$2,476	\$2,476
Changes of assumptions	0	156,869	156,869
Net difference between projected and actual earnings on pension plan investments	95,987	388,812	484,799
Changes in proportionate share and difference between TSA contributions and proportionate share of contributions	<u>0</u>	<u>248,906</u>	<u>248,906</u>
Total Deferred Inflows of Resources	<u>\$95,987</u>	<u>\$797,063</u>	<u>\$893,050</u>

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 8 - Defined Benefit Pension Plans (continued)

\$673,050 reported as deferred outflows of resources related to pension resulting from TSA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2026	\$62,080	(\$293,129)	(\$231,049)
2027	203,336	369,306	572,642
2028	20,779	(160,544)	(139,765)
2029	<u>(28,224)</u>	<u>(54,623)</u>	<u>(82,847)</u>
Total	<u>\$257,971</u>	<u>(\$138,990)</u>	<u>\$118,981</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.

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.

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 8 - Defined Benefit Pension Plans (continued)

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 COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 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.

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

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

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 8 - Defined Benefit Pension Plans (continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
TSA's proportionate share of the net pension liability	\$2,347,705	\$1,534,587	\$849,985

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 8 - Defined Benefit Pension Plans (continued)

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.

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 8 - Defined Benefit Pension Plans (continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
TSA's proportionate share of the net pension liability	\$7,295,000	\$4,522,137	\$2,176,772

Note 9 - Defined Benefit OPEB Plans

See Note 8 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - TSA 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.

Note 9 - Defined Benefit OPEB Plans (continued)

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.

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, TSA's surcharge obligation was \$11,278.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. TSA's contractually required contribution to SERS was \$11,278 for fiscal year 2025. Of this amount \$11,278 is reported as an intergovernmental payable.

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.

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 - Defined Benefit OPEB Plans (continued)

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.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.02934820%	0.02350186%	
Prior Measurement Date	<u>0.02539270%</u>	<u>0.02255261%</u>	
Change in Proportionate Share	<u>0.00395550%</u>	<u>0.00094925%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$298,910	\$0	\$298,910
Net OPEB Asset	\$0	\$445,786	\$445,786
OPEB Expense	(\$38,003)	(\$93,813)	(\$131,816)

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 - Defined Benefit OPEB Plans (continued)

At June 30, 2025, TSA 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	\$19,380	\$19,380
Changes of assumptions	128,292	54,870	183,162
Net difference between projected and actual earnings on OPEB plan investments	1,459	0	1,459
Changes in proportionate Share and difference between TSA contributions and proportionate share of contributions	198,375	7,578	205,953
TSA contributions subsequent to the measurement date	11,278	0	11,278
Total Deferred Outflows of Resources	<u>\$339,404</u>	<u>\$81,828</u>	<u>\$421,232</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$322,303	\$48,041	\$370,344
Changes of assumptions	137,308	201,047	338,355
Net difference between projected and actual earnings on OPEB plan investments	0	19,141	19,141
Changes in Proportionate Share and difference between TSA contributions and proportionate share of contributions	92,652	6,061	98,713
Total Deferred Inflows of Resources	<u>\$552,263</u>	<u>\$274,290</u>	<u>\$826,553</u>

\$11,278 reported as deferred outflows of resources related to OPEB resulting from TSA 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$77,625)	(\$67,914)	(\$145,539)
2027	(48,732)	(29,662)	(78,394)
2028	(36,965)	(38,031)	(74,996)
2029	(33,257)	(35,334)	(68,591)
2030	(32,818)	(28,532)	(61,350)
Thereafter	5,260	7,011	12,271
Total	<u>(\$224,137)</u>	<u>(\$192,462)</u>	<u>(\$416,599)</u>

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 - Defined Benefit OPEB Plans (continued)

Actuarial Assumptions - SERS

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

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

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

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

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 - Defined Benefit OPEB Plans (continued)

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 8.

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.

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 - Defined Benefit OPEB Plans (continued)

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

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
TSA's proportionate share of the net OPEB liability	\$398,586	\$298,910	\$219,704

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
TSA's proportionate share of the net OPEB liability	\$202,052	\$298,910	\$426,222

Actuarial Assumptions - STRS

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

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 - Defined Benefit OPEB Plans (continued)

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 8.

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.

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 - Defined Benefit OPEB Plans (continued)

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.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
TSA's proportionate share of the net OPEB asset	\$362,453	\$445,786	\$518,303

	1% Decrease	Current Trend Rate	1% Increase
TSA's proportionate share of the net OPEB asset	\$523,201	\$445,786	\$352,683

Note 10 - Other Employee Benefits

A. Compensated Absences

TSA offers vacation and sick benefits through board policy. Classified employees on a 12 month contract earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is not paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave accumulates with no maximum. All full-time employees retiring with SERS or STRS, with 10 years of service to TSA, and an accumulated unused sick day balance of 45 days are eligible to receive a payment not to exceed \$2,500.

B. Health Care Benefits

TSA provides medical benefits through Paramount Health Care, and vision benefits through Guardian Life Insurance, and dental benefits through Delta. The Board pays the entire monthly premium.

TSA also provides life insurance to active full-time employees through the Guardian Life Insurance Company.

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 10 - Other Employee Benefits (continued)

C. Separation Benefits

The School District offers a separation benefit of \$5,000 to full-time employees with 10 years of service to TSA and retires through the SERS or STRS programs. At June 30, 2025, the School District did not have a liability for separation benefits.

Note 11 - Long-Term Obligations

Changes in TSA's long-term obligations during fiscal year 2025 were as follows:

	Balance at 7/1/2024	Additions	Reductions	Balance at 6/30/2025	Amounts Due Within One Year
Revenue Bonds from Direct Replacement					
FY 2008 Development Revenue					
Bonds - 3.3%	\$1,077,503	\$0	\$235,834	\$841,669	\$240,833
FY 2022 Development Revenue					
Bonds - 4.22%	4,110,000	0	4,167	4,105,833	50,833
Total Revenue Bonds from					
Direct Replacement	5,187,503	0	240,001	4,947,502	291,666
Loans Payable from Direct Placement					
FY 2014 Loan - 4.9%	588,102	0	106,076	482,026	111,114
FY 2023 Bridge Loan - 4.0%	3,502,319	0	134,972	3,367,347	140,549
Total Loans Payable from					
Direct Replacement	4,090,421	0	241,048	3,849,373	251,663
Net Pension Liability					
SERS	1,491,575	43,012	0	1,534,587	0
STRS	4,856,691	0	334,554	4,522,137	0
Total Net Pension Liability	6,348,266	43,012	334,554	6,056,724	0
Net OPEB Liability					
SERS	418,329	0	119,419	298,910	0
Compensated Absences Payable	919,882	78,745	0	998,627	221,973
Total Long-Term Obligations	<u>\$16,964,401</u>	<u>\$121,757</u>	<u>\$935,022</u>	<u>\$16,151,136</u>	<u>\$765,302</u>

FY 2008 Development Revenue Bonds - On December 19, 2007, Toledo Lucas County Port Authority issued bonds on behalf of TSA, in the amount of \$3,750,000, for building acquisition and improvement. Of this amount, \$247,500 was not capitalized. The bonds were issued for a twenty year period, with final maturity in fiscal year 2028.

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 11 - Long-Term Obligations (continued)

During fiscal year 2019, Toledo Lucas County Port Authority refinanced the remaining FY2008 Development Revenue Bonds held on behalf of the Toledo School for the Arts. The refinancing resulted in an interest rate decrease from 5.5 percent to 3.3 percent. Final maturity did not change.

The bonds are also subject to mandatory sinking redemption at a redemption price of 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on each May 15 and November 15, in the following principal amounts and in the years specified:

Year	May 15 Principal Amount	November 15 Principal Amount
2025	\$120,000	\$120,000
2026	120,000	125,000
2027	125,000	125,000
2028	247,500	0

FY 2022 Development Revenue Bonds - On June 7, 2022, Toledo Lucas County Port Authority issued bonds on behalf of TSA, in the amount of \$4,110,000, for building acquisition and improvement. All of the proceeds have been spent. The bonds were issued for a twenty year period, with final maturity in fiscal year 2042.

The bonds are also subject to mandatory sinking redemption at a redemption price of 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on each May 15 and November 15, in the following principal amounts and in the years specified:

Year	May 15 Principal Amount	November 15 Principal Amount
2025	\$0	\$25,000
2026	25,000	30,000
2027	35,000	40,000
2028	45,000	50,000
2029	55,000	60,000
2030	65,000	70,000
2031	80,000	105,000
2032	110,000	115,000
2033	125,000	130,000
2034	135,000	140,000
2035	145,000	150,000
2036	155,000	155,000
2037	160,000	165,000
2038	175,000	180,000
2039	185,000	190,000
2040	195,000	200,000
2041	200,000	205,000
2042	210,000	0

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 11 - Long-Term Obligations (continued)

FY 2014 Loan - On October 20, 2013, TSA obtained a loan from the Toledo Lucas County Port Authority for building acquisition and improvement. TSA received \$342,666 in fiscal year 2014 and \$1,018,786 in fiscal year 2015, for a total loan of \$1,361,452. The loan was issued for a fourteen year period, with final maturity in fiscal year 2029.

FY 2022 Bridge Loan - On June 7, 2022, when the Development Revenue Bonds were issued, TSA also obtained a Bridge Loan for building acquisition and improvement for \$4,650,000. TSA did not start drawing from this loan until fiscal year 2023. The draw from this loan has been completed as of June 30, 2024, in which TSA received a total loan of \$3,502,319. The loan was issued for a five year period, with final maturity in fiscal year 2029.

Principal and interest requirements to retire outstanding long-term obligations at June 30, 2025, were as follows:

Fiscal Year Ending June 30,	Development Revenue Bonds from Direct Placement	
	Principal	Interest
2026	\$291,666	\$198,675
2027	316,667	188,431
2028	437,503	176,541
2029	106,667	159,701
2030	126,667	155,101
2031-2035	1,168,334	660,591
2036-2040	1,718,332	364,723
2041-2042	781,666	39,535
Total	<u>\$4,947,502</u>	<u>\$1,943,298</u>

Fiscal Year Ending June 30,	Loans Payable from Direct Placement	
	Principal	Interest
2026	\$251,663	\$155,317
2027	262,747	144,233
2028	273,987	132,993
2029	3,060,976	118,954
Total	<u>\$3,849,373</u>	<u>\$551,497</u>

Net Pension/OPEB Liability - There is no repayment schedule for the net pension/OPEB liability. For additional information related to the net pension/OPEB liability, see Notes 8 and 9 to the basic financial statements.

Increases and decreases to compensated absences are presented net on the long-term obligations table.

Toledo School for the Arts
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 12 - Contingencies

A. Grants

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

B. Litigation

There are currently no matters in litigation with TSA as defendant.

C. Full Time Equivalency

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. 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.

Under Ohio Revised Section 3314.08, DEW may also perform a FTE Review subsequent to the fiscal year end that may result in additional adjustments to the enrollment information as well as claw backs of foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. DEW performed such a review on TSA for fiscal year 2025. TSA's August 29, 2025, and November 3, 2025, foundation settlement receipts included the first and second FTE adjustments for fiscal year 2025. The August 29, 2025 settlement sheet resulted in an increase of \$6,919.63, which has been recorded as a receivable in Note 5. The November 3, 2025 settlement resulted in a decrease of \$4,605.63. This amount is not material to TSA's financial statements and has not been recorded.

Note 13 - Related Party Transactions

TSA entered into a bridge loan agreement and letter of credit with Waterford Bank, N.A., in the amount of \$4,650,000 and \$411,000, respectively, related to the FY 2022 Development Revenue Bonds issued. A member of the governing board is employed with Waterford Bank, N.A.

Toledo School for the Arts
Required Supplementary Information
Schedule of TSA's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
TSA's Proportion of the Net Pension Liability	0.02999820%	0.02699430%	0.02044460%	0.02540930%
TSA's Proportionate Share of the Net Pension Liability	\$1,534,587	\$1,491,575	\$1,105,802	\$937,530
TSA's Employee Payroll	\$1,277,836	\$1,075,807	\$672,243	\$889,293
TSA's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	120.09%	138.65%	164.49%	105.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.52%	76.06%	75.82%	82.86%

Amounts presented as of the TSA's measurement date which is prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information

2021	2020	2019	2018	2017	2016
0.02305290%	0.02193700%	0.02300490%	0.02410230%	0.02407540%	0.02240780%
\$1,524,768	\$1,312,529	\$1,317,534	\$1,440,059	\$1,762,097	\$1,278,611
\$824,643	\$759,237	\$759,163	\$790,757	\$753,707	\$688,763
184.90%	172.87%	173.55%	182.11%	233.79%	185.64%
68.55%	70.85%	71.36%	69.50%	62.98%	69.16%

Toledo School for the Arts
Required Supplementary Information
Schedule of TSA's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
TSA's Proportion of the Net Pension Liability	0.02350186%	0.02255261%	0.02436577%	0.023712525%
TSA's Proportionate Share of the Net Pension Liability	\$4,522,137	\$4,856,691	\$5,416,542	\$3,031,858
TSA's Employee Payroll	\$3,305,229	\$3,043,964	\$3,084,314	\$2,937,571
TSA's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	136.82%	159.55%	175.62%	103.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.00%	78.90%	87.80%

Amounts presented as of the TSA's measurement date which is prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information

2021	2020	2019	2018	2017	2016
0.02392551%	0.02400330%	0.02415167%	0.02362770%	0.02455159%	0.02417619%
\$5,789,123	\$5,308,186	\$5,310,400	\$5,612,812	\$8,218,157	\$6,681,591
\$2,871,221	\$2,881,364	\$2,766,536	\$2,573,779	\$2,597,171	\$2,542,593
201.63%	184.22%	191.95%	218.08%	316.43%	262.79%
75.50%	77.30%	77.30%	75.30%	66.80%	72.10%

Toledo School for the Arts
Required Supplementary Information
Schedule of TSA's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Nine Fiscal Years (1)

	2025	2024	2023	2022
TSA's Proportion of the Net OPEB Liability	0.02934820%	0.02539270%	0.01893640%	0.02343050%
TSA's Proportionate Share of the Net OPEB Liability	\$298,910	\$418,329	\$265,868	\$443,441
TSA's Employee Payroll	\$1,277,836	\$1,075,807	\$672,243	\$889,293
TSA's Proportionate Share of the Net OPEB Liability as a Percentage of Employee Payroll	23.39%	38.89%	39.55%	49.86%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.50%	30.02%	30.34%	24.08%

(1) Information prior to 2017 is not available.

Amounts presented as of the TSA's measurement date which is the prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information

2021	2020	2019	2018	2017
0.02138820%	0.02067410%	0.02213370%	0.02380680%	0.02299380%
\$464,836	\$519,910	\$614,048	\$638,912	\$655,408
\$824,643	\$759,237	\$759,163	\$790,757	\$753,707
56.37%	68.48%	80.88%	80.80%	86.96%
18.17%	15.57%	13.57%	12.46%	11.49%

Toledo School for the Arts
Required Supplementary Information
Schedule of TSA's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Nine Fiscal Years (1)

	2025	2024	2023	2022
TSA's Proportion of the Net OPEB Liability (Asset)	0.02350186%	0.02255261%	0.02436577%	0.023712525%
TSA's Proportionate Share of the Net OPEB Liability (Asset)	(\$445,786)	(\$438,617)	(\$630,910)	(\$499,959)
TSA's Employee Payroll	\$3,305,229	\$3,043,964	\$3,084,314	\$2,937,571
TSA's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Employee Payroll	-13.49%	-14.41%	-20.46%	-17.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	158.00%	168.50%	230.70%	174.70%

(1) Information prior to 2017 is not available.

Amounts presented as of the TSA's measurement date which is the prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information

2021	2020	2019	2018	2017
0.02392551%	0.02400330%	0.02415167%	0.02362770%	0.02455159%
(\$420,490)	(\$397,551)	(\$388,093)	\$921,866	\$1,313,025
\$2,871,221	\$2,881,364	\$2,766,536	\$2,573,779	\$2,597,171
-14.64%	-13.80%	-14.03%	35.82%	50.56%
182.10%	174.70%	176.00%	47.10%	37.30%

Toledo School for the Arts
Required Supplementary Information
Schedule of TSA's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net Pension Liability				
Contractually Required Contribution	\$197,413	\$178,897	\$150,613	\$94,114
Contributions in Relation to the Contractually Required Contribution	<u>(197,413)</u>	<u>(178,897)</u>	<u>(150,613)</u>	<u>(94,114)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
TSA's Employee Payroll	\$1,410,093	\$1,277,836	\$1,075,807	\$672,243
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution (2)	\$11,278	\$14,075	\$5,698	\$2,299
Contributions in Relation to the Contractually Required Contribution	<u>(11,278)</u>	<u>(14,075)</u>	<u>(5,698)</u>	<u>(2,299)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
OPEB Contributions as a Percentage of Employee Payroll	<u><u>0.80%</u></u>	<u><u>1.10%</u></u>	<u><u>0.53%</u></u>	<u><u>0.34%</u></u>
Total Contributions as a Percentage of Employee Payroll (2)	<u><u>14.80%</u></u>	<u><u>15.10%</u></u>	<u><u>14.53%</u></u>	<u><u>14.34%</u></u>

(1) TSA's covered payroll is the same for Pension and OPEB

(2) Includes Surcharge

See Accompanying Notes to the Required Supplementary Information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$124,501	\$115,450	\$102,497	\$102,487	\$110,706	\$105,519
<u>(124,501)</u>	<u>(115,450)</u>	<u>(102,497)</u>	<u>(102,487)</u>	<u>(110,706)</u>	<u>(105,519)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$889,293	\$824,643	\$759,237	\$759,163	\$790,757	\$753,707
14.00%	14.00%	13.50%	13.50%	14.00%	14.00%
\$2,263	\$1,756	\$7,946	\$10,403	\$9,962	\$5,611
<u>(2,263)</u>	<u>(1,756)</u>	<u>(7,946)</u>	<u>(10,403)</u>	<u>(9,962)</u>	<u>(5,611)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.25%</u>	<u>0.21%</u>	<u>1.05%</u>	<u>1.37%</u>	<u>1.26%</u>	<u>0.74%</u>
<u>14.25%</u>	<u>14.21%</u>	<u>14.55%</u>	<u>14.87%</u>	<u>15.26%</u>	<u>14.74%</u>

Toledo School for the Arts
Required Supplementary Information
Schedule of TSA's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net Pension Liability				
Contractually Required Contribution	\$475,637	\$462,732	\$426,155	\$431,804
Contributions in Relation to the Contractually Required Contribution	<u>(475,637)</u>	<u>(462,732)</u>	<u>(426,155)</u>	<u>(431,804)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
TSA Employee Payroll	\$3,397,407	\$3,305,229	\$3,043,964	\$3,084,314
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
OPEB Contributions as a Percentage of Employee Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Employee Payroll	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>

See Accompanying Notes to the Required Supplementary Information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$411,260	\$401,971	\$403,391	\$387,315	\$360,329	\$363,604
<u>(411,260)</u>	<u>(401,971)</u>	<u>(403,391)</u>	<u>(387,315)</u>	<u>(360,329)</u>	<u>(363,604)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,937,571	\$2,871,221	\$2,881,364	\$2,766,536	\$2,573,779	\$2,597,171
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
\$0	\$0	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Toledo School for the Arts
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Net Pension Liability

Changes in Benefit Terms/Assumptions - SERS

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

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

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

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

Toledo School for the Arts
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Changes in Assumptions - STRS

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

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

Investment rate of return:

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

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

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

Toledo School for the Arts
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

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

Changes in Benefit Term - STRS Pension

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

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

Net OPEB Liability

Changes in Assumptions - SERS

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

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

Toledo School for the Arts
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

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

Municipal Bond Index Rate:

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

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

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

Changes in Assumptions - STRS

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

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

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

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

Toledo School for the Arts
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Changes in Benefit Terms - STRS OPEB

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

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

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

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

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

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

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

For fiscal year 2024, 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.

**TOLEDO SCHOOL FOR THE ARTS
LUCAS COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Assistance Listing Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education and Workforce</i>		
<u>Child Nutrition Cluster:</u>		
School Breakfast Program	10.553	\$ 35,128
National School Lunch Program		
Cash Assistance	10.555	151,133
Non-Cash Assistance (Food Distribution)	10.555	10,968
Total National School Lunch		<u>162,101</u>
Total Child Nutrition Cluster		<u>197,229</u>
Total U.S. Department of Agriculture		<u>197,229</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education and Workforce</i>		
<u>Special Education Cluster:</u>		
Special Education_Grants to States (IDEA, Part B)	84.027	158,136
Total Special Education Cluster		<u>158,136</u>
Title I Grants to Local Educational Agencies	84.010	324,907
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	39,954
Student Support and Academic Enrichment Program	84.424	<u>24,252</u>
Total U.S. Department of Education		<u>547,249</u>
U.S. DEPARTMENT OF TREASURY		
<i>Passed Through Ohio Department of Ohio Facilities Construction Commission</i>		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>37,088</u>
Total U.S. Department of Treasury		<u>37,088</u>
Total Expenditures of Federal Awards		<u>\$ 781,566</u>

The accompanying notes are an integral part of this schedule.

**TOLEDO SCHOOL FOR THE ARTS
LUCAS COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

The TSA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F – TRANSFERS BETWEEN PROGRAM YEARS

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

<u>Program Title</u>	<u>AL Number</u>	<u>Amt.</u> <u>Transferred</u>
Student Support and Academic Enrichment	84.424	\$1,853



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

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

Toledo School for the Arts
Lucas County
333 14th Street
Toledo, Ohio 43604

To the Board of Directors:

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 Toledo School for the Arts, Lucas County, Ohio (the TSA) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the TSA's basic financial statements and have issued our report thereon dated March 20, 2026, wherein we noted the TSA adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

Report on Internal Control Over Financial Reporting

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

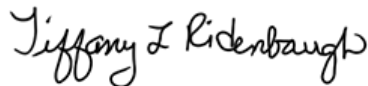
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the TSA'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 TSA'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 TSA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



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

March 20, 2026



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

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

Toledo School for the Arts
Lucas County
333 14th Street
Toledo, Ohio 43604

To the Board of Directors:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the TSA'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 TSA's compliance with the requirements of the major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the TSA'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 TSA'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 TSA's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

KEITH FABER
Ohio Auditor of State



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

March 20, 2026

This page intentionally left blank.

**TOLEDO SCHOOL FOR THE ARTS
LUCAS COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



TOLEDO SCHOOL FOR THE ARTS

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/26/2026

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