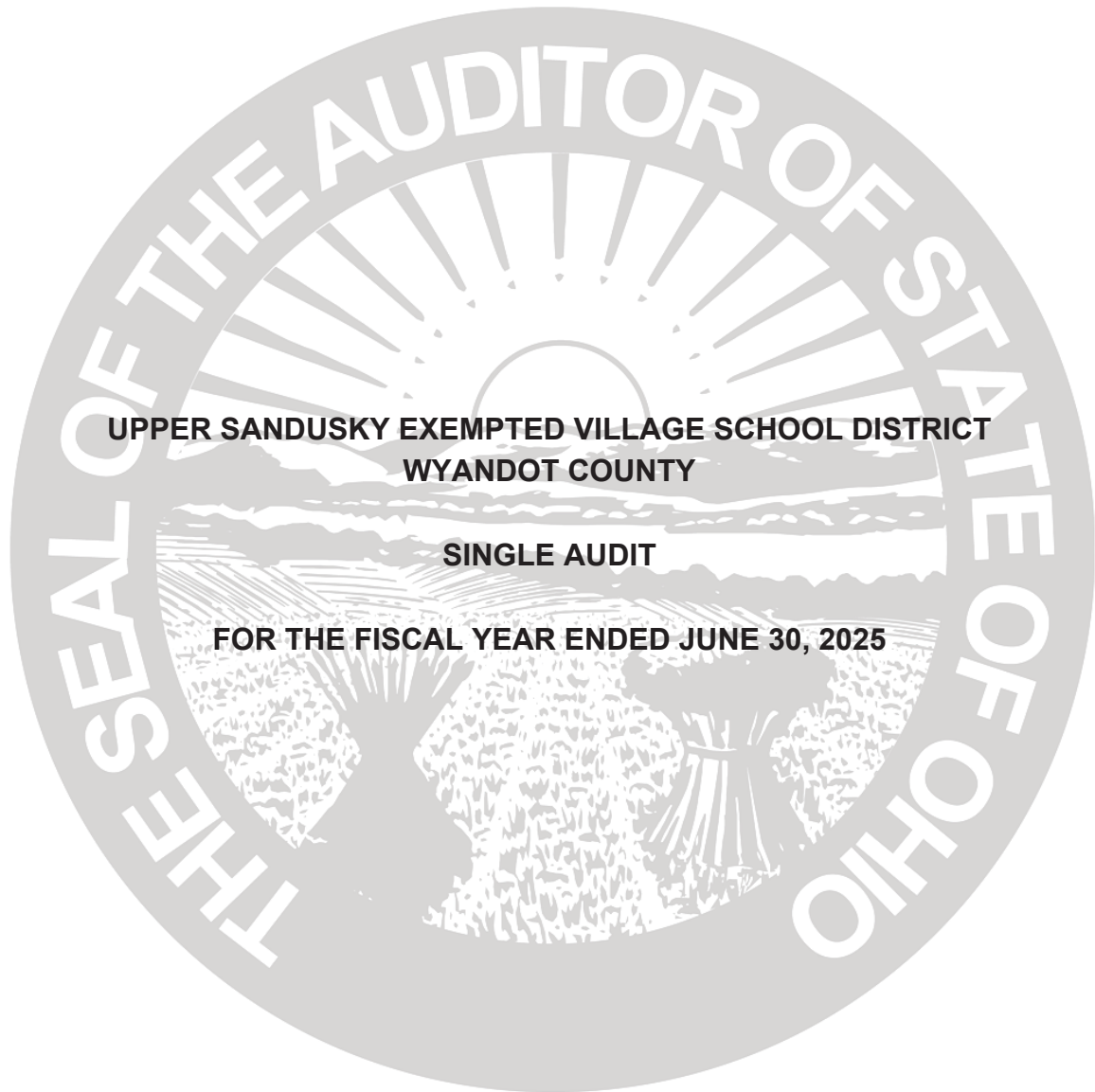




**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY
JUNE 30, 2025**

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OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Upper Sandusky Exempted Village School District
Wyandot County
800 North Sandusky Avenue, Suite A
Upper Sandusky, Ohio 43351-1032

To the Board of Education:

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in cash-basis financial position thereof in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash-basis of accounting described in Note 2, and for determining that the cash-basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements.

The Schedule of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) for the General fund and 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 are 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 schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

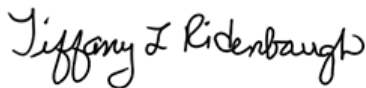
Management is responsible for the other information included in the annual financial report. The other information comprises the management's discussion and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

February 24, 2026

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**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The management's discussion and analysis of the Upper Sandusky Exempted Village School District's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2025, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- The total net cash position of the District decreased \$1,282,407 or 16.67% compared to the prior year.
- General cash receipts accounted for \$20,562,916 or 84.15% of total governmental activities cash receipts. Program specific cash receipts accounted for \$3,873,462 or 15.85% of total governmental activities cash receipts.
- The District had \$25,718,785 in cash disbursements related to governmental activities; \$3,873,462 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes and grants and entitlements) of \$20,562,916 were not adequate to provide for these programs.
- The District's major funds are the General fund and Permanent Improvement fund. The General fund, the District's largest major fund, had cash receipts and other financing sources of \$21,650,250 and cash disbursements and other financing uses of \$22,729,341 in fiscal year 2025. The General fund's cash balance decreased \$1,079,091 in fiscal year 2025.
- The Permanent Improvement fund, a District major fund, had cash receipts and other financing sources of \$641,014 and cash disbursements of \$496,634 in fiscal year 2025. The Permanent Improvement fund's cash balance increased \$144,380 in fiscal year 2025.

Using the Basic Financial Statements (BFS)

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

The statement of net position - cash basis and statement of activities - cash basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, there are two major governmental funds, the General fund and the Permanent Improvement fund.

Reporting the District as a Whole

Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis

The statement of net position - cash basis and statement of activities - cash basis answer the question, "How did we do financially during 2025?" These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

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

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net position - cash basis and statement of activities - cash basis the governmental activities include the District's programs and services including instruction, support services which includes operation and maintenance of plant and pupil transportation, extracurricular activities, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General fund and the Permanent Improvement fund.

Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net cash position and fund cash balances or changes in net cash position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary fund is a custodial fund.

Notes to the Financial Statements

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

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's General fund budgetary information. The District's budgetary process accounts for certain transactions on a cash basis. The budgetary schedule for the General fund is presented to demonstrate the District's compliance with annually adopted budgets.

Government-Wide Financial Analysis

Recall that the statement of net position - cash basis provides the perspective of the District as a whole.

The table below provides a summary of the District's net cash position at June 30, 2025 and June 30, 2024.

	Net Cash Position	
	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
<u>Assets</u>		
Current assets	<u>\$ 6,408,917</u>	<u>\$ 7,691,324</u>
<u>Net cash position</u>		
Restricted	1,510,576	1,794,873
Unrestricted	<u>4,898,341</u>	<u>5,896,451</u>
Total net cash position	<u>\$ 6,408,917</u>	<u>\$ 7,691,324</u>

Restricted net cash position represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net cash position of \$4,898,341 may be used to meet the government's ongoing obligations to citizens and creditors.

The following table shows the changes in net cash position for fiscal years 2025 and 2024.

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**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

	Change in Net Cash Position	
	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
<u>Cash receipts</u>		
Program cash receipts:		
Charges for services and sales	\$ 1,145,152	\$ 1,172,304
Operating grants and contributions	<u>2,728,310</u>	<u>3,228,510</u>
Total program cash receipts	<u>3,873,462</u>	<u>4,400,814</u>
General cash receipts:		
Taxes	12,510,534	12,092,566
Payments in lieu of taxes	4,566	5,299
Unrestricted grants and entitlements	7,747,825	7,708,641
Investment earnings	196,445	125,118
Miscellaneous	<u>103,546</u>	<u>99,474</u>
Total general cash receipts	<u>20,562,916</u>	<u>20,031,098</u>
Total cash receipts	<u>24,436,378</u>	<u>24,431,912</u>
<u>Cash disbursements</u>		
Instruction:		
Regular	9,829,632	9,336,402
Special	4,892,509	3,534,325
Vocational	88,995	125,322
Other	345,597	329,373
Support services:		
Pupil	828,707	857,759
Instructional staff	1,260,554	952,166
Board of education	77,678	95,316
Administration	2,053,647	1,878,487
Fiscal	946,286	1,371,522
Business	75	-
Operations and maintenance	1,992,809	2,207,853
Pupil transportation	1,211,119	1,116,307
Central	4,863	4,158
Operation of non-instructional services:		
Food service operations	886,354	826,927
Other non-instructional services	253,789	138,887
Extracurricular activities	<u>1,046,171</u>	<u>917,203</u>
Total cash disbursements	<u>25,718,785</u>	<u>23,692,007</u>
Change in net cash position	(1,282,407)	739,905
Net cash position at beginning of year	<u>7,691,324</u>	<u>6,951,419</u>
Net cash position at end of year	<u>\$ 6,408,917</u>	<u>\$ 7,691,324</u>

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Governmental Activities

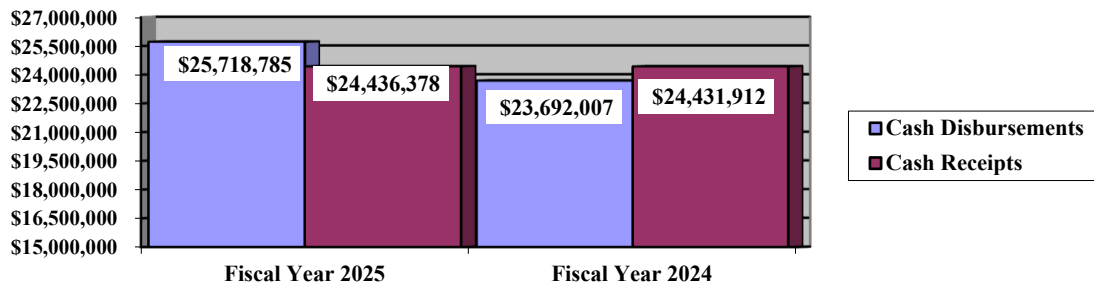
Governmental cash position decreased by \$1,282,407 in fiscal year 2025 due to an increase in cash disbursements.

Overall, total cash receipts were comparable to the prior year with an increase of only \$4,466 or 0.02%. The primary sources of receipts for governmental activities are derived from taxes and unrestricted grants and entitlements. These receipt sources represent 82.90% and 81.05% of total governmental receipts in fiscal year 2025 and 2024, respectively. Real estate property is reappraised every six years, and the State Foundation funding formula is updated every two years. Property taxes increased slightly in fiscal year 2025 and income tax collections also increased, both of which contributed to the overall increase in taxes receipts. This was offset, however, by a decrease in operating grants and contributions, which is primarily due to less Elementary and Secondary School Emergency Relief grant funding from the federal government.

Total cash disbursements increased \$2,026,778 or 8.55% compared to the prior year. This was primarily due to an increase in instruction disbursements, which went from \$13,325,422 in fiscal year 2024 to \$15,156,733. Most of this increase came about as a result of the District's expanded special instruction programs.

The graph below presents the District's governmental activities cash receipts and cash disbursements for fiscal years 2025 and 2024.

Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements



The statement of activities – cash basis shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2025 and 2024. That is, it identifies the cost of these services supported by taxes, unrestricted State grants and entitlements, and other general receipts of the District.

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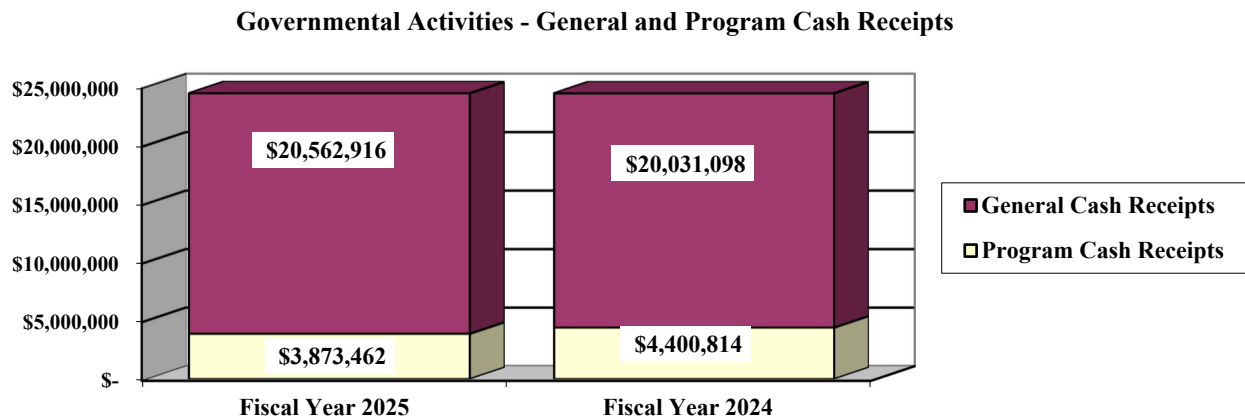
**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

	Governmental Activities			
	Total Cost of Services 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
Cash disbursements:				
Instruction:				
Regular	\$ 9,829,632	\$ 9,585,161	\$ 9,336,402	\$ 8,797,362
Special	4,892,509	3,002,624	3,534,325	1,757,645
Vocational	88,995	83,611	125,322	118,911
Other	345,597	345,597	329,373	329,373
Support services:				
Pupil	828,707	509,345	857,759	307,073
Instructional staff	1,260,554	1,260,463	952,166	942,093
Board of education	77,678	77,678	95,316	95,316
Administration	2,053,647	2,033,716	1,878,487	1,863,245
Fiscal	946,286	946,004	1,371,522	1,371,317
Business	75	75	-	-
Operations and maintenance	1,992,809	1,990,827	2,207,853	2,116,402
Pupil transportation	1,211,119	1,179,714	1,116,307	1,064,443
Central	4,863	4,863	4,158	4,158
Operation of non-instructional services:				
Food service operations	886,354	168,284	826,927	55,281
Other non-instructional services	253,789	131,714	138,887	(6,406)
Extracurricular activities	1,046,171	525,647	917,203	474,980
Total	\$ 25,718,785	\$ 21,845,323	\$ 23,692,007	\$ 19,291,193

The dependence upon general cash receipts for governmental activities is apparent, with 84.94% of cash disbursements supported through taxes and other general cash receipts during 2025.

The graph below presents the District's governmental activities cash receipts for fiscal years 2025 and 2024.



Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Governmental Funds

The District's governmental funds are accounted for using the cash basis of accounting.

The District's governmental funds reported a combined fund balance of \$6,408,917, which represents a decrease of \$1,282,407 compared to the prior year. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2025 and June 30, 2024, for all major and nonmajor governmental funds.

	Fund Cash Balance June 30, 2025	Fund Cash Balance June 30, 2024	Change
General	\$ 4,946,674	\$ 6,025,765	\$ (1,079,091)
Permanent Improvement	1,137,445	993,065	144,380
Nonmajor governmental funds	<u>324,798</u>	<u>672,494</u>	<u>(347,696)</u>
Total	<u>\$ 6,408,917</u>	<u>\$ 7,691,324</u>	<u>\$ (1,282,407)</u>

General Fund

The District's General fund had cash receipts and other financing sources of \$21,650,250 in fiscal year 2025, and cash disbursements and other financing uses of \$22,729,341. The General fund's cash balance decreased \$1,079,091 or 17.91% during the year.

The table that follows assists in illustrating the cash receipts of the General fund.

	2025 Amount	2024 Amount	Percentage Change
<u>Cash receipts:</u>			
Taxes	\$ 11,889,047	\$ 11,484,980	3.52 %
Tuition and fees	420,595	431,923	(2.62) %
Payments in lieu of taxes	4,566	5,299	(13.83) %
Intergovernmental	9,006,107	8,886,914	1.34 %
Earnings on investments	196,445	125,118	57.01 %
Other revenues	<u>130,548</u>	<u>115,832</u>	12.70 %
Total	<u>\$ 21,647,308</u>	<u>\$ 21,050,066</u>	2.84 %

The overall increase in General fund cash receipts is primarily due to an increase in taxes, as previously discussed. Another contributing factor was earnings on investments which was a result of an increase in interest rates during the year.

The following table assists in illustrating the cash disbursements of the General fund.

	2025 Amount	2024 Amount	Percentage Change
<u>Cash disbursements:</u>			
Instruction	\$ 14,401,729	\$ 12,400,726	16.14 %
Support services	7,710,095	7,482,587	3.04 %
Operation of non-instructional services	1,885	2,393	(21.23) %
Extracurricular activities	<u>537,253</u>	<u>485,283</u>	10.71 %
Total	<u>\$ 22,650,962</u>	<u>\$ 20,370,989</u>	11.19 %

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

As discussed previously, cash disbursements for instruction services increased in fiscal year 2025, especially for the District's special instruction programs. Other reasons for the overall increase in General fund cash disbursements are higher wages and benefits costs and general inflationary trends.

Permanent Improvement Fund

The Permanent Improvement fund, a District major fund, had cash receipts and other financing sources of \$641,014 and cash disbursements of \$496,634 in fiscal year 2025. The Permanent Improvement fund's cash balance increased \$144,380 in fiscal year 2025.

Budgeting Highlights - General Fund

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

For the General fund, final budgetary basis receipts and other financing sources of \$21,898,000 represented a decrease of \$1,000,000 compared to the original budget. Actual cash receipts and other financing sources of \$21,945,334 were more than final budget estimates by \$47,334.

The final budgetary basis disbursements and other financing uses of \$23,269,664 represents an increase from the original budget of \$21,392,476. This variance is primarily attributable to an increase in instruction costs, particularly special instruction. The actual budgetary basis disbursements and other financing uses of \$23,160,098 were \$109,566 less than the final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements.

Debt Administration

The District has no long-term debt obligations outstanding.

Current Financial Related Activities

The Permanent Improvement Levy was approved in November 2015 by the voters. The District now receives over \$600,000 annually from the Permanent Improvement Levy for miscellaneous permanent improvements throughout the school district. Due to the voters passing the permanent improvement levy (an external purpose restraint), the Permanent Improvement fund has been classified as restricted instead of committed.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Darrin Hammock, Treasurer, Upper Sandusky Exempted Village School District, 800 North Sandusky Avenue, Upper Sandusky, Ohio 43351-1032.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2025**

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 6,383,346
Beneficial interest in assets held by others	25,571
Total assets	<u>6,408,917</u>
Net position:	
Restricted for:	
Capital projects	1,137,445
State funded programs	12,120
Food service operations	21,075
Extracurricular activities	312,578
Other purposes	27,358
Unrestricted	4,898,341
Total net position	<u>\$ 6,408,917</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Cash	Program Receipts		Net (Disbursements) Receipts and Changes in Net Cash Position
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 9,829,632	\$ 156,418	\$ 88,053	\$ (9,585,161)
Special	4,892,509	264,484	1,625,401	(3,002,624)
Vocational	88,995	-	5,384	(83,611)
Other	345,597	-	-	(345,597)
Support services:				
Pupil	828,707	-	319,362	(509,345)
Instructional staff	1,260,554	-	91	(1,260,463)
Board of education	77,678	-	-	(77,678)
Administration	2,053,647	19,931	-	(2,033,716)
Fiscal	946,286	-	282	(946,004)
Business	75	-	-	(75)
Operations and maintenance	1,992,809	1,982	-	(1,990,827)
Pupil transportation	1,211,119	-	31,405	(1,179,714)
Central	4,863	-	-	(4,863)
Operation of non-instructional services:				
Food service operations	886,354	257,950	460,120	(168,284)
Other non-instructional services	253,789	5,459	116,616	(131,714)
Extracurricular activities	1,046,171	438,928	81,596	(525,647)
Total governmental activities	<u>\$ 25,718,785</u>	<u>\$ 1,145,152</u>	<u>\$ 2,728,310</u>	<u>(21,845,323)</u>
General cash receipts:				
Property taxes levied for:				
General purposes				7,076,130
Capital outlay				621,487
Payments in lieu of taxes				4,566
Income taxes levied for:				
General purposes				4,812,917
Grants and entitlements not restricted to specific programs				7,747,825
Investment earnings				196,445
Miscellaneous				103,546
Total general cash receipts				<u>20,562,916</u>
Change in net position				(1,282,407)
Net position at beginning of year				<u>7,691,324</u>
Net position at end of year				<u>\$ 6,408,917</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 4,946,674	\$ 1,137,445	\$ 299,227	\$ 6,383,346
Beneficial interest in assets held by others	-	-	25,571	25,571
Total assets	<u>\$ 4,946,674</u>	<u>\$ 1,137,445</u>	<u>\$ 324,798</u>	<u>\$ 6,408,917</u>
Fund balances:				
Restricted:				
Capital improvements	\$ -	\$ 1,137,445	\$ -	\$ 1,137,445
Food service operations	-	-	21,075	21,075
Non-public schools	-	-	12,120	12,120
Extracurricular activities	-	-	312,578	312,578
Other purposes	-	-	27,358	27,358
Assigned:				
Student instruction	35,978	-	-	35,978
Student and staff support	110,306	-	-	110,306
Extracurricular activities	410	-	-	410
School supplies	274,334	-	-	274,334
Unassigned (deficit)	<u>4,525,646</u>	<u>-</u>	<u>(48,333)</u>	<u>4,477,313</u>
Total fund balances	<u>\$ 4,946,674</u>	<u>\$ 1,137,445</u>	<u>\$ 324,798</u>	<u>\$ 6,408,917</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Cash receipts:				
Property taxes	\$ 7,076,130	\$ 621,487	\$ -	\$ 7,697,617
Income taxes	4,812,917	-	-	4,812,917
Intergovernmental	9,006,107	11,668	1,366,953	10,384,728
Investment earnings	196,445	-	4,821	201,266
Tuition and fees	420,595	-	-	420,595
Extracurricular	2,959	-	438,928	441,887
Rental income	1,305	-	-	1,305
Charges for services	5,459	-	257,950	263,409
Contributions and donations	11,087	-	62,815	73,902
Payment in lieu of taxes	4,566	-	-	4,566
Miscellaneous	109,738	677	23,771	134,186
Total cash receipts	<u>21,647,308</u>	<u>633,832</u>	<u>2,155,238</u>	<u>24,436,378</u>
Cash disbursements:				
Current:				
Instruction:				
Regular	9,713,043	-	116,589	9,829,632
Special	4,254,094	-	638,415	4,892,509
Vocational	88,995	-	-	88,995
Other	345,597	-	-	345,597
Support services:				
Pupil	731,879	-	96,828	828,707
Instructional staff	1,188,655	-	71,899	1,260,554
Board of education	77,678	-	-	77,678
Administration	2,053,647	-	-	2,053,647
Fiscal	927,454	18,550	282	946,286
Business	75	-	-	75
Operations and maintenance	1,750,369	242,440	-	1,992,809
Pupil transportation	975,475	235,644	-	1,211,119
Central	4,863	-	-	4,863
Operation of non-instructional services:				
Food service operations	-	-	886,354	886,354
Other non-instructional services	1,885	-	251,904	253,789
Extracurricular activities	537,253	-	508,918	1,046,171
Total cash disbursements	<u>22,650,962</u>	<u>496,634</u>	<u>2,571,189</u>	<u>25,718,785</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>(1,003,654)</u>	<u>137,198</u>	<u>(415,951)</u>	<u>(1,282,407)</u>
Other financing sources (uses):				
Transfers in	2,942	7,182	78,379	88,503
Transfers (out)	(78,379)	-	(10,124)	(88,503)
Total other financing sources (uses)	<u>(75,437)</u>	<u>7,182</u>	<u>68,255</u>	<u>-</u>
Net change in fund balances	(1,079,091)	144,380	(347,696)	(1,282,407)
Fund balances at beginning of year	<u>6,025,765</u>	<u>993,065</u>	<u>672,494</u>	<u>7,691,324</u>
Fund balances at end of year	<u>\$ 4,946,674</u>	<u>\$ 1,137,445</u>	<u>\$ 324,798</u>	<u>\$ 6,408,917</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
CUSTODIAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>Custodial</u>
Additions:	
Extracurricular collections for OHSAA	<u>\$ 600</u>
Deductions:	
Extracurricular distributions to OHSAA	<u>600</u>
Change in net position	-
Net position at beginning of year	<u>-</u>
Net position at end of year	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Upper Sandusky Exempted Village School District, Wyandot County, Ohio (the District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by State statute and/or federal guidelines.

The District was established in 1960 through the consolidation of existing land areas and school districts. The District serves an area of approximately 300 square miles. It is located in Wyandot, Marion and Crawford Counties and includes the entire City of Upper Sandusky. The District is staffed by 86 non-certified employees, 112 certified full-time teaching personnel and 10 administrative employees who provide services to 1,592 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 2.B., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)**

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (Meta Solutions)

The District is a participant in META Solutions which is a computer consortium that was the result of a merger between Tri-Rivers Educational Computer Association (TRECA), the Metropolitan Educational Council (MEC), the Metropolitan Dayton Educational Cooperative Association (MDECA), South Central Ohio Computer Association (SCOCA) and the Southeastern Ohio Voluntary Education Cooperative (SEOVEC). Meta Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eight of the member districts. During fiscal year 2025, the District paid Meta Solutions \$69,369 for services. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Vanguard-Sentinel Career and Technology Centers

The Vanguard-Sentinel Career and Technology Centers (the Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of two representatives from the Fremont City School District and one representative from the other thirteen participating school districts' elected boards. The degree of control exercised by any participating school district is limited to its representation on the Board. The Career Center possesses its own budgeting and taxing authority. Financial information can be obtained from the Vanguard-Sentinel Career and Technology Centers, Alex Binger, who serves as Treasurer, at 1306 Cedar Street, Fremont, Ohio 43420.

INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Program (the Program) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The Program's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designees, serves as coordinator of the Program. Each year, the participants pay an enrollment fee to the Program to cover the costs of administering the Program.

Wyandot-Crawford Health Benefit Plan

The Wyandot-Crawford Health Benefit Plan (the Plan) is a public entity shared risk pool consisting of six school districts. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, life insurance, and other benefits to employees of the participating school districts. Each participating school district decides which benefit programs offered by the Plan will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. The Plan joined the Jefferson Health Plan, an insurance purchasing pool.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)**

RELATED ORGANIZATION

Upper Sandusky Community Library

The Upper Sandusky Community Public Library (the Library) is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to administrative functions. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from Kathleen Whitt, Fiscal Officer, 301 North Sandusky Street, Upper Sandusky, Ohio 43351.

B. Basis of Accounting

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with GAAP, the District chooses to prepare its financial statements and notes on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and entity wide statements and disbursements reported in the budgetary statement is due to current year encumbrances being added to disbursements reported on the budgetary statement. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

C. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary funds.

GOVERNMENTAL FUNDS

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

General fund - The General fund is used to account for and report all financial resources not accounted for and reported in another fund. The General fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent Improvement fund - The Permanent Improvement fund is used to account for the proceeds of a property tax levy and other resources which are restricted in use for the acquisition, construction, or improvement of such permanent improvements as are authorized by Chapter 5705, Revised Code.

Other governmental funds of the District are used to account for:

Nonmajor Special Revenue funds- Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Nonmajor Capital Projects funds- Capital Projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)**

Nonmajor Debt Service funds- Debt Service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net cash position and changes in net cash position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for cash assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Custodial funds account for monies on behalf of others that do not meet the definition of a trust fund. The District's custodial fund accounts for athletic tournament ticket sales collected and distributed on behalf of the Ohio High School Athletics Association.

D. Basis of Presentation

Government-Wide Financial Statements - The statement of net position - cash basis and the statement of activities - cash basis display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, except custodial funds, are legally required to be budgeted and appropriated. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate.

The appropriations resolution is the Board's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations below the legal level within all funds are made by the District Treasurer.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)**

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

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

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2025, investments were limited to negotiable certificates of deposit, commercial paper, Federal National Mortgage Association (FNMA) Securities, Federal Farm Credit Bank (FFCB) Securities, U.S. Treasury Notes, a U.S. Government money market fund and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

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

Under existing Ohio statutes all investment earnings are assigned to the General fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the General fund during fiscal year 2025 amounted to \$196,445 which includes \$42,398 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

G. Restricted Assets

Assets are reported as restricted net position when limitations on their use change normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

H. Capital Assets

Acquisition of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements under the cash basis of accounting. Depreciation has not been reported for any capital assets.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)**

I. Inventory and Prepaid Items

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

J. Accumulated Leave

For fiscal year 2025, GASB Statement No. 101, “Compensated Absences”, was effective. GASB 101 defines a compensated absence as leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The District does not offer noncash settlements.

District employees earn sick, vacation and personal time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave.

This GASB pronouncement had no effect on beginning net position/fund balance as unpaid leave is not reflected as a liability under the District’s cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 9 and 10, employer contributions include portions for pension benefits and postretirement health care benefits.

L. Long-Term Obligations

The District’s cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease, financed purchase transaction, or Subscription Based Information Technology Arrangement (SBITA) is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments, financed purchase payments, and SBITA payments are reported when paid.

M. Leases

The District is the lessee in various leases for equipment under noncancelable leases. Lease payables are not reflected under the District’s cash basis of accounting. Lease disbursements are recognized when they are paid.

N. Subscription Based Information Technology Arrangements

The District has Subscription Based Information Technology Arrangements (SBITAs) under noncancelable agreements. SBITA payables are not reflected under the District’s cash basis of accounting. SBITA disbursements are recognized when they are paid.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)**

O. Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund loans are reported as advances-in and advances-out. Advances are not reflected as assets and liabilities in the accompanying financial statements. Interfund transfers and advances are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements. Interfund activity between governmental funds is eliminated on the statement of net position - cash basis and the statement of activities - cash basis.

P. Net Cash Position

Net cash position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net cash position restricted for other purposes includes resources restricted for the Toledo Foundation, endowment, and local grants. The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net cash position is available.

Q. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the General fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)**

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

R. Stabilization Arrangement

The Board of Education has \$151,993 of unassigned fund balance in the General fund set aside to be used for budget stabilization, as authorized by Ohio Revised Code Section 5705.13. The Board has set aside these funds to cover emergency situations or when revenue shortages or budgetary imbalances arise. The budget stabilization arrangement may be removed by action of the Board of Education at any time.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2025.

T. Parochial School

Within the District's boundaries, St. Peter Elementary is operated through the Toledo Catholic Diocese. Current state legislation provides funding to the parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The receipt and disbursement of these State monies by the District are reflected as a special revenue fund for financial reporting purposes.

U. Endowment

The District is the sole beneficiary of an endowment fund held by the Toledo Community Foundation. The Toledo Community Foundation is a not-for-profit corporation organized exclusively for charitable, religious, educational, and scientific purposes. Funds held by the Toledo Community Foundation are disbursed to the District upon request and approval by the Board of Trustees. Since the endowment fund solely benefits the District, the fund balance and financial activity of this fund is included in a nonmajor governmental funds.

V. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability and net OPEB (asset), 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.

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WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of GASB Statement No. 101 did not have an effect on the financial statements of the District.

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

B. Compliance

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

C. Deficit Fund Balances

Fund balances at June 30, 2025 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Title VI-B, IDEA Part B	\$ 44,604
Title I, Disadvantaged Children	1,764
Title II-A, Student Support and Academic Enrichment	1,965

The deficit fund balances resulted from a lag between disbursements made by the District and reimbursements from grantors and are allowable under Ohio Revised Code Section 3315.20.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred- eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met; and,
8. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)**

A. Beneficial Interest in Assets Held by Others

At fiscal year end, the District had \$25,571 in beneficial interest in assets held by others. The beneficial interest in assets held by others is monies held by the Toledo Community Foundation as of fiscal year end in the District's name. The deposits provide the District with interest payments each quarter.

B. Deposits with Financial Institutions

At June 30, 2025, the carrying amount of all District deposits was \$825,936 and the bank balance of all District deposits was \$1,266,036. Of the bank balance, \$590,253 was exposed to custodial risk as discussed below because those deposits were uninsured and uncollateralized and \$675,783 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2025, certain District financial institutions did not participate in the OPCS while certain other financial institutions did participate in the OPCS. Those financial institutions that did participate were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

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

<u>Investment type</u>	<u>Carrying Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
STAR Ohio	\$ 2,478,986	\$ 2,478,986	\$ -	\$ -	\$ -	\$ -
U.S. Government money						
market fund	164,630	164,630	-	-	-	-
Negotiable CDs	493,135	-	-	-	-	493,135
Commercial paper	1,458,222	731,645	726,577	-	-	-
U.S. Treasury Notes	812,724	82,746	84,788	-	-	645,190
FNMA	50,000	50,000	-	-	-	-
FFCB	99,713	-	-	-	-	99,713
Total	<u>\$ 5,557,410</u>	<u>\$ 3,508,007</u>	<u>\$ 811,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,238,038</u>

The weighted average maturity of investments is 1.02 years.

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)**

Credit Risk: STAR Ohio and U.S. Government money market fund carry a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in federal agency securities were rated AA+ and Aa1 by Standard & Poor's and Moody's Investor Services, respectively. The District has no policy that would further limit its investment choices.

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2025:

<u>Measurement/ Investment type</u>	<u>Carrying Value</u>	<u>% of Total</u>
STAR Ohio	\$ 2,478,986	44.61
U.S. Government money market fund	164,630	2.96
Negotiable CDs	493,135	8.87
Commercial paper	1,458,222	26.24
U.S. Treasury Notes	812,724	14.63
FNMA	50,000	0.90
FFCB	99,713	1.79
Total	<u>\$ 5,557,410</u>	<u>100.00</u>

D. Reconciliation of Cash to the Statement of Net Cash Position

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of June 30, 2025:

<u>Cash per note</u>	
Carrying amount of deposits	\$ 825,936
Investments	5,557,410
Beneficial interest in assets held by others	25,571
Total	<u>\$ 6,408,917</u>
<u>Cash per statement of net position</u>	
Governmental activities	<u>\$ 6,408,917</u>

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)**

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed values as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Public utility real and personal property taxes received in calendar year 2025 became a lien on December 31, 2023, were levied after April 1, 2024, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Wyandot, Marion and Crawford Counties. The County Auditors periodically advance to the District its portion of the taxes collected. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

	2024 Second Half Collections		2025 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 334,478,080	92.08	\$ 337,937,570	91.61
Public utility personal	<u>28,752,680</u>	<u>7.92</u>	<u>30,959,990</u>	<u>8.39</u>
Total	<u>\$ 363,230,760</u>	<u>100.00</u>	<u>\$ 368,897,560</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$35.70		\$35.70	

NOTE 6 - INCOME TAXES

On November 8, 2005, the District voters passed a .75% income tax levy for current expenses on the income of individuals and estates. On May 5, 2009, the District voters renewed the .75% income tax levy and passed a .50% increase for a total levy of 1.25%. On November 6, 2018, the District voters renewed the 1.25% income tax levy. The tax was effective on January 1, 2020 and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the General fund.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

NOTE 7 - LONG-TERM DEBT

The District has no long-term debt obligations as of June 30, 2025. The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2025, are a voted debt margin of \$33,200,780 and an unvoted debt margin of \$368,898.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2025, the District contracted with various companies for the following insurance coverage:

Buildings and contents - replacement cost	\$73,303,698
Automobile liability	3,000,000
General liability:	
Per occurrence	3,000,000
Aggregate	5,000,000

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

OSBA Workers' Compensation Group Rating Program - For fiscal year 2025, the District participated in the OASBO/OSBA Workers' Compensation Group Retrospective-Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP.

The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sedgwick, Inc. provides administrative, cost control, and actuarial services to the GRP.

Wyandot-Crawford Health Benefit Plan - Beginning in fiscal year 1997, the District participated in the Wyandot-Crawford Health Benefit Plan (the Plan), a public entity shared risk pool consisting of five school districts, operating as a common risk management and insurance program for the member districts. The District pays monthly premiums to the Plan for insurance coverage. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, the participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal. The Plan joined the Jefferson Health Plan, an insurance purchasing pool.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/(Asset)

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

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

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

The net pension/net OPEB liability/(asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

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

Plan Description - School Employees Retirement System (SERS)

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

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(Continued)**

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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; or 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% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024. In 2024, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2025.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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 14.00%. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$436,261 for fiscal year 2025.

Plan Description - State Teachers Retirement System (STRS)

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. 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, a one-time 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 one-time ad-hoc COLA of 1 percent 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 Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

The DC Plan allows members to place all of their member contributions and 11.09% of the 14% 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% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 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 fiscal year 2025 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2025, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$1,329,802 for fiscal year 2025.

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(Continued)**

Net Pension Liability

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

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.069975200%	0.066613220%	
Proportion of the net pension liability current measurement date	<u>0.068759700%</u>	<u>0.064850760%</u>	
Change in proportionate share	<u>-0.001215500%</u>	<u>-0.001762460%</u>	
Proportionate share of the net pension liability	\$ 3,517,471	\$ 12,478,334	\$ 15,995,805

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 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. Future benefits for all current plan members were projected through 2137.

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

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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Wage inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or ad hoc COLA	2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement	2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement
Investment rate of return	7.00% net of system expenses	7.00% net of system expenses
Discount rate	7.00%	7.00%
Actuarial cost method	Entry age normal	Entry age normal

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In 2024, 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.

In the prior measurement date, mortality rates 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% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The long-term 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*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate - Total pension liability for 2024 was calculated using the discount rate of 7.00%. 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 of fiscal year 2024 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. 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%.

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(Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what each the 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%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 5,381,240	\$ 3,517,471	\$ 1,948,274

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 and June 30, 2023, actuarial valuations are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2024 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

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<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Real 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 2.40% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% 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 the rates described previously. 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% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the proportionate share of the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the 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%) or one percentage point higher (8.00%) than the current assumption:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 20,129,740	\$ 12,478,334	\$ 6,006,559

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

Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

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NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/(Asset)

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

Plan Description - School Employees Retirement System (SERS)

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

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. 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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$48,880.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$48,880 for fiscal year 2025.

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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.

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% of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability/(Asset)

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

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/(asset) prior measurement date	0.071677000%	0.066613220%	
Proportion of the net OPEB liability/(asset) current measurement date	<u>0.069835700%</u>	<u>0.064850760%</u>	
Change in proportionate share	<u>-0.001841300%</u>	<u>-0.001762460%</u>	
Proportionate share of the net OPEB liability	\$ 711,273	\$ -	\$ 711,273
Proportionate share of the net OPEB (asset)	\$ -	\$ (1,230,095)	\$ (1,230,095)

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.

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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 and June 30, 2023 are presented below:

	June 30, 2024	June 30, 2023
Wage inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
Investment rate of return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Municipal bond index rate	3.93%	3.86%
Single equivalent interest rate, net of plan investment expense, including price inflation	4.88%	4.27%
Medical trend assumption	7.00 to 4.40%	6.75 to 4.40%

In 2024, 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.

In the prior measurement date, 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 on plan assets of return on plan assets is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering 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%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as June 30, 2024 are summarized as follows:

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88%. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is 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 3.96% at June 30, 2023 and 3.86% at June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the proportionate share of the net OPEB liability, what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (4.88%) than the current discount rate (4.88%). Also shown is what the proportionate share of the 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 (7.00% decreasing to 4.40%).

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 948,458	\$ 711,273	\$ 522,798
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 480,794	\$ 711,273	\$ 1,014,220

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Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 actuarial valuation, compared with June 30, 2023 actuarial valuation, are presented below:

	June 30, 2024		June 30, 2023	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		Varies by service from 2.50% to 8.50%	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	7.50%	4.14%
Medicare	-112.22%	3.94%	-10.94%	4.14%
Prescription Drug				
Pre-Medicare	8.00%	3.94%	-11.95%	4.14%
Medicare	-15.14%	3.94%	1.33%	4.14%

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

For the June 30, 2024 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

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

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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 Real 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	<u>1.00</u>	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 2.40% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% 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 those 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 fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

Sensitivity of the 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%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the proportionate share of the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB (asset)	\$ (1,000,149)	\$ (1,230,095)	\$ (1,430,199)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB (asset)	\$ (1,443,715)	\$ (1,230,095)	\$ (973,189)

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)**

NOTE 11 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (DEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As a result of the final fiscal year 2025 FTE reviews, an immaterial intergovernmental receivable is due from DEW to the District.

NOTE 12 - SET ASIDES

The District is required by State law to annually set-aside certain General fund receipt amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Disbursements and offsets exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2024	\$ -
Current year set-aside requirement	368,676
Current year offsets	<u>(633,155)</u>
Total	<u>\$ (264,479)</u>
Balance carried forward to fiscal year 2026	<u>\$ -</u>
Set-aside balance June 30, 2025	<u>\$ -</u>

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)**

NOTE 13 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

	<u>Year-End Encumbrances</u>
General fund	\$ 129,712
Permanent Improvement fund	267,934
Nonmajor governmental funds	<u>44,815</u>
Total	<u>\$ 442,461</u>

NOTE 14 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of Upper Sandusky has entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (CRA) program within taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, the City of Upper Sandusky has entered into such an agreement. Under the CRA program, the District's property taxes were reduced by \$4,566 in fiscal year 2025. The District receives compensation for 100% of the forgone property tax revenue, which is reported in the General fund as payment in lieu of taxes receipts.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under) Actual Amounts
	Original	Final		
Budgetary receipts and other financing sources	\$ 22,898,000	\$ 21,898,000	\$ 21,945,334	\$ 47,334
Budgetary disbursements and other financing uses	21,392,476	23,269,664	23,160,098	(109,566)
Net change in fund balance	1,505,524	(1,371,664)	(1,214,764)	156,900
Budgetary fund balance at beginning of year	5,253,990	5,253,990	5,253,990	-
Prior year encumbrances appropriated	486,420	486,420	486,420	-
Budgetary fund balance at end of year	<u>\$ 7,245,934</u>	<u>\$ 4,368,746</u>	<u>\$ 4,525,646</u>	<u>\$ 156,900</u>

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - BUDGETARY PROCESS

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the General fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as a cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Some funds are included in the General fund (cash basis) but have separate legally adopted budgets (budgetary basis).

Adjustments necessary to convert the results of operations at the end of the year on the budgetary basis to the cash basis are as follows:

Net Change in Fund Cash Balance

	<u>General</u>
Budgetary basis	\$ (1,214,764)
Funds budgeted elsewhere**	5,961
Encumbrances	<u>129,712</u>
Cash basis	<u><u>\$ (1,079,091)</u></u>

**As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund. This includes the Uniform School Supplies fund, Public School Support fund, Special Enterprise fund, and the Underground Storage Tank fund.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT 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	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Child Nutrition Cluster:		
National School Lunch Program		
Non-Cash Assistance (Food Distribution)	10.555	\$ 54,665
Cash Assistance	10.555	354,719
COVID-19 Supply Chain Assistance	10.555	43,662
Total National School Lunch Program		<u>453,046</u>
School Breakfast Program		
Non-Cash Assistance (Food Distribution)	10.553	6,074
Cash Assistance	10.553	86,561
Total School Breakfast Program		<u>92,635</u>
Total Child Nutrition Cluster		<u>545,681</u>
Total U.S. Department of Agriculture		<u>545,681</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Special Education Cluster (IDEA):		
Special Education Grants to States	84.027	345,597
Title I Grants to Local Educational Agencies	84.010	244,262
Twenty-First Century Community Learning Centers	84.287	8,200
Supporting Effective Instruction State Grants	84.367	14,000
Student Support and Academic Enrichment Program	84.424	4,723
Education Stabilization Fund		
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	<u>164,579</u>
Total U.S. Department of Education		<u>781,361</u>
Total Expenditures of Federal Awards		<u>\$ 1,327,042</u>

The accompanying notes are an integral part of this schedule.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT 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 Upper Sandusky Exempted Village School District, Wyandot County, Ohio (the District) under programs of the federal government for the year ended June 30, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

The District has elected not to use the 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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



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**

Upper Sandusky Exempted Village School District
Wyandot County
800 North Sandusky Avenue, Suite A
Upper Sandusky, Ohio 43351-1032

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Upper Sandusky Exempted Village School District, Wyandot County, Ohio (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 24, 2026, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

District's Response to Finding

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

Purpose of this Report

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

KEITH FABER
Ohio Auditor of State



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

February 24, 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**

Upper Sandusky Exempted Village School District
Wyandot County
800 North Sandusky Avenue, Suite A
Upper Sandusky, Ohio 43351-1032

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

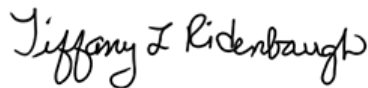
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

KEITH FABER
Ohio Auditor of State

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

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

February 24, 2026

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**UPPER SANDUSKY EXCEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT 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)?	Yes
(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):	Child Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2025-001

Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code 117-2-03(B) requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

FINDING NUMBER 2025-001
(Continued)

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response

The decision to prepare cash basis financial statements is a decision the Board of Education believes to be in the best interest of the District. The Board evaluated the cost-benefit relationship of preparing GAAP statements for the fiscal year ended June 30, 2025 and made the decision that the significant dollars saved outweighed the benefit received.

3. FINDINGS FOR FEDERAL AWARDS

None



"A Tradition of Excellence"



Eric Landversicht, Superintendent

800 N. Sandusky Avenue
Upper Sandusky, OH 43351

Phone: (419) 294-2306

Fax: (419) 294-6891

www.usevs.org

Darrin Hammock, Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
JUNE 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001	Finding was first reported in the audit of the 2006 financial statements. Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected and reissued as finding 2025-001 in this report.	The decision to prepare cash basis financial statements is a decision the Board of Education believes to be in the best interest of the District. The Board evaluated the cost benefit relationship of preparing GAAP statements for the fiscal year ended June 30, 2025 and made the decision that the significant dollars saved outweighed the benefit received.



"A Tradition of Excellence"



Eric Landversicht, Superintendent

800 N. Sandusky Avenue
Upper Sandusky, OH 43351

Phone: (419) 294-2306

Fax: (419) 294-6891

www.usevs.org

Darrin Hammock, Treasurer

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

Finding Number:	2025-001
Planned Corrective Action:	Due to cost savings, this will not be corrected.
Anticipated Completion Date:	This will not be corrected.
Responsible Contact Person:	Darrin Hammock, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

WYANDOT 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 3/17/2026

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