



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

---

VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024





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

Board of Education  
Vanlue Local School District  
301 South East Street, P.O. Box 250  
Vanlue, Ohio 45890-0250

We have reviewed the *Independent Auditor's Report* of the Vanlue Local School District, Hancock County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2023 through June 30, 2025. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER  
Ohio Auditor of State

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

**March 30, 2026**

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***VANLUE LOCAL SCHOOL DISTRICT***  
*Hancock County*  
*For the Years Ended June 30, 2025 and 2024*  
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**INDEPENDENT AUDITOR'S REPORT**

Vanlue Local School District  
Hancock County  
301 South East Street, P.O. Box 250  
Vanlue, Ohio 45890-0250

To the Board of Education:

***Report on the Audit of the Financial Statements***

***Opinions***

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vanlue Local School District, Hancock County, Ohio (the District), as of and for the years ended June 30, 2025 and 2024, 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 2024, and the respective changes in cash-basis financial position thereof for the years then ended 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 (Non-GAAP Budgetary Basis) – General Fund is presented for purposes of additional analysis and is not a required part of the 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, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025, 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.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and slightly slanted to the right.

BHM CPA Group, Inc.  
Portsmouth, Ohio  
December 23, 2025

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

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

|                                            | <b>Governmental<br/>Activities</b> |
|--------------------------------------------|------------------------------------|
| <b>Assets:</b>                             |                                    |
| Equity in pooled cash and cash equivalents | <u>\$ 8,843,625</u>                |
| <b>Net position:</b>                       |                                    |
| Restricted for:                            |                                    |
| Capital improvements                       | 283,384                            |
| State funded programs                      | 806                                |
| Federally funded programs                  | 75                                 |
| Food service operations                    | 60,982                             |
| Extracurricular activities                 | 69,411                             |
| Other purposes                             | 1,802                              |
| Unrestricted                               | <u>8,427,165</u>                   |
| Total net position                         | <u><u>\$ 8,843,625</u></u>         |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

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

|                                             | <b>Cash<br/>Disbursements</b> | <b>Program Receipts</b>                   |                                               | <b>Net (Disbursements) Receipts<br/>and Changes in Net Position</b> |
|---------------------------------------------|-------------------------------|-------------------------------------------|-----------------------------------------------|---------------------------------------------------------------------|
|                                             |                               | <b>Charges for<br/>Services and Sales</b> | <b>Operating Grants<br/>and Contributions</b> | <b>Governmental<br/>Activities</b>                                  |
| <b>Governmental activities:</b>             |                               |                                           |                                               |                                                                     |
| Instruction:                                |                               |                                           |                                               |                                                                     |
| Regular                                     | \$ 1,578,533                  | \$ 13,224                                 | \$ 22,136                                     | \$ (1,543,173)                                                      |
| Special                                     | 620,435                       | 39,009                                    | 192,215                                       | (389,211)                                                           |
| Vocational                                  | 18,362                        | -                                         | 13,100                                        | (5,262)                                                             |
| Other                                       | 79,135                        | -                                         | -                                             | (79,135)                                                            |
| Support services:                           |                               |                                           |                                               |                                                                     |
| Pupil                                       | 128,737                       | -                                         | 158,870                                       | 30,133                                                              |
| Instructional staff                         | 152,602                       | -                                         | 2,089                                         | (150,513)                                                           |
| Board of education                          | 43,298                        | -                                         | -                                             | (43,298)                                                            |
| Administration                              | 470,193                       | 142                                       | -                                             | (470,051)                                                           |
| Fiscal                                      | 198,500                       | -                                         | -                                             | (198,500)                                                           |
| Operations and maintenance                  | 378,433                       | -                                         | -                                             | (378,433)                                                           |
| Pupil transportation                        | 307,222                       | -                                         | 5,081                                         | (302,141)                                                           |
| Operation of non-instructional<br>services: |                               |                                           |                                               |                                                                     |
| Food service operations                     | 102,630                       | 35,818                                    | 36,464                                        | (30,348)                                                            |
| Other non-instructional services            | 804                           | -                                         | 785                                           | (19)                                                                |
| Extracurricular activities                  | 215,134                       | 64,360                                    | 8,604                                         | (142,170)                                                           |
| Debt service:                               |                               |                                           |                                               |                                                                     |
| Principal retirement                        | 141,000                       | -                                         | -                                             | (141,000)                                                           |
| Interest                                    | 13,847                        | -                                         | -                                             | (13,847)                                                            |
| <b>Total governmental activities</b>        | <b>\$ 4,448,865</b>           | <b>\$ 152,553</b>                         | <b>\$ 439,344</b>                             | <b>(3,856,968)</b>                                                  |

**General receipts:**

|                                                                |                  |
|----------------------------------------------------------------|------------------|
| Property taxes levied for:                                     |                  |
| General purposes                                               | 1,448,689        |
| Capital outlay                                                 | 88,742           |
| Income taxes levied for:                                       |                  |
| General purposes                                               | 600,933          |
| Grants and entitlements not restricted<br>to specific programs | 1,531,951        |
| Investment earnings                                            | 400,746          |
| Miscellaneous                                                  | 17,870           |
| <b>Total general receipts</b>                                  | <b>4,088,931</b> |

Change in net position 231,963

**Net cash position at beginning of year** 8,611,662

**Net cash position at end of year** \$ 8,843,625

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

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

|                                               | <u>General</u>      | <u>Capital<br/>Projects</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-----------------------------------------------|---------------------|-----------------------------|--------------------------------------------|-----------------------------------------|
| <b>Assets:</b>                                |                     |                             |                                            |                                         |
| Equity in pooled cash<br>and cash equivalents | \$ 4,170,574        | \$ 4,257,982                | \$ 415,069                                 | \$ 8,843,625                            |
| <b>Fund balances:</b>                         |                     |                             |                                            |                                         |
| Restricted:                                   |                     |                             |                                            |                                         |
| Capital improvements                          | \$ -                | \$ -                        | \$ 283,384                                 | \$ 283,384                              |
| Food service operations                       | -                   | -                           | 60,982                                     | 60,982                                  |
| State funded programs                         | -                   | -                           | 806                                        | 806                                     |
| Federally funded programs                     | -                   | -                           | 75                                         | 75                                      |
| Extracurricular activities                    | -                   | -                           | 69,411                                     | 69,411                                  |
| Other purposes                                | -                   | -                           | 1,802                                      | 1,802                                   |
| Committed:                                    |                     |                             |                                            |                                         |
| Capital improvements                          | -                   | 4,257,982                   | -                                          | 4,257,982                               |
| Termination benefits                          | 62,424              | -                           | -                                          | 62,424                                  |
| Assigned:                                     |                     |                             |                                            |                                         |
| Student instruction                           | 36,111              | -                           | -                                          | 36,111                                  |
| Student and staff support                     | 153,660             | -                           | -                                          | 153,660                                 |
| Extracurricular activities                    | 686                 | -                           | -                                          | 686                                     |
| Subsequent year's appropriations              | 1,075,979           | -                           | -                                          | 1,075,979                               |
| Unassigned (deficit)                          | 2,841,714           | -                           | (1,391)                                    | 2,840,323                               |
| Total fund balances                           | <u>\$ 4,170,574</u> | <u>\$ 4,257,982</u>         | <u>\$ 415,069</u>                          | <u>\$ 8,843,625</u>                     |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

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

|                                                               | General             | Capital<br>Projects | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---------------------------------------------------------------|---------------------|---------------------|-----------------------------------|--------------------------------|
| <b>Receipts:</b>                                              |                     |                     |                                   |                                |
| Property taxes                                                | \$ 1,448,689        | \$ -                | \$ 88,742                         | \$ 1,537,431                   |
| Income taxes                                                  | 600,933             | -                   | -                                 | 600,933                        |
| Intergovernmental                                             | 1,822,434           | -                   | 137,332                           | 1,959,766                      |
| Investment earnings                                           | 392,764             | 7,982               | 2,245                             | 402,991                        |
| Tuition and fees                                              | 52,233              | -                   | -                                 | 52,233                         |
| Extracurricular                                               | 142                 | -                   | 64,360                            | 64,502                         |
| Charges for services                                          | -                   | -                   | 35,818                            | 35,818                         |
| Contributions and donations                                   | 12,853              | -                   | 9,284                             | 22,137                         |
| Miscellaneous                                                 | 5,017               | -                   | -                                 | 5,017                          |
| Total receipts                                                | <u>4,335,065</u>    | <u>7,982</u>        | <u>337,781</u>                    | <u>4,680,828</u>               |
| <b>Disbursements:</b>                                         |                     |                     |                                   |                                |
| Current:                                                      |                     |                     |                                   |                                |
| Instruction:                                                  |                     |                     |                                   |                                |
| Regular                                                       | 1,560,530           | -                   | 18,003                            | 1,578,533                      |
| Special                                                       | 556,786             | -                   | 63,649                            | 620,435                        |
| Vocational                                                    | 18,362              | -                   | -                                 | 18,362                         |
| Other                                                         | 79,135              | -                   | -                                 | 79,135                         |
| Support services:                                             |                     |                     |                                   |                                |
| Pupil                                                         | 124,755             | -                   | 3,982                             | 128,737                        |
| Instructional staff                                           | 128,706             | -                   | 23,896                            | 152,602                        |
| Board of education                                            | 43,298              | -                   | -                                 | 43,298                         |
| Administration                                                | 470,193             | -                   | -                                 | 470,193                        |
| Fiscal                                                        | 197,130             | -                   | 1,370                             | 198,500                        |
| Operations and maintenance                                    | 348,126             | -                   | 30,307                            | 378,433                        |
| Pupil transportation                                          | 193,233             | -                   | 113,989                           | 307,222                        |
| Operation of non-instructional services:                      |                     |                     |                                   |                                |
| Food service operations                                       | -                   | -                   | 102,630                           | 102,630                        |
| Other non-instructional services                              | -                   | -                   | 804                               | 804                            |
| Extracurricular activities                                    | 136,704             | -                   | 78,430                            | 215,134                        |
| Debt service:                                                 |                     |                     |                                   |                                |
| Principal retirement                                          | 141,000             | -                   | -                                 | 141,000                        |
| Interest                                                      | 13,847              | -                   | -                                 | 13,847                         |
| Total disbursements                                           | <u>4,011,805</u>    | <u>-</u>            | <u>437,060</u>                    | <u>4,448,865</u>               |
| Excess (deficiency) of receipts over<br>(under) disbursements | <u>323,260</u>      | <u>7,982</u>        | <u>(99,279)</u>                   | <u>231,963</u>                 |
| <b>Other financing sources (uses):</b>                        |                     |                     |                                   |                                |
| Transfers in                                                  | 10,490              | 4,250,000           | 35,000                            | 4,295,490                      |
| Transfers (out)                                               | (4,285,000)         | -                   | (10,490)                          | (4,295,490)                    |
| Total other financing sources (uses)                          | <u>(4,274,510)</u>  | <u>4,250,000</u>    | <u>24,510</u>                     | <u>-</u>                       |
| Net change in fund balances                                   | (3,951,250)         | 4,257,982           | (74,769)                          | 231,963                        |
| <b>Fund balances at beginning of year</b>                     | <u>8,121,824</u>    | <u>-</u>            | <u>489,838</u>                    | <u>8,611,662</u>               |
| <b>Fund balances at end of year</b>                           | <u>\$ 4,170,574</u> | <u>\$ 4,257,982</u> | <u>\$ 415,069</u>                 | <u>\$ 8,843,625</u>            |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

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

|                                          | <u><b>Custodial</b></u> |
|------------------------------------------|-------------------------|
| <b>Additions:</b>                        |                         |
| Extracurricular collections for OHSAA    | \$ 554                  |
| <b>Deductions:</b>                       |                         |
| Extracurricular distributions to OHSAA   | 554                     |
| Change in net position                   | -                       |
| <b>Net position at beginning of year</b> | -                       |
| <b>Net position at end of year</b>       | <u><u>\$ -</u></u>      |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

Vanlue Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state and federal guidelines.

The School District was established in 1922. The School District serves an area of approximately forty-nine square miles and is located in Hancock, Seneca, and Wyandot Counties and includes all of the Village of Vanlue and portions of Amanda, Biglick, Big Spring, and Ridge Townships. The School District is staffed by 12 classified employees, 21 certified teaching personnel, and 3 administrative employees who provide services to 129 students and other community members. The School District currently operates an instructional building and a bus garage.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Vanlue Local School District.

The School District participates in four jointly governed organizations and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Millstream Career and Technology Center, Hancock County Local Professional Development Committee, Northwestern Ohio Educational Research Council, Inc., Schools of Ohio Risk Sharing Authority, Ohio School Boards Association Workers' Compensation Group Rating Plan, and Hancock County Schools Health Benefit Fund.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Auglaize, Hancock, Hardin, Lucas, Mercer, Paulding, Putnam, Seneca, Van Wert, and Wood Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of NOACSC consists of two representatives from each county. During fiscal year 2025, the School District paid \$20,874 to NOACSC for various services. Financial information can be obtained from NOACSC, 4277 East Road, Lima, Ohio 45807.

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Millstream Career and Technology Center

The Millstream Career and Technology Center is a distinct political subdivision of the State of Ohio established under Section 3313.90 of the Ohio Revised Code. The Career Center provides vocational instruction to students. The Career Center operates under the direction of an Advisory Council consisting of the superintendent of each participating school district and one additional representative appointed by the Findlay City School District. The Superintendents from the Hancock and Putnam County Educational Service Centers serve in an ex-officio capacity for all meetings. Financial information can be obtained from the Findlay City School District, 2019 Broad Avenue, Findlay, Ohio 45840.

Hancock County Local Professional Development Committee

The Hancock County Local Professional Development Committee (HCLPDC) was established in 1999 to plan, promote, and facilitate effective and efficient professional educator license renewal standards and staff development activities. The HCLPDC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its members. The HCLPDC is governed by a fourteen member Executive Board. Financial information can be obtained from the Hancock County Educational Service Center, who serves as fiscal agent, 7746 County Road 140, Findlay, Ohio 45840.

Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., 441 East Market Street, Celina, Ohio, 45822.

INSURANCE POOLS

Schools of Ohio Risk Sharing Authority

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The SORSA's business and affairs are conducted by a nine member board consisting of Superintendents, Treasurers and Business Managers. Willis Pooling is contracted to provide reinsurance brokerage, underwriting, rating, billing, consulting services, and establishing agreements between SORSA and its members. Financial information can be obtained from SORSA, 8050 North High Street, Suite 160, Columbus, Ohio 43235-6483.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP.

The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sedgwick provides administrative, cost control and actuarial services to the GRP.

Hancock County Schools Health Benefit Fund

The Hancock County Schools Health Benefit Fund (Fund) is a public entity shared risk pool consisting of six local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Developmental Disabilities. The Fund is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. Each participants' superintendent is appointed to an Administrative Committee which advises the Consultant, Neace Lukens, concerning aspects of the administration of the Fund.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Fund is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Neace Lukens, 285 Cozzins Street, Columbus, Ohio, 43215.

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

**A. Basis of Presentation**

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

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The General following are the School District's major governmental fund.

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

Capital Projects Fund - The Capital Projects fund is used to accumulate money for one or more capital projects.

Other governmental funds of the School 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.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's custodial fund accounts for tournament monies collected on behalf of the Ohio High School Athletic Association (OHSAA).

**C. Basis of Accounting**

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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 yet collected) and certain 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 the financial statements.

**D. Budgetary Process**

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control 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 at the function and object level within all funds are made by the School District Treasurer.

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 statements reflect 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 statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriations resolution is subject to amendment throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations 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.

**E. Cash and Investments**

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

During fiscal year 2025, the School District invested in negotiable certificates of deposit, federal agency securities, commercial paper, U.S. money market mutual funds, and the State Treasury Asset Reserve of Ohio (STAR Ohio). With the exception of STAR Ohio, investments are reported at cost.

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 School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides 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 fiscal year 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

The School District has allocated interest earnings according to State statutes. Interest revenue credited to the general fund during fiscal year 2025 was \$392,764, which includes \$108,969 assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

**F. Capital Assets**

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**G. 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 School District does not offer noncash settlements.

School 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 School District's cash basis of accounting.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. Long-Term Obligations**

The School 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 SBITA is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease and SBITA payments and financed purchase payments are reported when paid.

**I. Leases**

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

**J. Subscription Based Information Technology Arrangements (SBITAs)**

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

**K. Net Position**

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**L. Fund Balance**

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

Nonspendable - The nonspendable fund cash 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 cash 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 cash balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund cash 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.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Assigned - Amounts in the assigned fund cash balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund cash 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 School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund cash 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 cash balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**M. Interfund Transactions**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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 transfers 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 financial statements.

**N. 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.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

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

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

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

**B. Compliance**

Ohio Administrative Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School 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 School District can be fined and various other administrative remedies may be taken against the School District.

**C. Deficit Fund Balances**

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

| <u>Nonmajor funds</u>                                    | <u>Deficit</u> |
|----------------------------------------------------------|----------------|
| Elementary and Secondary School Emergency Relief (ESSER) | \$ 323         |
| Title I, Disadvantaged Children                          | 846            |
| Student Support and Academic Enrichment                  | 222            |

The deficit fund balances resulted from a lag between disbursements made by the School 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 School 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 School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board 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.

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;

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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 or Ohio local governments, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in 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;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain banker's acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the 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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At fiscal year end, the District had \$3,000 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

**B. Deposits with Financial Institutions**

At June 30, 2025, the carrying amount of all School District deposits was \$2,085,127. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2025, \$1,851,179 of the School District's bank balance of \$2,101,179 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Deposit Insurance Corporation.

**VANLUE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School 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 School 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 2023, the School District's financial institutions were approved for a 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 School District to a successful claim by the FDIC.

**C. Investments**

As of June 30, 2025, the School 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                     | \$ 1,235,196          | \$ 1,235,196                 | \$ -                  | \$ -                   | \$ -                   | \$ -                          |
| Negotiable CDs                | 2,103,505             | 750,199                      | -                     | 109,780                | 243,634                | 999,892                       |
| Commercial Paper              | 242,997               | 242,997                      | -                     | -                      | -                      | -                             |
| U.S. Money Market Mutual Fund | 445,888               | 445,888                      | -                     | -                      | -                      | -                             |
| U.S. Treasury Notes           | 1,435,998             | -                            | 149,625               | -                      | -                      | 1,286,373                     |
| FFCB                          | 397,296               | 99,294                       | -                     | -                      | -                      | 298,002                       |
| FHLB                          | 744,618               | -                            | 500,000               | 244,618                | -                      | -                             |
| FHLMC                         | 150,000               | -                            | -                     | -                      | -                      | 150,000                       |
| Total                         | <u>\$ 6,755,498</u>   | <u>\$ 2,773,574</u>          | <u>\$ 649,625</u>     | <u>\$ 354,398</u>      | <u>\$ 243,634</u>      | <u>\$ 2,734,267</u>           |

The weighted average maturity of investments is 1.90 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 School District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* STAR Ohio carries 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 School District's investments in commercial paper were rated A-1 or A-1+ and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The School District's investments in federal agency securities (FFCB & FHLB) were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The School District's negotiable certificates of deposit and U.S. money market mutual fund were not rated. The School District has no policy that would further limit its investment choices.

**VANLUE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in 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 School District's name. The School 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 School 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 School District at June 30, 2025:

| <u>Investment type</u> | <u>Carrying value</u> | <u>% of Total</u> |
|------------------------|-----------------------|-------------------|
| STAR Ohio              | \$ 1,235,196          | 18.28             |
| Negotiable CDs         | 2,103,505             | 31.14             |
| Commercial Paper       | 242,997               | 3.60              |
| U.S. Money Market      |                       |                   |
| Mutual Fund            | 445,888               | 6.60              |
| U.S. Treasury Notes    | 1,435,998             | 21.26             |
| FFCB                   | 397,296               | 5.88              |
| FHLB                   | 744,618               | 11.02             |
| FHLMC                  | <u>150,000</u>        | <u>2.22</u>       |
| Total                  | <u>\$ 6,755,498</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, 2023:

|                                                    |                     |
|----------------------------------------------------|---------------------|
| <u>Cash per note</u>                               |                     |
| Cash on hand                                       | \$ 3,000            |
| Carrying amount of deposits                        | 2,085,127           |
| Investments                                        | <u>6,755,498</u>    |
| Total                                              | <u>\$ 8,843,625</u> |
| <br><u>Cash per statement of net cash position</u> |                     |
| Governmental activities                            | <u>\$ 8,843,625</u> |

**NOTE 5 - PROPERTY TAXES**

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

**VANLUE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 5 - PROPERTY TAXES - (Continued)**

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed values as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised 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 tangible personal property taxes received in calendar year 2025 became a lien on December 31, 2023, were levied after April 1, 2024, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Hancock, Seneca and Wyandot counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2025, are available to finance fiscal year 2025 operations. The amount 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 2023 taxes were collected are:

|                                                   | 2024 Second<br>Half Collections |                | 2025 First<br>Half Collections |                |
|---------------------------------------------------|---------------------------------|----------------|--------------------------------|----------------|
|                                                   | <u>Amount</u>                   | <u>Percent</u> | <u>Amount</u>                  | <u>Percent</u> |
| Agricultural/residential<br>and other real estate | \$ 61,519,200                   | 95.50          | \$ 61,778,680                  | 95.24          |
| Public utility personal                           | <u>2,897,150</u>                | <u>4.50</u>    | <u>3,088,010</u>               | <u>4.76</u>    |
| Total                                             | <u>\$ 64,416,350</u>            | <u>100.00</u>  | <u>\$ 64,866,690</u>           | <u>100.00</u>  |
| Tax rate per \$1,000 of<br>assessed valuation     | \$40.05                         |                | \$40.02                        |                |

**NOTE 6 - INCOME TAXES**

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2006, for a five-year period. In May 2010, the voters renewed the 1 percent income tax for a continuing period. 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 School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

**NOTE 7 - RISK MANAGEMENT**

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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**NOTE 7 - RISK MANAGEMENT – (Continued)**

Coverage provided by the Schools of Ohio Risk Sharing Authority is as follows:

|                                   |               |
|-----------------------------------|---------------|
| General School District Liability |               |
| Per Occurrence                    | \$ 15,000,000 |
| Total per Year                    | 17,000,000    |
| Automobile Liability              | 15,000,000    |

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.

For fiscal year 2025, the School District participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with SORSA for insurance coverage and pays annual premiums to SORSA based on the types and limits of coverage and deductibles selected by the participant.

The School District participates in Ohio SchoolComp, a Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool sponsored by the Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials' (OASBO). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other school districts in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to educational entities that can meet the GRP's selection criteria. Each participant must apply annually. The GRP provides the participants with a centralized program for processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement. The firm of Sedgwick provides administrative, cost control, and actuarial services to the GRP.

The School District participates in the Hancock County Schools Health Benefit Fund (Fund), a public entity shared risk pool consisting of seven local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Developmental Disabilities. The School District pays monthly premiums to the Fund for employee medical, dental, and vision insurance benefits. The Fund is responsible for the management and operations of the program. Upon withdrawal from the Fund, a participant is responsible for the payment of all Fund liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability/Asset***

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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 9 for the required OPEB disclosures.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description - The School 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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

|                              | Eligible to<br>Retire on or before<br>August 1, 2017 *                              | Eligible to<br>Retire after<br>August 1, 2017                                        |
|------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Full benefits                | Any age with 30 years of service credit                                             | Age 67 with 10 years of service credit; or<br>Age 57 with 30 years of service credit |
| Actuarially reduced benefits | Age 60 with 5 years of service credit; or<br>Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or<br>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.

**VANLUE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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 School 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 School District's contractually required contribution to SERS was \$70,117 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 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://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.

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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 Ohio. 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.

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 School District's contractually required contribution to STRS was \$214,197 for fiscal year 2025.

***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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Following is information related to the proportionate share and pension expense:

|                                                                  |                      |                     |              |
|------------------------------------------------------------------|----------------------|---------------------|--------------|
| Proportion of the net pension liability prior measurement date   | 0.012537600%         | 0.008854740%        |              |
| Proportion of the net pension liability current measurement date | <u>0.011304100%</u>  | <u>0.010392640%</u> |              |
| Change in proportionate share                                    | <u>-0.001233500%</u> | <u>0.001537900%</u> |              |
| Proportionate share of the net pension liability                 | \$ 578,273           | \$ 1,999,712        | \$ 2,577,985 |

***Actuarial Assumptions - SERS***

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

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

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

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

|                                               |                                             |
|-----------------------------------------------|---------------------------------------------|
| Wage inflation:                               |                                             |
| Current measurement date                      | 2.40%                                       |
| Future salary increases, including inflation: |                                             |
| Current measurement date                      | 3.25% to 13.58%                             |
| COLA or ad hoc COLA:                          |                                             |
| Current measurement date                      | 2.00%                                       |
| Investment rate of return:                    |                                             |
| Current measurement date                      | 7.00% net of system expenses                |
| Discount rate:                                |                                             |
| Current measurement date                      | 7.00%                                       |
| Actuarial cost method                         | Entry age normal (level percent of payroll) |

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

In 2024, mortality rates were based on the following:

**Service Retirement:** 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. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

**Disabled Retirement:** 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.

**Contingent Survivor:** PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, 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% 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<br/>Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</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>              |                                                   |

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

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**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%.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the 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<br>Discount Rate | 1% Increase |
|-----------------------------------------------------------------------|-------------|--------------------------|-------------|
| School District's proportionate share<br>of the net pension liability | \$ 884,676  | \$ 578,273               | \$ 320,296  |

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, 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%                     | 12.50% at age 20 to<br>2.50% at age 65                    |
| Investment rate of return            | 7.00%, net of investment<br>expenses, including inflation | 7.00%, net of investment<br>expenses, including inflation |
| Discount rate of return              | 7.00%                                                     | 7.00%                                                     |
| Payroll increases                    | 3.00%                                                     | 3.00%                                                     |
| Cost-of-living adjustments<br>(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 Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

| Asset Class          | Target<br>Allocation* | Long-Term Expected<br>Real Rate of Return ** |
|----------------------|-----------------------|----------------------------------------------|
| Domestic Equity      | 26.00 %               | 6.60 %                                       |
| International Equity | 22.00                 | 6.80                                         |
| Alternatives         | 19.00                 | 7.38                                         |
| Fixed Income         | 22.00                 | 1.75                                         |
| Real Estate          | 10.00                 | 5.75                                         |
| Liquidity Reserves   | 1.00                  | 1.00                                         |
| 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 Ohio'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 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 School 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, 2024, 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:

|                                                                       | 1% Decrease  | Current<br>Discount Rate | 1% Increase |
|-----------------------------------------------------------------------|--------------|--------------------------|-------------|
| School District's proportionate share<br>of the net pension liability | \$ 3,225,886 | \$ 1,999,712             | \$ 962,579  |

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***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.

**NOTE 9 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/Asset***

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

***Plan Description - School Employees Retirement System (SERS)***

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

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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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 School District's surcharge obligation was \$8,892.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$8,892 for fiscal year 2025.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://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 School District's proportion of the net OPEB liability/asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

|                                                                     | <u>SERS</u>          | <u>STRS</u>         | <u>Total</u> |
|---------------------------------------------------------------------|----------------------|---------------------|--------------|
| Proportion of the net OPEB liability/asset prior measurement date   | 0.012925300%         | 0.008854740%        |              |
| Proportion of the net OPEB liability/asset current measurement date | <u>0.011613200%</u>  | <u>0.010392640%</u> |              |
| Change in proportionate share                                       | <u>-0.001312100%</u> | <u>0.001537900%</u> |              |
| Proportionate share of the net OPEB liability                       | \$ 118,280           | \$ -                | \$ 118,280   |
| Proportionate share of the net OPEB asset                           | \$ -                 | \$ (197,129)        | \$ (197,129) |

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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Actuarial Assumptions - SERS***

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

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

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

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

Wage inflation:

|                          |       |
|--------------------------|-------|
| Current measurement date | 2.40% |
|--------------------------|-------|

Future salary increases, including inflation:

|                          |                 |
|--------------------------|-----------------|
| Current measurement date | 3.25% to 13.58% |
|--------------------------|-----------------|

Investment rate of return:

|                          |                                                         |
|--------------------------|---------------------------------------------------------|
| Current measurement date | 7.00% net of investment<br>expense, including inflation |
|--------------------------|---------------------------------------------------------|

Municipal bond index rate:

|                          |       |
|--------------------------|-------|
| Current measurement date | 3.93% |
|--------------------------|-------|

Single equivalent interest rate, net of plan investment expense,  
including price inflation:

|                          |       |
|--------------------------|-------|
| Current measurement date | 4.88% |
|--------------------------|-------|

Medical trend assumption:

|                          |               |
|--------------------------|---------------|
| Current measurement date | 7.00 to 4.40% |
|--------------------------|---------------|

In 2024, the following mortality assumptions were used:

**Healthy Retirees** - 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.

**Disabled Retirees** - 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.

**Contingent Survivors** - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

**Actives** - PUB-2010 General Amount Weighted Below Median Employee mortality table.

**Mortality Projection** - Mortality rates are projected using a fully generational projection with Scale MP-2020. In the prior measurement date, the following mortality assumptions were used:

**Healthy Retirees** - 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.

**Disabled Retirees** - 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.

**Contingent Survivors** - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

**Actives** - PUB-2010 General Amount Weighted Below Median Employee mortality table.

**Mortality Projection** - 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.

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as June 30, 2025 are summarized as follows:

| Asset Class                 | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return |
|-----------------------------|----------------------|-------------------------------------------|
| 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                                      |
| Infrastructurs              | 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 School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the 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%).

|                                                                    | 1% Decrease | Current<br>Discount Rate | 1% Increase |
|--------------------------------------------------------------------|-------------|--------------------------|-------------|
| School District's proportionate share<br>of the net OPEB liability | \$ 157,722  | \$ 118,280               | \$ 86,938   |
|                                                                    | 1% Decrease | Current<br>Trend Rate    | 1% Increase |
| School District's proportionate share<br>of the net OPEB liability | \$ 79,953   | \$ 118,280               | \$ 168,658  |

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***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.

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

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

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

|                                                                | 1% Decrease  | Current<br>Discount Rate | 1% Increase  |
|----------------------------------------------------------------|--------------|--------------------------|--------------|
| School District's proportionate share<br>of the net OPEB asset | \$ (160,279) | \$ (197,129)             | \$ (229,196) |
|                                                                | 1% Decrease  | Current<br>Trend Rate    | 1% Increase  |
| School District's proportionate share<br>of the net OPEB asset | \$ (231,362) | \$ (197,129)             | \$ (155,958) |

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of one hundred eighty-five days for teachers and one hundred eighty days for classified employees. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit up to a maximum of thirty days for all employees. Teachers receive an additional severance payment of up to thirty days for accumulated sick leave in excess of one-hundred eighty-five days.

**B. Employee Insurance Benefits**

The School District provides medical, dental, and vision insurance to all employees through the Hancock County Schools Health Benefit Fund. Depending upon the plan chosen, the employees share the cost of monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

**NOTE 11 - LONG-TERM DEBT**

During the year ended June 30, 2025 the following changes occurred in the School District's long-term debt:

|                                  | Balance<br>Outstanding<br><u>06/30/24</u> | <u>Additions</u> | <u>Reductions</u>   | Balance<br>Outstanding<br><u>06/30/25</u> | Amounts<br>Due in<br><u>One Year</u> |
|----------------------------------|-------------------------------------------|------------------|---------------------|-------------------------------------------|--------------------------------------|
| Governmental Activities:         |                                           |                  |                     |                                           |                                      |
| Note Payable - Financed Purchase | \$ 885,000                                | \$ -             | \$ (141,000)        | \$ 744,000                                | \$ 144,000                           |
| Total Governmental Activities    | <u>\$ 885,000</u>                         | <u>\$ -</u>      | <u>\$ (141,000)</u> | <u>\$ 744,000</u>                         | <u>\$ 144,000</u>                    |

**Note Payable - Financed Purchase**

During fiscal year 2020, the School District entered into a note payable agreement with Robert W. Baird & Co. for the purpose of facilitating certain energy conservation measures and related improvements to School District facilities. The \$1,436,000 in proceeds are to be repaid over nine years with a final maturity of December 1, 2029 and an interest rate of 1.70%. Principal and interest payments related to this agreement are made from the general fund.

Principal and interest requirements to retire the note payable at June 30, 2025 follows:

| Fiscal Year<br><u>Ending June 30,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|---------------------------------------|-------------------|------------------|-------------------|
| 2026                                  | \$ 144,000        | \$ 11,424        | \$ 155,424        |
| 2027                                  | 146,000           | 8,959            | 154,959           |
| 2028                                  | 149,000           | 6,452            | 155,452           |
| 2029                                  | 151,000           | 3,902            | 154,902           |
| 3030                                  | <u>154,000</u>    | <u>1,309</u>     | <u>155,309</u>    |
| Total                                 | <u>\$ 744,000</u> | <u>\$ 32,046</u> | <u>\$ 776,046</u> |

At June 30, 2025 the School District's overall debt margin was \$5,838,002 and the unvoted debt margin was \$64,867.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - SET-ASIDES**

The School District is required by State law to annually set-aside certain general fund revenue 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. Expenditures 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<br/>Improvements</u> |
|------------------------------------|---------------------------------|
| Set-aside balance June 30, 2024    | \$ -                            |
| Current year set-aside requirement | 37,058                          |
| Current year offsets               | <u>(37,058)</u>                 |
| Set-aside balance June 30, 2025    | <u>\$ -</u>                     |

**NOTE 13 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

There are currently no matters in litigation with the School District as 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 (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODEW has not finalized the impact of enrollment adjustments to the June 30, 2025 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODEW and management believe this will result in either a receivable to or liability of the School District.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - COMMITMENTS**

The School 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 School District's commitments for encumbrances in the governmental funds were as follows:

| <u>Fund</u>                 | <u>Year-End<br/>Encumbrances</u> |
|-----------------------------|----------------------------------|
| General fund                | \$ 174,564                       |
| Nonmajor governmental funds | <u>55,290</u>                    |
| Total                       | <u><u>\$ 229,854</u></u>         |

**NOTE 15 – INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2025, consisted of the following, as reported on the fund financial statement:

|                                                           | <u>Amount</u>              |
|-----------------------------------------------------------|----------------------------|
| <u>Transfers from the General Fund to:</u>                |                            |
| Capital Projects fund                                     | \$ 4,250,000               |
| Nonmajor Governmental funds                               | 35,000                     |
| <br><u>Transfers from Nonmajor Governmental Funds to:</u> |                            |
| General Fund                                              | <u>10,490</u>              |
| Total                                                     | <u><u>\$ 4,295,490</u></u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers made in fiscal year 2025 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

## SUPPLEMENTARY INFORMATION

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

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

|                                                    | <u>Budgeted Amounts</u>    |                            | <u>Actual Amounts</u>      | <u>Variance with</u>       |
|----------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                                    | <u>Original</u>            | <u>Final</u>               | <u>Budgetary</u>           | <u>Final Budget -</u>      |
|                                                    |                            |                            | <u>Basis</u>               | <u>over (under)</u>        |
|                                                    |                            |                            |                            | <u>Actual Amounts</u>      |
| Budgetary receipts and other financing sources     | \$ 4,266,634               | \$ 4,261,966               | \$ 4,346,335               | \$ 84,369                  |
| Budgetary disbursements and other financing uses   | <u>4,657,528</u>           | <u>9,477,179</u>           | <u>8,473,040</u>           | <u>(1,004,139)</u>         |
| Net change in fund balance                         | (390,894)                  | (5,215,213)                | (4,126,705)                | 1,088,508                  |
| <b>Budgetary fund balance at beginning of year</b> | 7,952,986                  | 7,952,986                  | 7,952,986                  | -                          |
| <b>Prior year encumbrances appropriated</b>        | <u>91,412</u>              | <u>91,412</u>              | <u>91,412</u>              | <u>-</u>                   |
| <b>Budgetary fund balance at end of year</b>       | <u><u>\$ 7,653,504</u></u> | <u><u>\$ 2,829,185</u></u> | <u><u>\$ 3,917,693</u></u> | <u><u>\$ 1,088,508</u></u> |

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

**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 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:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances (cash basis); and,
- (b) Some funds are included in the general fund (cash basis) but have separate legally adopted budgets (budget basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis for the general fund is as follows:

| <b>Net Change in Fund Balance</b> |                       |
|-----------------------------------|-----------------------|
|                                   | <u>General fund</u>   |
| Budget basis                      | \$ (4,126,705)        |
| Funds budgeted elsewhere          | 1,325                 |
| Adjustment for encumbrances       | <u>174,130</u>        |
| Cash basis                        | <u>\$ (3,951,250)</u> |

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. This includes the public school fund and the termination benefits fund.

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**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

**STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2024**

|                                            | <b>Governmental<br/>Activities</b> |
|--------------------------------------------|------------------------------------|
| <b>Assets:</b>                             |                                    |
| Equity in pooled cash and cash equivalents | <u>\$ 8,611,662</u>                |
| <b>Net position:</b>                       |                                    |
| Restricted for:                            |                                    |
| Capital projects                           | 329,404                            |
| State funded programs                      | 31,360                             |
| Federally funded programs                  | 36                                 |
| Food service operations                    | 66,330                             |
| Extracurricular activities                 | 67,974                             |
| Other purposes                             | 4,707                              |
| Unrestricted                               | <u>8,111,851</u>                   |
| Total net position                         | <u><u>\$ 8,611,662</u></u>         |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

|                                                                | Cash                |                                   | Program Receipts                      |                                     | Net (Disbursements) Receipts<br>and Changes in Net Position |
|----------------------------------------------------------------|---------------------|-----------------------------------|---------------------------------------|-------------------------------------|-------------------------------------------------------------|
|                                                                | Disbursements       | Charges for<br>Services and Sales | Operating Grants<br>and Contributions | Capital Grants<br>and Contributions | Governmental<br>Activities                                  |
| <b>Governmental activities:</b>                                |                     |                                   |                                       |                                     |                                                             |
| Instruction:                                                   |                     |                                   |                                       |                                     |                                                             |
| Regular                                                        | \$ 1,471,998        | \$ 13,377                         | \$ 25,708                             | \$ -                                | \$ (1,432,913)                                              |
| Special                                                        | 597,728             | 39,776                            | 210,005                               | -                                   | (347,947)                                                   |
| Vocational                                                     | 17,312              | -                                 | 7,609                                 | -                                   | (9,703)                                                     |
| Other                                                          | 78,757              | -                                 | -                                     | -                                   | (78,757)                                                    |
| Support services:                                              |                     |                                   |                                       |                                     |                                                             |
| Pupil                                                          | 130,394             | -                                 | 152,866                               | -                                   | 22,472                                                      |
| Instructional staff                                            | 114,017             | -                                 | 30,266                                | -                                   | (83,751)                                                    |
| Board of education                                             | 37,651              | -                                 | -                                     | -                                   | (37,651)                                                    |
| Administration                                                 | 457,859             | 248                               | -                                     | -                                   | (457,611)                                                   |
| Fiscal                                                         | 185,714             | 5,225                             | -                                     | -                                   | (180,489)                                                   |
| Operations and maintenance                                     | 535,549             | -                                 | 16,334                                | 30,000                              | (489,215)                                                   |
| Pupil transportation                                           | 293,278             | -                                 | 115,751                               | -                                   | (177,527)                                                   |
| Operation of non-instructional<br>services:                    |                     |                                   |                                       |                                     |                                                             |
| Food service operations                                        | 117,287             | 42,007                            | 52,739                                | -                                   | (22,541)                                                    |
| Other non-instructional services                               | 237                 | -                                 | 234                                   | -                                   | (3)                                                         |
| Extracurricular activities                                     | 211,882             | 83,282                            | 10,784                                | -                                   | (117,816)                                                   |
| Debt service:                                                  |                     |                                   |                                       |                                     |                                                             |
| Principal retirement                                           | 139,000             | -                                 | -                                     | -                                   | (139,000)                                                   |
| Interest and fiscal charges                                    | 16,227              | -                                 | -                                     | -                                   | (16,227)                                                    |
| <b>Total governmental activities</b>                           | <b>\$ 4,404,890</b> | <b>\$ 183,915</b>                 | <b>\$ 622,296</b>                     | <b>\$ 30,000</b>                    | <b>(3,568,679)</b>                                          |
| <b>General receipts:</b>                                       |                     |                                   |                                       |                                     |                                                             |
| Property taxes levied for:                                     |                     |                                   |                                       |                                     |                                                             |
| General purposes                                               |                     |                                   |                                       |                                     | 1,452,715                                                   |
| Capital outlay                                                 |                     |                                   |                                       |                                     | 89,319                                                      |
| Income taxes levied for:                                       |                     |                                   |                                       |                                     |                                                             |
| General purposes                                               |                     |                                   |                                       |                                     | 576,616                                                     |
| Grants and entitlements not restricted<br>to specific programs |                     |                                   |                                       |                                     | 1,606,641                                                   |
| Investment earnings                                            |                     |                                   |                                       |                                     | 362,655                                                     |
| Miscellaneous                                                  |                     |                                   |                                       |                                     | 8,855                                                       |
| Total general receipts                                         |                     |                                   |                                       |                                     | 4,096,801                                                   |
| Change in net position                                         |                     |                                   |                                       |                                     | 528,122                                                     |
| <b>Net cash position at beginning of year</b>                  |                     |                                   |                                       |                                     | 8,083,540                                                   |
| <b>Net cash position at end of year</b>                        |                     |                                   |                                       |                                     | <b>\$ 8,611,662</b>                                         |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2024

|                                               | <u>General</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-----------------------------------------------|----------------|--------------------------------------------|-----------------------------------------|
| <b>Assets:</b>                                |                |                                            |                                         |
| Equity in pooled cash<br>and cash equivalents | \$ 8,121,824   | \$ 489,838                                 | \$ 8,611,662                            |
| <b>Fund balances:</b>                         |                |                                            |                                         |
| Restricted:                                   |                |                                            |                                         |
| Capital improvements                          | \$ -           | \$ 329,404                                 | \$ 329,404                              |
| Food service operations                       | -              | 66,330                                     | 66,330                                  |
| State funded programs                         | -              | 31,360                                     | 31,360                                  |
| Federally funded programs                     | -              | 36                                         | 36                                      |
| Extracurricular activities                    | -              | 67,974                                     | 67,974                                  |
| Other purposes                                | -              | 4,707                                      | 4,707                                   |
| Committed:                                    |                |                                            |                                         |
| Termination benefits                          | 69,496         | -                                          | 69,496                                  |
| Assigned:                                     |                |                                            |                                         |
| Student instruction                           | 12,890         | -                                          | 12,890                                  |
| Student and staff support                     | 74,439         | -                                          | 74,439                                  |
| Extracurricular activities                    | 12,013         | -                                          | 12,013                                  |
| Subsequent year's appropriations              | 295,218        | -                                          | 295,218                                 |
| Unassigned (deficit)                          | 7,657,768      | (9,973)                                    | 7,647,795                               |
| Total fund balances                           | \$ 8,121,824   | \$ 489,838                                 | \$ 8,611,662                            |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

|                                           | <b>General</b>             | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|-------------------------------------------|----------------------------|--------------------------------------------|-----------------------------------------|
| <b>Receipts:</b>                          |                            |                                            |                                         |
| Property taxes                            | \$ 1,452,715               | \$ 89,319                                  | \$ 1,542,034                            |
| Income taxes                              | 576,616                    | -                                          | 576,616                                 |
| Intergovernmental                         | 1,892,644                  | 351,701                                    | 2,244,345                               |
| Investment earnings                       | 362,655                    | 3,808                                      | 366,463                                 |
| Tuition and fees                          | 53,153                     | -                                          | 53,153                                  |
| Extracurricular                           | 248                        | 83,282                                     | 83,530                                  |
| Charges for services                      | 5,225                      | 42,007                                     | 47,232                                  |
| Contributions and donations               | 2,228                      | 10,784                                     | 13,012                                  |
| Miscellaneous                             | 6,627                      | -                                          | 6,627                                   |
| Total receipts                            | <u>4,352,111</u>           | <u>580,901</u>                             | <u>4,933,012</u>                        |
| <b>Disbursements:</b>                     |                            |                                            |                                         |
| Current:                                  |                            |                                            |                                         |
| Instruction:                              |                            |                                            |                                         |
| Regular                                   | 1,456,082                  | 15,916                                     | 1,471,998                               |
| Special                                   | 534,549                    | 63,179                                     | 597,728                                 |
| Vocational                                | 17,312                     | -                                          | 17,312                                  |
| Other                                     | 78,757                     | -                                          | 78,757                                  |
| Support services:                         |                            |                                            |                                         |
| Pupil                                     | 124,285                    | 6,109                                      | 130,394                                 |
| Instructional staff                       | 87,132                     | 26,885                                     | 114,017                                 |
| Board of education                        | 37,651                     | -                                          | 37,651                                  |
| Administration                            | 457,859                    | -                                          | 457,859                                 |
| Fiscal                                    | 184,496                    | 1,218                                      | 185,714                                 |
| Operations and maintenance                | 313,121                    | 222,428                                    | 535,549                                 |
| Pupil transportation                      | 183,557                    | 109,721                                    | 293,278                                 |
| Operation of non-instructional services:  |                            |                                            |                                         |
| Food service operations                   | -                          | 117,287                                    | 117,287                                 |
| Other non-instructional services          | -                          | 237                                        | 237                                     |
| Extracurricular activities                | 117,774                    | 94,108                                     | 211,882                                 |
| Debt service:                             |                            |                                            |                                         |
| Principal retirement                      | 139,000                    | -                                          | 139,000                                 |
| Interest and fiscal charges               | 16,227                     | -                                          | 16,227                                  |
| Total disbursements                       | <u>3,747,802</u>           | <u>657,088</u>                             | <u>4,404,890</u>                        |
| Net change in fund balances               | 604,309                    | (76,187)                                   | 528,122                                 |
| <b>Fund balances at beginning of year</b> | <u>7,517,515</u>           | <u>566,025</u>                             | <u>8,083,540</u>                        |
| <b>Fund balances at end of year</b>       | <u><u>\$ 8,121,824</u></u> | <u><u>\$ 489,838</u></u>                   | <u><u>\$ 8,611,662</u></u>              |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

Vanlue Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state and federal guidelines.

The School District was established in 1922. The School District serves an area of approximately forty-nine square miles and is located in Hancock, Seneca, and Wyandot Counties and includes all of the Village of Vanlue and portions of Amanda, Biglick, Big Spring, and Ridge Townships. The School District is staffed by 12 classified employees, 21 certified teaching personnel, and 4 administrative employees who provide services to 151 students and other community members. The School District currently operates an instructional building and a bus garage.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Vanlue Local School District.

The School District participates in four jointly governed organizations and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Millstream Career and Technology Center, Hancock County Local Professional Development Committee, Northwestern Ohio Educational Research Council, Inc., Schools of Ohio Risk Sharing Authority, Ohio School Boards Association Workers’ Compensation Group Rating Plan, and Hancock County Schools Health Benefit Fund.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Auglaize, Hancock, Hardin, Lucas, Mercer, Paulding, Putnam, Seneca, Van Wert, and Wood Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of NOACSC consists of two representatives from each county. During fiscal year 2024, the School District paid \$18,780 to NOACSC for various services. Financial information can be obtained from NOACSC, 4277 East Road, Lima, Ohio 45807.

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Millstream Career and Technology Center

The Millstream Career and Technology Center is a distinct political subdivision of the State of Ohio established under Section 3313.90 of the Ohio Revised Code. The Career Center provides vocational instruction to students. The Career Center operates under the direction of an Advisory Council consisting of the superintendent of each participating school district and one additional representative appointed by the Findlay City School District. The Superintendents from the Hancock and Putnam County Educational Service Centers serve in an ex-officio capacity for all meetings. Financial information can be obtained from the Findlay City School District, 2019 Broad Avenue, Findlay, Ohio 45840.

Hancock County Local Professional Development Committee

The Hancock County Local Professional Development Committee (HCLPDC) was established in 1999 to plan, promote, and facilitate effective and efficient professional educator license renewal standards and staff development activities. The HCLPDC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its members. The HCLPDC is governed by a fourteen member Executive Board. Financial information can be obtained from the Hancock County Educational Service Center, who serves as fiscal agent, 7746 County Road 140, Findlay, Ohio 45840.

Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., 441 East Market Street, Celina, Ohio, 45822.

INSURANCE POOLS

Schools of Ohio Risk Sharing Authority

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The SORSA's business and affairs are conducted by a nine member board consisting of Superintendents, Treasurers and Business Managers. Willis Pooling is contracted to provide reinsurance brokerage, underwriting, rating, billing, consulting services, and establishing agreements between SORSA and its members. Financial information can be obtained from SORSA, 8050 North High Street, Suite 160, Columbus, Ohio 43235-6483.

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP.

The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sedgwick provides administrative, cost control and actuarial services to the GRP.

Hancock County Schools Health Benefit Fund

The Hancock County Schools Health Benefit Fund (Fund) is a public entity shared risk pool consisting of six local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Developmental Disabilities. The Fund is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. Each participants' superintendent is appointed to an Administrative Committee which advises the Consultant, Neace Lukens, concerning aspects of the administration of the Fund.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Fund is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Neace Lukens, 285 Cozzins Street, Columbus, Ohio, 43215.

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

**A. Basis of Presentation**

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

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

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The General fund is the School District's only major governmental fund.

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

Other governmental funds of the School 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.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District did not have any fiduciary funds in fiscal year 2024.

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Basis of Accounting**

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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 yet collected) and certain 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 the financial statements.

**D. Budgetary Process**

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control 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 at the function and object level within all funds are made by the School District Treasurer.

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 statements reflect 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 statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriations resolution is subject to amendment throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations 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.

**E. Cash and Investments**

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

During fiscal year 2024, the School District invested in negotiable certificates of deposit, federal agency securities, commercial paper, U.S. money market mutual funds, U.S. Treasury Notes, and the State Treasury Asset Reserve of Ohio (STAR Ohio). With the exception of STAR Ohio, investments are reported at cost.

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 School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**VANLUE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

The School District has allocated interest earnings according to State statutes. Interest revenue credited to the general fund during fiscal year 2024 was \$362,655, which includes \$19,368 assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

**F. Capital Assets**

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**G. Compensated Absences**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

**H. Long-Term Obligations**

The School 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 SBITA is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease and SBITA payments and financed purchase payments are reported when paid.

**I. Leases**

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

**J. Subscription Based Information Technology Arrangements (SBITAs)**

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

**VANLUE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**K. Net Position**

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**L. Fund Balance**

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

Nonspendable - The nonspendable fund cash 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 cash 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 cash balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund cash 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 cash balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund cash 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 School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund cash 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 cash balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**VANLUE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**M. Interfund Transactions**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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 transfers 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 financial statements.

**N. 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.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2024, the School District has implemented certain paragraphs of GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*" and Implementation Guide No. 2023-1.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the School District.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the School District.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the School District.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Compliance**

Ohio Administrative Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School 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 School District can be fined and various other administrative remedies may be taken against the School District.

**C. Deficit Fund Balances**

Fund balances at June 30, 2024 included the following individual fund deficits:

| <u>Nonmajor governmental funds</u>                       | <u>Deficit</u> |
|----------------------------------------------------------|----------------|
| Elementary and Secondary School Emergency Relief (ESSER) | \$ 6,078       |
| Title I, Disadvantaged Children                          | 250            |
| Student Support and Academic Enrichment                  | 2,059          |
| IDEA Preschool Grant for the Handicapped                 | 1,151          |
| Improving Teacher Quality                                | 435            |

The deficit fund balances resulted from a lag between disbursements made by the School 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 School 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 School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board 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.

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;

**VANLUE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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 or Ohio local governments, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in 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;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain banker's acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the 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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Deposits with Financial Institutions**

At June 30, 2024, the carrying amount of all School District deposits was \$2,156,188. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2024, \$1,922,953 of the School District's bank balance of \$2,172,953 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Deposit Insurance Corporation.

**VANLUE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School 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 School 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 2024, the School District's financial institutions were approved for a 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 School District to a successful claim by the FDIC.

**B. Investments**

As of June 30, 2024, the School District had the following investments and maturities:

| Investment Type     | Carrying Value      | Investment Maturities |                     |                   |                   |                        |
|---------------------|---------------------|-----------------------|---------------------|-------------------|-------------------|------------------------|
|                     |                     | 6 months or less      | 7 to 12 months      | 13 to 18 months   | 19 to 24 months   | Greater than 24 months |
| STAR Ohio           | \$ 1,177,389        | \$ 1,177,389          | \$ -                | \$ -              | \$ -              | \$ -                   |
| Negotiable CDs      | 2,066,943           | 224,810               | 738,520             | 750,199           | -                 | 353,414                |
| Commercial Paper    | 965,710             | 245,542               | 720,168             | -                 | -                 | -                      |
| U.S. Money Market   |                     |                       |                     |                   |                   |                        |
| Mutual Fund         | 16,729              | 16,729                | -                   | -                 | -                 | -                      |
| U.S. Treasury Notes | 728,733             | -                     | 129,932             | -                 | 149,625           | 449,176                |
| FFCB                | 397,013             | -                     | 99,717              | 99,294            | -                 | 198,002                |
| FHLB                | 899,950             | 100,000               | 100,000             | -                 | 600,000           | 99,950                 |
| FHLMC               | 203,007             | -                     | -                   | -                 | -                 | 203,007                |
| Total               | <u>\$ 6,455,474</u> | <u>\$ 1,764,470</u>   | <u>\$ 1,788,337</u> | <u>\$ 849,493</u> | <u>\$ 749,625</u> | <u>\$ 1,303,549</u>    |

The weighted average maturity of investments is 1.38 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 School District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* STAR Ohio carries 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 School District's investments in commercial paper were rated A-1 or A-1+ and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The School District's investments in U.S. Treasury Notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The School District's investments in federal agency securities (FFCB, FHLB, and FHLMC) were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The School District's negotiable certificates of deposit and U.S. money market mutual fund were not rated. The School District has no policy that would further limit its investment choices.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in 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 School District's name. The School 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 School 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 School District at June 30, 2024:

| <u>Investment type</u> | <u>Carrying value</u> | <u>% of Total</u> |
|------------------------|-----------------------|-------------------|
| STAR Ohio              | \$ 1,177,389          | 18.24             |
| Negotiable CDs         | 2,066,943             | 32.02             |
| Commercial Paper       | 965,710               | 14.96             |
| U.S. Money Market      |                       |                   |
| Mutual Fund            | 16,729                | 0.26              |
| U.S. Treasury Notes    | 728,733               | 11.29             |
| FFCB                   | 397,013               | 6.15              |
| FHLB                   | 899,950               | 13.94             |
| FHLMC                  | 203,007               | 3.14              |
| Total                  | <u>\$ 6,455,474</u>   | <u>100.00</u>     |

**C. 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, 2024:

|                                                |                     |
|------------------------------------------------|---------------------|
| <u>Cash per note</u>                           |                     |
| Carrying amount of deposits                    | \$ 2,156,188        |
| Investments                                    | <u>6,455,474</u>    |
| Total                                          | <u>\$ 8,611,662</u> |
| <u>Cash per statement of net cash position</u> |                     |
| Governmental activities                        | <u>\$ 8,611,662</u> |

**VANLUE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenues received in calendar year 2024 represent the collection of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed values as of January 1, 2023, 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 2024 represent the collection of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien on December 31, 2022, were levied after April 1, 2023, 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 School District receives property taxes from Hancock, Seneca and Wyandot counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2024, are available to finance fiscal year 2024 operations. 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 2024 taxes were collected are:

|                                                   | 2023 Second<br>Half Collections |                | 2024 First<br>Half Collections |                |
|---------------------------------------------------|---------------------------------|----------------|--------------------------------|----------------|
|                                                   | <u>Amount</u>                   | <u>Percent</u> | <u>Amount</u>                  | <u>Percent</u> |
| Agricultural/residential<br>and other real estate | \$ 59,668,630                   | 95.62          | \$ 61,519,200                  | 95.50          |
| Public utility personal                           | <u>2,735,360</u>                | <u>4.38</u>    | <u>2,897,150</u>               | <u>4.50</u>    |
| Total                                             | <u>\$ 62,403,990</u>            | <u>100.00</u>  | <u>\$ 64,416,350</u>           | <u>100.00</u>  |
| Tax rate per \$1,000 of<br>assessed valuation     | \$40.21                         |                | \$40.05                        |                |

**NOTE 6 - INCOME TAXES**

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2006, for a five-year period. In May 2010, the voters renewed the 1 percent income tax for a continuing period. 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 School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 7 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the School District contracted for the following insurance coverage.

Coverage provided by the Schools of Ohio Risk Sharing Authority is as follows:

|                                   |               |
|-----------------------------------|---------------|
| General School District Liability |               |
| Per Occurrence                    | \$ 15,000,000 |
| Total per Year                    | 17,000,000    |
| Automobile Liability              | 15,000,000    |

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.

For fiscal year 2024, the School District participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with SORSA for insurance coverage and pays annual premiums to SORSA based on the types and limits of coverage and deductibles selected by the participant.

The School District participates in Ohio SchoolComp, a Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool sponsored by the Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials' (OASBO). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other school districts in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to educational entities that can meet the GRP's selection criteria. Each participant must apply annually. The GRP provides the participants with a centralized program for processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement. The firm of Sedgwick provides administrative, cost control, and actuarial services to the GRP.

The School District participates in the Hancock County Schools Health Benefit Fund (Fund), a public entity shared risk pool consisting of seven local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Developmental Disabilities. The School District pays monthly premiums to the Fund for employee medical, dental, and vision insurance benefits. The Fund is responsible for the management and operations of the program. Upon withdrawal from the Fund, a participant is responsible for the payment of all Fund liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**VANLUE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability/Asset***

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

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

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 9 for the required OPEB disclosures.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description - The School 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](http://www.ohsers.org) under Employers/Audit Resources.

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

|                              | Eligible to<br>Retire on or before<br>August 1, 2017 *                              | Eligible to<br>Retire after<br>August 1, 2017                                        |
|------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Full benefits                | Any age with 30 years of service credit                                             | Age 67 with 10 years of service credit; or<br>Age 57 with 30 years of service credit |
| Actuarially reduced benefits | Age 60 with 5 years of service credit; or<br>Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or<br>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.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the School 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, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$69,823 for fiscal year 2024.

***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 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://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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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (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. 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 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all of their member contributions and 9.53% 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 Ohio. The remaining 4.47% 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.

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 2024 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$200,603 for fiscal year 2024.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Net Pension Liability***

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share:

|                                                                  | <u>SERS</u>         | <u>STRS</u>          | <u>Total</u> |
|------------------------------------------------------------------|---------------------|----------------------|--------------|
| Proportion of the net pension liability prior measurement date   | 0.012172600%        | 0.009538670%         |              |
| Proportion of the net pension liability current measurement date | <u>0.012537600%</u> | <u>0.008854740%</u>  |              |
| Change in proportionate share                                    | <u>0.000365000%</u> | <u>-0.000683930%</u> |              |
| Proportionate share of the net pension liability                 | \$ 692,767          | \$ 1,906,863         | \$ 2,599,630 |

***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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023 and June 30, 2022, are presented below:

|                                               |                                             |
|-----------------------------------------------|---------------------------------------------|
| Wage inflation:                               |                                             |
| Current measurement date                      | 2.40%                                       |
| Prior measurement date                        | 2.40%                                       |
| Future salary increases, including inflation: |                                             |
| Current measurement date                      | 3.25% to 13.58%                             |
| Prior measurement date                        | 3.25% to 13.58%                             |
| COLA or ad hoc COLA:                          |                                             |
| Current measurement date                      | 2.00%                                       |
| Prior measurement date                        | 2.00%                                       |
| Investment rate of return:                    |                                             |
| Current measurement date                      | 7.00% net of system expenses                |
| Prior measurement date                        | 7.00% net of system expenses                |
| Discount rate:                                |                                             |
| Current measurement date                      | 7.00%                                       |
| Prior measurement date                        | 7.00%                                       |
| Actuarial cost method                         | Entry age normal (level percent of payroll) |

In 2023, 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.

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 the Statement of Investment Policy. ORC 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

| Asset Class                 | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return |
|-----------------------------|----------------------|-------------------------------------------|
| Cash                        | 2.00 %               | 0.75 %                                    |
| US Equity                   | 24.75                | 4.82                                      |
| Non-US Equity Developed     | 13.50                | 5.19                                      |
| Non-US Equity Emerging      | 6.75                 | 5.98                                      |
| Fixed Income/Global Bonds   | 19.00                | 2.24                                      |
| Private Equity              | 12.00                | 7.49                                      |
| Real Estate/Real Assets     | 17.00                | 3.70                                      |
| Private Debt/Private Credit | 5.00                 | 5.64                                      |
| Total                       | <u>100.00 %</u>      |                                           |

**Discount Rate** - Total pension liability 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 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 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 2023 was 6.90%.

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

|                                                                       | 1% Decrease  | Current<br>Discount Rate | 1% Increase |
|-----------------------------------------------------------------------|--------------|--------------------------|-------------|
| School District's proportionate share<br>of the net pension liability | \$ 1,022,489 | \$ 692,767               | \$ 415,039  |

**VANLUE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and June 30, 2022, actuarial valuation are presented below:

|                                   | June 30, 2023                                          | June 30, 2022                                          |
|-----------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| 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, 2023 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 Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 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 Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

| Asset Class          | Target Allocation* | Long-Term Expected Real Rate of Return ** |
|----------------------|--------------------|-------------------------------------------|
| Domestic Equity      | 26.00 %            | 6.60 %                                    |
| International Equity | 22.00              | 6.80                                      |
| Alternatives         | 19.00              | 7.38                                      |
| Fixed Income         | 22.00              | 1.75                                      |
| Real Estate          | 10.00              | 5.75                                      |
| Liquidity Reserves   | 1.00               | 1.00                                      |
| Total                | 100.00 %           |                                           |

\* Final target weights reflected at October 1, 2022.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's 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, 2023. 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 in Note 1. 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 Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. 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, 2023.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table represents 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 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:

|                                                                       | 1% Decrease  | Current<br>Discount Rate | 1% Increase  |
|-----------------------------------------------------------------------|--------------|--------------------------|--------------|
| School District's proportionate share<br>of the net pension liability | \$ 2,932,333 | \$ 1,906,863             | \$ 1,039,596 |

**Assumption and Benefit Changes Since the Prior Measurement Date** - The discount rate remained at 7.00% for June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

**NOTE 9 - DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability/Asset**

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

**Plan Description - School Employees Retirement System (SERS)**

**Health Care Plan Description** - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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](http://www.ohsers.org) under Employers/Audit Resources.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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 2024, 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 2024, the School District's surcharge obligation was \$9,578.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$9,578 for fiscal year 2024.

***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. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://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. Nearly all health care plan enrollees, for the most recent year, 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, 2024, 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, 2023, 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 School District's proportion of the net OPEB liability/asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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   | 0.012453600%        | 0.009538670%         |              |
| Proportion of the net OPEB liability/asset current measurement date | <u>0.012925300%</u> | <u>0.008854740%</u>  |              |
| Change in proportionate share                                       | <u>0.000471700%</u> | <u>-0.000683930%</u> |              |
| Proportionate share of the net OPEB liability                       | \$ 212,936          | \$ -                 | \$ 212,936   |
| Proportionate share of the net OPEB asset                           | \$ -                | \$ (172,212)         | \$ (172,212) |

***Actuarial Assumptions - SERS***

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 and June 30, 2022 are presented below:

Wage inflation:

|                          |       |
|--------------------------|-------|
| Current measurement date | 2.40% |
| Prior measurement date   | 2.40% |

Future salary increases, including inflation:

|                          |                 |
|--------------------------|-----------------|
| Current measurement date | 3.25% to 13.58% |
| Prior measurement date   | 3.25% to 13.58% |

Investment rate of return:

|                          |                                                         |
|--------------------------|---------------------------------------------------------|
| Current measurement date | 7.00% net of investment<br>expense, including inflation |
| Prior measurement date   | 7.00% net of investment<br>expense, including inflation |

Municipal bond index rate:

|                          |       |
|--------------------------|-------|
| Current measurement date | 3.86% |
| Prior measurement date   | 3.69% |

Single equivalent interest rate, net of plan investment expense,  
including price inflation:

|                          |       |
|--------------------------|-------|
| Current measurement date | 4.27% |
| Prior measurement date   | 4.08% |

Medical trend assumption:

|                          |               |
|--------------------------|---------------|
| Current measurement date | 6.75 to 4.40% |
| Prior measurement date   | 7.00 to 4.40% |

In 2023, the following mortality assumptions were used:

**Healthy Retirees** - 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.

**Disabled Retirees** - 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.

**Contingent Survivors** - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

**Actives** - PUB-2010 General Amount Weighted Below Median Employee mortality table.

**Mortality Projection** - Mortality rates are projected using a fully generational projection with Scale MP-2020.

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.

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

The long-term expected rate of return 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.

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 are summarized as follows:

| Asset Class                 | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return |
|-----------------------------|----------------------|-------------------------------------------|
| Cash                        | 2.00 %               | 0.75 %                                    |
| US Equity                   | 24.75                | 4.82                                      |
| Non-US Equity Developed     | 13.50                | 5.19                                      |
| Non-US Equity Emerging      | 6.75                 | 5.98                                      |
| Fixed Income/Global Bonds   | 19.00                | 2.24                                      |
| Private Equity              | 12.00                | 7.49                                      |
| Real Estate/Real Assets     | 17.00                | 3.70                                      |
| Private Debt/Private Credit | 5.00                 | 5.64                                      |
| Total                       | <u>100.00 %</u>      |                                           |

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. 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 2048 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, 2022 and the June 30, 2023 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 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates*** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

|                                                                    | <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|--------------------------------------------------------------------|--------------------|----------------------------------|--------------------|
| School District's proportionate share<br>of the net OPEB liability | \$ 272,195         | \$ 212,936                       | \$ 166,210         |

  

|                                                                    | <u>1% Decrease</u> | <u>Current<br/>Trend Rate</u> | <u>1% Increase</u> |
|--------------------------------------------------------------------|--------------------|-------------------------------|--------------------|
| School District's proportionate share<br>of the net OPEB liability | \$ 156,438         | \$ 212,936                    | \$ 287,807         |

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

|                                      | <u>June 30, 2023</u>                                      | <u>June 30, 2022</u>                                      |
|--------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| Inflation                            | 2.50%                                                     | 2.50%                                                     |
| Projected salary increases           | Varies by service from 2.50%<br>to 8.50%                  | Varies by service from 2.50%<br>to 8.50%                  |
| Investment rate of return            | 7.00%, net of investment<br>expenses, including inflation | 7.00%, net of investment<br>expenses, including inflation |
| Payroll increases                    | 3.00%                                                     | 3.00%                                                     |
| Cost-of-living adjustments<br>(COLA) | 0.00%                                                     | 0.00%                                                     |
| Discount rate of return              | 7.00%                                                     | 7.00%                                                     |
| Blended discount rate of return      | N/A                                                       | N/A                                                       |
| Health care cost trends              |                                                           |                                                           |
|                                      | Initial                                                   | Ultimate                                                  |
| Medical                              |                                                           |                                                           |
| Pre-Medicare                         | 7.50%                                                     | 4.14%                                                     |
| Medicare                             | -10.94%                                                   | 4.14%                                                     |
| Prescription Drug                    |                                                           |                                                           |
| Pre-Medicare                         | -11.95%                                                   | 4.14%                                                     |
| Medicare                             | 1.33%                                                     | 4.14%                                                     |

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

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

For the June 30, 2023 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, 2023 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, 2023 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, 2024.

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

| Asset Class          | Target<br>Allocation* | Long-Term Expected<br>Real Rate of Return ** |
|----------------------|-----------------------|----------------------------------------------|
| Domestic Equity      | 26.00 %               | 6.60 %                                       |
| International Equity | 22.00                 | 6.80                                         |
| Alternatives         | 19.00                 | 7.38                                         |
| Fixed Income         | 22.00                 | 1.75                                         |
| Real Estate          | 10.00                 | 5.75                                         |
| Liquidity Reserves   | 1.00                  | 1.00                                         |
| Total                | 100.00 %              |                                              |

\* Final target weights reflected at October 1, 2022.

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's 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, 2023. The projection of cash flows used to determine the discount rate assumed STRS Ohio 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, 2023. 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, 2023.

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate*** - The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

|                                                                | <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|----------------------------------------------------------------|--------------------|----------------------------------|--------------------|
| School District's proportionate share<br>of the net OPEB asset | \$ (145,755)       | \$ (172,212)                     | \$ (195,254)       |
|                                                                | <u>1% Decrease</u> | <u>Current<br/>Trend Rate</u>    | <u>1% Increase</u> |
| School District's proportionate share<br>of the net OPEB asset | \$ (196,323)       | \$ (172,212)                     | \$ (143,172)       |

**NOTE 10 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of one hundred eighty-five days for teachers and one hundred eighty days for classified employees. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit up to a maximum of thirty days for all employees. Teachers receive an additional severance payment of up to thirty days for accumulated sick leave in excess of one-hundred eighty-five days.

**B. Employee Insurance Benefits**

The School District provides medical, dental, and vision insurance to all employees through the Hancock County Schools Health Benefit Fund. Depending upon the plan chosen, the employees share the cost of monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

**NOTE 11 - LONG-TERM DEBT**

During the year ended June 30, 2024 the following changes occurred in the School District's long-term debt:

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

|                                  | Balance<br>Outstanding<br>06/30/23 | Additions   | Reductions          | Balance<br>Outstanding<br>06/30/24 | Amounts<br>Due in<br>One Year |
|----------------------------------|------------------------------------|-------------|---------------------|------------------------------------|-------------------------------|
| Governmental Activities:         |                                    |             |                     |                                    |                               |
| Note Payable - Financed Purchase | \$ 1,024,000                       | \$ -        | \$ (139,000)        | \$ 885,000                         | \$ 141,000                    |
| Total Governmental Activities    | <u>\$ 1,024,000</u>                | <u>\$ -</u> | <u>\$ (139,000)</u> | <u>\$ 885,000</u>                  | <u>\$ 141,000</u>             |

**NOTE 11 - LONG-TERM DEBT - (Continued)**

**Note Payable - Financed Purchase**

During fiscal year 2020, the School District entered into a note payable agreement with Robert W. Baird & Co. for the purpose of facilitating certain energy conservation measures and related improvements to School District facilities. The \$1,436,000 in proceeds are to be repaid over nine years with a final maturity of December 1, 2029 and an interest rate of 1.70%. Principal and interest payments related to this agreement are made from the general fund.

Principal and interest requirements to retire the note payable at June 30, 2024 follows:

| Fiscal Year<br>Ending June 30, | Principal         | Interest         | Total             |
|--------------------------------|-------------------|------------------|-------------------|
| 2025                           | \$ 141,000        | \$ 13,847        | \$ 154,847        |
| 2026                           | 144,000           | 11,424           | 155,424           |
| 2027                           | 146,000           | 8,959            | 154,959           |
| 2028                           | 149,000           | 6,452            | 155,452           |
| 2029                           | 151,000           | 3,902            | 154,902           |
| 2030                           | <u>154,000</u>    | <u>1,309</u>     | <u>155,309</u>    |
| Total                          | <u>\$ 885,000</u> | <u>\$ 45,893</u> | <u>\$ 930,893</u> |

At June 30, 2024 the School District's overall debt margin was \$5,797,472 and the unvoted debt margin was \$64,416.

**NOTE 12 - SET-ASIDES**

The School District is required by State law to annually set-aside certain general fund revenue 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. Expenditures 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.

|                                    | Capital<br>Improvements |
|------------------------------------|-------------------------|
| Set-aside balance June 30, 2023    | \$ -                    |
| Current year set-aside requirement | 32,026                  |
| Current year offsets               | <u>(32,026)</u>         |
| Set-aside balance June 30, 2024    | <u>\$ -</u>             |

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 13 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2024.

**B. Litigation**

There are currently no matters in litigation with the School District as 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 & Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODEW has not finalized the impact of enrollment adjustments to the June 30, 2024 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODEW and management believe this will result in either a receivable to or liability of the School District.

**NOTE 14 - COMMITMENTS**

The School 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 School District's commitments for encumbrances in the governmental funds were as follows:

| <u>Fund</u>                 | <u>Year-End<br/>Encumbrances</u> |
|-----------------------------|----------------------------------|
| General fund                | \$ 91,441                        |
| Nonmajor governmental funds | <u>57,416</u>                    |
| Total                       | <u>\$ 148,857</u>                |

## SUPPLEMENTARY INFORMATION

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

|                                                    | <b>Budgeted Amounts</b> |                     | <b>Actual Amounts</b> | <b>Variance with</b>  |
|----------------------------------------------------|-------------------------|---------------------|-----------------------|-----------------------|
|                                                    | <b>Original</b>         | <b>Final</b>        | <b>Budgetary</b>      | <b>Final Budget -</b> |
|                                                    |                         |                     | <b>Basis</b>          | <b>over (under)</b>   |
|                                                    |                         |                     |                       | <b>Actual Amounts</b> |
| Budgetary receipts and other financing sources     | \$ 3,795,570            | \$ 4,340,153        | \$ 4,357,587          | \$ 17,434             |
| Budgetary disbursements and other financing uses   | 4,790,347               | 5,029,382           | 3,862,242             | (1,167,140)           |
| Net change in fund balance                         | (994,777)               | (689,229)           | 495,345               | 1,184,574             |
| <b>Budgetary fund balance at beginning of year</b> | 7,330,365               | 7,330,365           | 7,330,365             | -                     |
| <b>Prior year encumbrances appropriated</b>        | 127,276                 | 127,276             | 127,276               | -                     |
| <b>Budgetary fund balance at end of year</b>       | <u>\$ 6,462,864</u>     | <u>\$ 6,768,412</u> | <u>\$ 7,952,986</u>   | <u>\$ 1,184,574</u>   |

SEE ACCOMPANYING NOTES TO THE OTHER INFORMATION

**VANLUE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO**

**NOTES TO THE SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**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 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:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances (cash basis); and,
- (b) Some funds are included in the general fund (cash basis) but have separate legally adopted budgets (budget basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis for the general fund is as follows:

| <b>Net Change in Fund Balance</b> |                     |
|-----------------------------------|---------------------|
|                                   | <u>General fund</u> |
| Budget basis                      | \$ 495,345          |
| Funds budgeted elsewhere          | 17,552              |
| Adjustment for encumbrances       | <u>91,412</u>       |
| Cash basis                        | <u>\$ 604,309</u>   |

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. This includes the public school fund and the termination benefits fund.



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

Vanlue Local School District  
Hancock County  
301 South East Street, P.O. Box 250  
Vanlue, Ohio 45890-0250

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 the 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 the Vanlue Local School District, Hancock County, Ohio (the District) as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 23, 2025, 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 are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2025-001.

***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.

*BHM CPA Group*

BHM CPA Group, Inc.  
Portsmouth, Ohio  
December 23, 2025

**Vanlue Local School District  
Hancock County**

**Schedule of Findings  
June 30, 2025 and 2024**

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

**FINDING NUMBER 2025-001**

**Noncompliance Citation**

**Ohio Revised 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 Administrative Code § 117-2-03 further clarifies the requirements of Ohio Revised Code § 117.38.

Ohio Administrative Code § 117-2-03(B) requires the District to file annual financial reports which are prepared using generally accepted accounting principles. However, the District prepared its financial statements in accordance with the cash accounting basis which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements and note omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

The District should prepare its statement in accordance with accounting principles generally accepted in the United State of America.

**Officials' Response:** We did not receive a response from Officials to this finding.

**Vanlue Local School District  
Hancock County  
Summary Schedule of Prior Audit Findings  
June 30, 2025 and 2024**

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| <b>Finding<br/>Number</b> | <b>Finding<br/>Summary</b>                                                                                                               | <b>Status</b> | <b>Additional Information</b> |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------------|
| 2023-001                  | Material Non-Compliance: OAC<br>117-2-03(B) – failed to prepare<br>financial statement using generally<br>accepted accounting principals | Not Corrected | Reissued as Finding 2025-001  |

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# OHIO AUDITOR OF STATE KEITH FABER



**VANLUE LOCAL SCHOOL DISTRICT**

**HANCOCK COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 4/9/2026**

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](http://www.ohioauditor.gov)