

WARREN LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025



OHIO AUDITOR OF STATE KEITH FABER



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Board of Education
Warren Local School District
220 Sweetapple Road
Vincent, Ohio 45784

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

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

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink, reading "Tiffany L. Ridenbaugh".

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

April 01, 2026

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Washington County, Ohio
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**Warren Local School District
Washington County, Ohio**

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Independent Auditor's Report

To the Board of Education
Warren Local School District
Washington County, Ohio
220 Sweetapple Road
Vincent, OH 45784

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Warren Local School District, Washington County, Ohio, (the "School District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2025, and the respective changes in financial position and, where applicable cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, the School District restated net position balances to account for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School 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 School 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 School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and pension and other post-employment benefit schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic

financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The *Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the *Schedule of Expenditures of Federal Awards* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School 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 School District's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
December 22, 2025

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

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

Financial Highlights

Key financial highlights for the fiscal year 2025 are as follows:

- In total, net position increased \$3,786,960. Net position of governmental activities increased \$4,256,872, and the business-type activity decreased \$469,942 from 2024.
- General revenues accounted for \$24,490,608 in revenue or 80% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$6,003,693 or 20% of total revenues of \$30,494,301.
- Total program expenses were \$27,731,698; \$26,237,429 in governmental activities and \$1,494,269 in the business-type activity.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2025?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all position and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

In the Statement of Net Position and the Statement of Activities, the School District is divided into two kinds of activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Business-Type Activity - Some services are provided on a charge for goods or services basis to recover all of the expenses of the good or services provided. The School District's food service program is reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major fund begins on page 10. Fund financial reports provide detailed information about the School District's major fund. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

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

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities (food service); therefore, these statements will essentially match.

Fiduciary Funds The School District accounts for resources held for the benefit of parties outside the government as fiduciary funds. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the School District's own programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

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

The School District as a Whole

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

(Table 1)
Net Position

	Governmental Activities		Business-Type Activity		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and Other Assets	\$33,095,436	\$31,516,737	\$690,525	\$1,057,126	\$33,785,961	\$32,573,863
Net OPEB Asset	1,395,125	1,466,527	0	0	1,395,125	1,466,527
Capital Assets, Net	77,234,402	77,751,172	3,911,149	3,983,067	81,145,551	81,734,239
<i>Total Assets</i>	<u>111,724,963</u>	<u>110,734,436</u>	<u>4,601,674</u>	<u>5,040,193</u>	<u>116,326,637</u>	<u>115,774,629</u>
Deferred Outflows of Resources						
Refunding	79,717	271,038	0	0	79,717	271,038
Pension and OPEB	4,420,582	4,879,328	316,341	459,666	4,540,814	5,109,735
<i>Total Deferred Outflows</i>	<u>4,500,299</u>	<u>5,150,366</u>	<u>316,341</u>	<u>459,666</u>	<u>4,620,531</u>	<u>5,380,773</u>
Liabilities						
Current and Other Liabilities	4,117,353	5,165,433	96,235	91,350	4,213,588	5,256,783
Long-term Liabilities						
Due Within One Year	1,851,416	1,104,000	6,494	0	1,857,910	1,104,000
Due in More Than One Year						
Net Pension Liability	18,467,751	20,856,032	479,451	689,983	18,947,202	21,546,015
Net OPEB Liability	871,394	1,415,870	96,823	211,565	968,217	1,627,435
Other Amounts	27,268,026	26,683,381	99,900	22,820	27,367,926	26,706,201
<i>Total Liabilities</i>	<u>52,575,940</u>	<u>55,224,716</u>	<u>778,903</u>	<u>1,015,718</u>	<u>53,354,843</u>	<u>56,240,434</u>
Deferred Inflows of Resources						
Property Taxes	12,522,484	11,683,570	0	0	12,522,484	11,683,570
Pension and OPEB	5,146,206	4,486,891	377,993	180,736	5,328,090	4,438,368
<i>Total Deferred Inflows of Resources</i>	<u>17,668,690</u>	<u>16,170,461</u>	<u>377,993</u>	<u>180,736</u>	<u>17,850,574</u>	<u>16,121,938</u>
Net Position						
Net Investment in Capital Assets	52,342,134	53,668,770	3,983,067	3,983,067	56,325,201	57,651,837
Restricted	6,073,485	3,990,120	0	0	6,073,485	3,990,120
Unrestricted (Deficits)	(12,434,987)	(13,169,265)	(221,948)	320,338	(12,656,935)	(12,848,927)
<i>Total Net Position</i>	<u>\$45,980,632</u>	<u>\$44,489,625</u>	<u>\$3,761,119</u>	<u>\$4,303,405</u>	<u>\$49,741,751</u>	<u>\$48,793,030</u>

New Accounting Pronouncement/Restatements

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

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

The implementation of GASB Statement 101 resulted in recognizing additional long-term compensated absences liabilities of \$2,765,865 in governmental activities and \$72,344 in business-type activities at July 1, 2024. These amounts also impacted beginning net position for the cumulative effect of additional compensated absences expense (See Note 3).

Governmental and Business Type Activities

The net pension liability is one of the largest liabilities reported by the School District at June 30, 2025. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute.

A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Each fiscal year, the above referenced changes impact the balance of the net pension/OPEB asset/liability and the related deferred inflows and outflows. During fiscal year 2025, the net pension liability and the net OPEB asset/liability decreased for both STRS and SERS. These changes primarily resulted from increased investment earnings. The decrease in deferred outflows for pension primarily results from the difference between expected and actual experience amounts recognized in 2025 for STRS, offset by the amortization recognized in the current year for both STRS and SERS. The increase in deferred inflows for pension resulted from the difference between projected and actual earning on investments recognized in the current year, offset by the amortization recognized in the current year. Overall, the changes for deferred outflows/inflows for OPEB were not significant.

Total assets increased in governmental activities and decreased in the business-type activity. In governmental activities, the main reason for the increase was due largely to the increase in Equity in Pooled Cash and Cash Equivalents. Nondepreciable capital assets increased due to the start of the health clinic project, while depreciable capital assets decreased, caused by an increase in depreciation in fiscal 2025 with the completion of three projects at the end of fiscal year 2024. Total assets in the business-type activity decreased mainly due to the decrease in Equity in Pooled Cash and Cash Equivalents, which was due to the decrease in food service sales for fiscal year 2025 resulting from the free breakfast and lunch program.

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

Total liabilities decreased in 2025. Despite increases in compensated absences, both governmental activities and the business-type activity reflected overall decreases from pension and OPEB liabilities, as explained previously.

Table 2 shows the changes in net position for the fiscal years ended June 30, 2025, compared to 2024.

(Table 2) Changes in Net Position						
	Governmental Activities		Business-Type Activity		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for Services	\$656,736	\$882,187	\$236,665	\$482,171	\$893,401	\$1,364,358
Operating Grants, Contributions and Interest	4,822,670	4,654,518	752,406	718,079	5,575,076	5,372,597
Capital Grants and Contributions	524,287	0	0	0	524,287	0
Total Program Revenues	<u>6,003,693</u>	<u>5,536,705</u>	<u>989,071</u>	<u>1,200,250</u>	<u>6,992,764</u>	<u>6,736,955</u>
General Revenues:						
Property Taxes	11,500,362	11,501,427	0	0	11,500,362	11,501,427
Grants and Entitlements not Restricted to Specific Program	12,288,474	12,304,548	0	0	12,288,474	12,304,548
Gifts and Donations	1,500	41,500	0	0	1,500	41,500
Investment Earnings/Interest	664,272	701,227	35,256	43,978	699,528	745,205
Gain on Sale of Capital Assets	4,925	9,311	0	0	4,925	9,311
Miscellaneous	31,075	16,873	0	0	31,075	16,873
Total General Revenues	<u>24,490,608</u>	<u>24,574,886</u>	<u>35,256</u>	<u>43,978</u>	<u>24,525,864</u>	<u>24,618,864</u>
Total Revenues	<u>30,494,301</u>	<u>30,111,591</u>	<u>1,024,327</u>	<u>1,244,228</u>	<u>31,518,628</u>	<u>31,355,819</u>
Program Expenses						
Instruction:						
Regular	10,261,892	10,896,681	0	0	10,261,892	10,896,681
Special	3,285,665	3,555,867	0	0	3,285,665	3,555,867
Vocational	932,732	1,026,206	0	0	932,732	1,026,206
Intervention	10,107	9,983	0	0	10,107	9,983
Support Services:						
Pupils	924,477	1,027,935	0	0	924,477	1,027,935
Instructional Staff	967,943	809,641	0	0	967,943	809,641
Board of Education	120,971	166,845	0	0	120,971	166,845
Administration	2,114,715	1,874,601	0	0	2,114,715	1,874,601
Fiscal	832,213	797,466	0	0	832,213	797,466
Business	657	814	0	0	657	814
Operation and Maintenance of Plant	2,423,909	3,955,171	0	0	2,423,909	3,955,171
Pupil Transportation	2,376,627	2,534,207	0	0	2,376,627	2,534,207
Central	17,196	18,884	0	0	17,196	18,884
Operation of Non-Instructional Services	4,241	5,219	0	0	4,241	5,219
Extracurricular Activities	1,133,118	1,203,467	0	0	1,133,118	1,203,467
Interest	830,966	820,343	0	0	830,966	820,343
Food Service	0	0	1,494,269	1,444,779	1,494,269	1,444,779
Total Expenses	<u>26,237,429</u>	<u>28,703,330</u>	<u>1,494,269</u>	<u>1,444,779</u>	<u>27,731,698</u>	<u>30,148,109</u>
Change in Net Position	<u>4,256,872</u>	<u>1,408,261</u>	<u>(469,942)</u>	<u>(200,551)</u>	<u>3,786,930</u>	<u>1,207,710</u>
Net Position Beginning of Year as Previously Reported	44,489,625	43,081,364	4,303,405	4,503,956	48,793,030	47,585,320
Restatement- See Note 3	<u>(2,765,865)</u>	<u>0</u>	<u>(72,344)</u>	<u>0</u>	<u>(2,838,209)</u>	<u>0</u>
Restated Net Position Beginning of Year	<u>41,723,760</u>	<u>43,081,364</u>	<u>4,231,061</u>	<u>4,503,956</u>	<u>45,954,821</u>	<u>47,585,320</u>
Net Position End of Year	<u><u>\$45,980,632</u></u>	<u><u>\$44,489,625</u></u>	<u><u>\$3,761,119</u></u>	<u><u>\$4,303,405</u></u>	<u><u>\$49,741,751</u></u>	<u><u>\$48,793,030</u></u>

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

New Accounting Pronouncement/Restatements

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

Governmental Activities

Overall revenues increased in 2025. The 2025 revenues were comparable to 2024 revenue, reflecting only one percent increase year over year.

Expenses in governmental activities decreased in 2025 primarily due to reduced grant in expenditures in 2024.

Business-Type Activity

The business-type activity is the School District's food service operation. Sales had decreased in fiscal year 2025 due to a free breakfast and lunch program and not enough subsidies to offset the difference. The increase in expenses was driven by inflation and higher salaries and fringe benefits in fiscal year 2025. Program receipts for this activity consist of food service sales and state and federal grants for lunchroom programs. The food service activity has operated effectively enough to avoid operating transfers from the governmental activities.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and investment earnings offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

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

(Table 3)
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2025	2025	2024	2024
Program Expenses				
Instruction:				
Regular	\$10,261,892	\$10,091,305	\$10,896,681	\$10,633,603
Special	3,285,665	916,760	3,555,867	1,266,413
Vocational	932,732	717,003	1,026,206	793,028
Student Intervention Services	10,107	10,107	9,983	9,983
Support Services:				
Pupils	924,477	883,122	1,027,935	973,318
Instructional Staff	967,943	854,115	809,641	706,216
Board of Education	120,971	120,971	166,845	166,845
Administration	2,114,715	2,107,226	1,874,601	1,862,717
Fiscal	832,213	832,144	797,466	797,466
Business	657	657	814	814
Operation and Maintenance of Plant	2,423,909	1,815,870	3,955,171	3,905,089
Pupil Transportation	2,376,627	438,451	2,534,207	557,648
Central	17,196	17,196	18,884	18,884
Operation of Non-Instructional Services	4,241	(117)	5,219	(90)
Extracurricular Activities	1,133,118	597,960	1,203,467	654,348
Interest	830,966	830,966	820,343	820,343
Total	\$26,237,429	\$20,233,736	\$28,703,330	\$23,166,625

The table above reflects how the School District funds its programs through program revenues. All programs rely heavily on general revenues during the fiscal year.

The School District Funds

All governmental funds are accounted for using the modified accrual basis of accounting. The School District's General Fund balance for 2025 was comparable to 2024 fund balance reflecting a decrease of less than one percent. In total, the governmental funds increased in fund balance in 2025 due to a decrease in expenditures as significant building projects were completed in 2024. The Food Service Enterprise Fund decreased due increased salaries and benefits and lower federal grants and state funding revenues. Also, food service sales decreased due to the free breakfast and lunch program offered in fiscal year 2025.

General Fund Budgeting Highlights

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

During the course of fiscal year 2025, the School District amended its General Fund budget. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, actual revenue was \$26,399,120, \$1,181,250 above final estimates of \$25,217,870. Expenditures of \$25,685,722 were above final appropriations by \$921,909. Transfers out of \$1,370,000 were above final appropriations by \$2,188,932.

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

Capital Assets

At the end of fiscal year 2025, the School District had \$81,145,551 invested in various capital asset types. Table 4 shows fiscal year 2025 balances compared to 2024.

Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-Type Activity		Total	
	2025	2024	2025	2024	2025	2024
Land	\$282,222	\$282,222	\$0	\$0	\$282,222	\$282,222
Construction in Progress	584,760	0	0	0	584,760	0
Development in Process	125,003	0	0	0	125,003	0
Buildings and Improvements	70,898,069	72,169,268	3,221,682	3,263,177	74,119,751	75,432,445
Furniture and Equipment	4,001,490	4,070,496	689,467	719,890	4,690,957	4,790,386
Vehicles	1,342,858	1,229,186	0	0	1,342,858	1,229,186
Totals	<u>\$77,234,402</u>	<u>\$77,751,172</u>	<u>\$3,911,149</u>	<u>\$3,983,067</u>	<u>\$81,145,551</u>	<u>\$81,734,239</u>

See Note 9 to the basic financial statements for more information on capital position.

Debt

At June 30, 2025, the School District had \$25,123,143 in bonds and financed purchases outstanding.

(Table 5)

Outstanding Debt, at Fiscal Year End

Governmental Activities

	2025	2024
2017 School Facilities		
Construction and Improvement Bonds	\$424,121	\$828,242
Refunding Bonds	19,888,022	20,047,124
Financed Purchases	<u>4,811,000</u>	<u>5,385,000</u>
Totals	<u>\$25,123,143</u>	<u>\$26,260,366</u>

See Notes 12 to the basic financial statements for more information on these and other obligations.

Current Issues

The continued attempt to control the inflationary raise in the school foundation formula and shifting of the tax base may contain the amount of payment the Legislature has to contribute to the school districts of the State. It will not contain the rising price of fuel for the buses, power and heating costs, the repair and maintenance of our facilities, the rising cost of benefits, and other contractual items. It is the stated goal of the Board of Education to ensure the School District operates such that its one-year budget and five-year forecast maintain a cash surplus equal to or greater than two months operating expenses and to use a ratio of 80 percent to the total annual budget/total annual revenue as a benchmark for determining the fiscal "health" of the School District. Maintaining these goals with the influence of the previously listed budgetary factors will become increasingly difficult.

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

Beginning in fiscal year 2022, Ohio launched the Fair School Funding Plan (FSFP), transforming the way the State funds public education. This model is grounded in a base cost methodology that includes four key components essential to the educational process. The Base Cost is determined using historical actual data, calculated from a two-year statewide average as its foundation. For the Warren Local School District, the total per pupil base cost is set at \$8,171. Out of this total, the State contributes \$3,568 per pupil (43.66%), while the local portion amounts to \$4,603 per pupil.

The School District was successful in passing a bond levy in May 2017, which facilitated working with the Ohio Facilities Construction Commission to build a new high school, a new elementary school, renovations/additions to the current middle school, and upgrade the sports facilities. In May 2025, the School District was successful in renewing the emergency fixed sum levy for a period of 10 years.

The challenge for all school districts is to provide a quality education to their students while staying within the restrictions imposed by limited, and in some cases, shrinking funding. The School District is reviewing its sources of revenue and has determined that increases will be difficult to obtain. We are currently reviewing our projected expenditures including benefits and staffing levels in an attempt to maintain our stated financial goals and the quality of education.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Melcie Wells, Treasurer at Warren Local School District, 220 Sweetapple Road, Vincent, Ohio 45784, or e-mail at melcie.wells@warrenlocal.org.

Warren Local School District, Ohio
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activity	Total*
Assets			
Equity in Pooled Cash and Cash Equivalents	\$18,149,872	\$632,967	\$18,782,839
Cash and Cash Equivalents with Fiscal Agents	713,290	0	713,290
Accrued Interest Receivable	14,318	0	14,318
Intergovernmental Receivable	672,457	0	672,457
Inventory Held for Resale	0	45,971	45,971
Materials and Supplies Inventory	348,516	5,426	353,942
Accounts Receivable	30,668	5,166	35,834
Claims Receivable	167,597	0	167,597
Prepaid Items	55,847	995	56,842
Property Taxes Receivable	12,942,871	0	12,942,871
Net OPEB Asset	1,395,125	0	1,395,125
Nondepreciable Capital Assets	991,985	0	991,985
Depreciable Capital Assets, Net	76,242,417	3,911,149	80,153,566
<i>Total Assets</i>	<i>111,724,963</i>	<i>4,601,674</i>	<i>116,326,637</i>
Deferred Outflows of Resources			
Deferred Charge on Refunding	79,717	0	79,717
Pension	3,726,302	181,415	3,797,058
OPEB	694,280	134,926	743,756
<i>Total Deferred Outflows of Resources</i>	<i>4,500,299</i>	<i>316,341</i>	<i>4,620,531</i>
Liabilities			
Accounts Payable	88,572	695	89,267
Accrued Wages and Benefits Payable	2,209,018	74,608	2,283,626
Contracts Payable	385,851	0	385,851
Retainage Payable	19,301	0	19,301
Accrued Vacation Benefits Payable	109,447	0	109,447
Matured Compensated Absences Payable	86,354	0	86,354
Intergovernmental Payable	625,327	20,932	646,259
Accrued Interest Payable	53,858	0	53,858
Claims Payable	539,625	0	539,625
Long-Term Liabilities:			
Due Within One Year	1,851,416	6,494	1,857,910
Due in More Than One Year:			
Net Pension Liability	18,467,751	479,451	18,947,202
Net OPEB Liability	871,394	96,823	968,217
Other Amounts	27,268,026	99,900	27,367,926
<i>Total Liabilities</i>	<i>52,575,940</i>	<i>778,903</i>	<i>53,354,843</i>
Deferred Inflows of Resources			
Property Taxes	12,522,484	0	12,522,484
Pension	2,666,584	152,411	2,708,336
OPEB	2,479,622	225,582	2,619,754
<i>Total Deferred Inflows of Resources</i>	<i>17,668,690</i>	<i>377,993</i>	<i>17,850,574</i>
Net Position			
Net Investment in Capital Assets	52,342,134	3,911,149	56,253,283
Restricted for:			
Unclaimed Monies	50,714	0	50,714
Debt Service	1,241,882	0	1,241,882
Capital Projects	2,231,702	0	2,231,702
Community Involvement	51,051	0	51,051
Students	138,828	0	138,828
Athletic and Music	87,560	0	87,560
State Grants	1,957	0	1,957
Federal Grants	2,869	0	2,869
Classroom Facilities	871,797	0	871,797
OPEB	1,395,125	0	1,395,125
Unrestricted (Deficit)	(12,434,987)	(150,030)	(12,585,017)
<i>Total Net Position</i>	<i>\$45,980,632</i>	<i>\$3,761,119</i>	<i>\$49,741,751</i>

*After deferred inflows and deferred outflows related to the change in internal proportionate share of pension and OPEB related items have been eliminated.

See accompanying notes to the basic financial statements

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

	Program Revenues				Net (Expense)Revenue and Changes in Net Position		
		Charges for	Operating Grants,	Capital			
	Expenses	Services	Contributions and Interest	Grants and Contributions	Governmental Activities	Business-Type Activity	Total
Governmental Activities							
Instruction:							
Regular	\$10,261,892	\$864	\$169,723	\$0	(\$10,091,305)	\$0	(\$10,091,305)
Special	3,285,665	174,316	2,194,589	0	(916,760)	0	(916,760)
Vocational	932,732		215,729	0	(717,003)	0	(717,003)
Intervention	10,107			0	(10,107)	0	(10,107)
Support Services:							
Pupils	924,477		41,355	0	(883,122)	0	(883,122)
Instructional Staff	967,943		113,828	0	(854,115)	0	(854,115)
Board of Education	120,971			0	(120,971)	0	(120,971)
Administration	2,114,715	2,419	5,070	0	(2,107,226)	0	(2,107,226)
Fiscal	832,213		69	0	(832,144)	0	(832,144)
Business	657			0	(657)	0	(657)
Operation and Maintenance of Plant	2,423,909		83,752	524,287	(1,815,870)	0	(1,815,870)
Pupil Transportation	2,376,627		1,938,176	0	(438,451)	0	(438,451)
Central	17,196			0	(17,196)	0	(17,196)
Operation of Non-Instructional Services	4,241		4,358	0	117	0	117
Extracurricular Activities	1,133,118	479,137	56,021	0	(597,960)	0	(597,960)
Interest	830,966			0	(830,966)	0	(830,966)
<i>Total Governmental Activities</i>	26,237,429	656,736	4,822,670	524,287	(20,233,736)	0	(20,233,736)
Business-Type Activity							
Food Service	1,494,269	236,665	752,406	0	0	(505,198)	(505,198)
<i>Totals</i>	<u>\$27,731,698</u>	<u>\$893,401</u>	<u>\$5,575,076</u>	<u>\$524,287</u>	<u>(20,233,736)</u>	<u>(505,198)</u>	<u>(20,738,934)</u>
General Revenues							
Property Taxes Levied for:							
General Purposes					9,605,714	0	9,605,714
Classroom Facilities					167,835	0	167,835
Debt Service					1,282,437	0	1,282,437
Permanent Improvements					444,376	0	444,376
Grants and Entitlements not Restricted to Specific Program					12,288,474	0	12,288,474
Gifts and Donations not Restricted					1,500	0	1,500
Investment Earnings/Interest					664,272	35,256	699,528
Gain on Sale of Capital Assets					4,925	0	4,925
Miscellaneous					31,075	0	31,075
<i>Total General Revenues</i>					<u>24,490,608</u>	<u>35,256</u>	<u>24,525,864</u>
<i>Change in Net Position</i>					<u>4,256,872</u>	<u>(469,942)</u>	<u>3,786,930</u>
<i>Net Position at Beginning of Year- as Previously Reported</i>					44,489,625	4,303,405	48,793,030
<i>Restatement - Change in Accounting Principle</i>					<u>(2,765,865)</u>	<u>(72,344)</u>	<u>(2,838,209)</u>
<i>Restated Net Position at Beginning of Year</i>					<u>41,723,760</u>	<u>4,231,061</u>	<u>45,954,821</u>
<i>Net Position at End of Year</i>					<u>\$45,980,632</u>	<u>\$3,761,119</u>	<u>\$49,741,751</u>

See accompanying notes to the basic financial statements

Warren Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2025

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$10,415,342	\$7,627,597	\$18,042,939
Receivables:			
Property Taxes	10,958,485	1,984,386	12,942,871
Accounts	30,614	54	30,668
Interfund	111,878	0	111,878
Intergovernmental	64,780	607,677	672,457
Accrued Interest	0	14,318	14,318
Materials and Supplies Inventory	348,516	0	348,516
Prepaid Items	45,684	10,163	55,847
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	50,714	0	50,714
<i>Total Assets</i>	<u>\$22,026,013</u>	<u>\$10,244,195</u>	<u>\$32,270,208</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$80,604	\$7,968	\$88,572
Accrued Wages and Benefits Payable	2,085,216	123,802	2,209,018
Contracts Payable	0	385,851	385,851
Retainage Payable	0	19,301	19,301
Matured Compensated Absences Payable	86,354	0	86,354
Interfund Payable	0	111,878	111,878
Intergovernmental Payable	579,366	45,961	625,327
<i>Total Liabilities</i>	<u>2,831,540</u>	<u>694,761</u>	<u>3,526,301</u>
Deferred Inflows of Resources			
Property Taxes	10,585,933	1,936,551	12,522,484
Unavailable Revenue	249,506	56,388	305,894
<i>Total Deferred Inflows of Resources</i>	<u>10,835,439</u>	<u>1,992,939</u>	<u>12,828,378</u>
Fund Balances			
Nonspendable	444,914	10,163	455,077
Restricted	0	4,291,243	4,291,243
Committed	289,038	4,000	293,038
Assigned	829,568	3,369,281	4,198,849
Unassigned (Deficit)	6,795,514	(118,192)	6,677,322
<i>Total Fund Balances</i>	<u>8,359,034</u>	<u>7,556,495</u>	<u>15,915,529</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$22,026,013</u>	<u>\$10,244,195</u>	<u>\$32,270,208</u>

See accompanying notes to the basic financial statements

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

Total Governmental Fund Balances	\$15,915,529
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*Amounts reported for governmental activities in the statement of
net position are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	77,234,402
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Delinquent Property Taxes	197,848	
Intergovernmental Revenues	35,206	
Tuition and Fees	30,614	
Investment Earnings/Interest	42,226	305,894

Deferred outflows of resources representing deferred charges on refunding do not provide current financial resources and therefore are not reported in the funds.	79,717
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An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal fund are included in governmental activities in the statement of net position.	397,481
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Accrued vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the balance sheet until due.	(109,447)
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The net pension liability, and net OPEB liability/asset are not due and payable in the current period; therefore, the liabilities, asset, and related deferred inflows/outflows are not reported in the funds:

Net OPEB Asset	1,395,125	
Deferred Outflows - Pension and OPEB	4,420,582	
Deferred Inflows - Pension and OPEB	(5,146,206)	
Net Pension Liability	(18,467,751)	
Net OPEB Liability	(871,394)	(18,669,644)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Asset Retirement Obligation	(27,500)	
Financed Purchase	(4,811,000)	
School Facilities Construction and Improvement Bonds	(424,121)	
Refunding Bonds	(19,888,022)	
Sick Leave Benefits Payable	(3,968,799)	(29,119,442)

Accrued Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the balance sheet.	(53,858)
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Net Position of Governmental Activities	\$45,980,632
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See accompanying notes to the basic financial statements

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$9,795,124	\$1,916,724	\$11,711,848
Intergovernmental	15,617,503	1,876,028	17,493,531
Investment Earnings/Interest	506,933	165,411	672,344
Tuition and Fees	177,497	0	177,497
Extracurricular Activities	75,383	407,037	482,420
Gifts and Donations	8,382	111,695	120,077
Miscellaneous	28,334	2,741	31,075
<i>Total Revenues</i>	<u>26,209,156</u>	<u>4,479,636</u>	<u>30,688,792</u>
Expenditures			
Current:			
Instruction:			
Regular	9,933,681	131,027	10,064,708
Special	3,020,800	880,301	3,901,101
Vocational	964,517	1,979	966,496
Intervention	10,107	0	10,107
Support Services:			
Pupils	971,391	39,964	1,011,355
Instructional Staff	877,207	91,956	969,163
Board of Education	120,971	0	120,971
Administration	2,155,120	0	2,155,120
Fiscal	781,120	39,079	820,199
Business	657	0	657
Operation and Maintenance of Plant	2,215,637	240,602	2,456,239
Pupil Transportation	2,457,382	0	2,457,382
Central	17,196	0	17,196
Operation of Non-Instructional Services	0	4,241	4,241
Extracurricular Activities	730,491	486,646	1,217,137
Capital Outlay	198,580	617,507	816,087
Debt Service:			
Principal Retirement	574,000	530,000	1,104,000
Interest	104,617	570,646	675,263
<i>Total Expenditures</i>	<u>25,133,474</u>	<u>3,633,948</u>	<u>28,767,422</u>
<i>Excess of Revenues Over Expenditures</i>	<u>1,075,682</u>	<u>845,688</u>	<u>1,921,370</u>
Other Financing Sources (Use)			
Transfers In	0	2,012,193	2,012,193
Proceeds from Sale of Capital Assets	4,925	0	4,925
Transfers Out	(1,120,000)	(892,193)	(2,012,193)
<i>Total Other Financing Sources (Use)</i>	<u>(1,115,075)</u>	<u>1,120,000</u>	<u>4,925</u>
<i>Net Change in Fund Balance</i>	<u>(39,393)</u>	<u>1,965,688</u>	<u>1,926,295</u>
<i>Fund Balances at Beginning of Year</i>	<u>8,398,427</u>	<u>5,590,807</u>	<u>13,989,234</u>
<i>Fund Balances at End of Year</i>	<u><u>\$8,359,034</u></u>	<u><u>\$7,556,495</u></u>	<u><u>\$15,915,529</u></u>

See accompanying notes to the basic financial statements

Warren Local School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025*

Net Change in Fund Balances - Total Governmental Funds	\$1,926,295
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*Amounts reported for governmental activities in the statement of activities
are different because*

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

Capital Asset Additions	1,518,307	
Depreciation Expense	<u>(2,035,077)</u>	(516,770)

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

Delinquent Property Taxes	(211,486)	
Intergovernmental Revenues	17,547	
Tuition and Fees	(3,181)	
Investment Earnings/Interest	<u>(2,296)</u>	(199,416)

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

Pension	1,947,143	
OPEB	<u>59,958</u>	2,007,101

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

Pension	(723,557)	
OPEB	<u>459,750</u>	(263,807)

Amortization of deferred inflows related to the asset retirement obligation is reported as an expense in the statement of activities.	(7,500)
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Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Financed Purchase	574,000	
Refunding Bonds	175,000	
General Obligation Bonds	<u>355,000</u>	1,104,000

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums are reported as revenues and expenditures when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:

Capital Appreciation Bond Premium	174,675	
Accrued Interest Payable	2,395	
Amortization of GO Bond Premiums	49,121	
Amortization of Deferred Amount on Refunding	(191,321)	
Annual Accretion	<u>(190,573)</u>	(155,703)

Some expenses reported on the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued Vacation Benefits Payable	(16,888)	
Compensated Absences Payable	<u>304,081</u>	287,193

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

	<u>75,479</u>
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Change in Net Position of Governmental Activities	<u><u>\$4,256,872</u></u>
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See accompanying notes to the basic financial statements

Warren Local School District, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property Taxes	\$9,853,747	\$9,853,747	\$9,828,373	(\$25,374)
Intergovernmental	14,340,921	14,340,921	15,634,845	1,293,924
Interest	600,000	600,000	591,167	(8,833)
Tuition and Fees	351,600	351,600	262,468	(89,132)
Extracurricular Activities	61,000	61,000	72,100	11,100
Gifts and Donations	1,500	1,500	1,500	0
Miscellaneous	9,102	9,102	8,667	(435)
<i>Total Revenues</i>	<u>25,217,870</u>	<u>25,217,870</u>	<u>26,399,120</u>	<u>1,181,250</u>
Expenditures				
Current:				
Instruction:				
Regular	9,405,065	10,209,574	10,014,297	195,277
Special	2,926,643	3,177,620	3,048,939	128,681
Vocational	951,244	1,031,707	976,733	54,974
Intervention	7,435	8,073	7,744	329
Support Services:				
Pupils	929,238	1,008,963	967,756	41,207
Instructional Staff	871,214	944,571	949,950	(5,379)
Board of Education	129,333	139,392	122,098	17,294
Administration	2,050,923	2,226,669	2,133,437	93,232
Fiscal	762,247	827,650	793,930	33,720
Business	665	722	693	29
Operation and Maintenance of Plant	2,121,633	2,300,157	2,167,094	133,063
Pupil Transportation	2,692,380	2,896,789	2,803,920	92,869
Central	19,877	21,582	20,703	879
Extracurricular Activities	753,994	814,240	731,319	82,921
Capital Outlay	304,710	321,305	268,492	52,813
Debt Service:				
Principal Payments	574,000	574,000	574,000	0
Interest	104,617	104,617	104,617	0
<i>Total Expenditures</i>	<u>24,605,218</u>	<u>26,607,631</u>	<u>25,685,722</u>	<u>921,909</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>612,652</u>	<u>(1,389,761)</u>	<u>713,398</u>	<u>2,103,159</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	10,000	10,000	4,925	(5,075)
Transfers Out	(1,370,000)	(3,558,932)	(1,370,000)	2,188,932
<i>Total Other Financing Sources (Uses)</i>	<u>(1,360,000)</u>	<u>(3,548,932)</u>	<u>(1,365,075)</u>	<u>2,183,857</u>
<i>Net Change in Fund Balance</i>	<u>(747,348)</u>	<u>(4,938,693)</u>	<u>(651,677)</u>	<u>4,287,016</u>
<i>Fund Balance at Beginning of Year</i>	<u>9,704,152</u>	<u>9,704,152</u>	<u>9,704,152</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>589,472</u>	<u>589,472</u>	<u>589,472</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$9,546,276</u>	<u>\$5,354,931</u>	<u>\$9,641,947</u>	<u>\$4,287,016</u>

See accompanying notes to the basic financial statements

Warren Local School District, Ohio

Statement of Fund Position

Proprietary Funds

June 30, 2025

	Business-Type Activity	Governmental Activities
	Food Service Enterprise Fund	Medical and Prescription Insurance Internal Service Fund
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$632,967	\$56,219
Cash and Cash Equivalents with Fiscal Agent	0	713,290
Inventory Held for Resale	45,971	0
Materials and Supplies Inventory	5,426	0
Accounts Receivable	5,166	167,597
Prepaid Items	995	0
<i>Total Current Assets</i>	690,525	937,106
Noncurrent Assets:		
Depreciable Capital Assets, net	3,911,149	0
<i>Total Assets</i>	4,601,674	937,106
Deferred Outflows of Resources		
Pension	181,415	0
OPEB	134,926	0
<i>Total Deferred Outflows of Resources</i>	316,341	0
Liabilities		
Current Liabilities:		
Accounts Payable	695	0
Accrued Wages and Benefits Payable	74,608	0
Intergovernmental Payable	20,932	0
Claims Payable	0	539,625
Compensated Absences Payable	6,494	0
<i>Total Current Liabilities</i>	102,729	539,625
Long-Term Liabilities:		
Compensated Absences Payable	99,900	0
Net Pension Liability	479,451	0
Net OPEB Liability	96,823	0
<i>Total Long-Term Liabilities</i>	676,174	0
<i>Total Liabilities</i>	778,903	539,625
Deferred Inflows of Resources		
Pension	152,411	0
OPEB	225,582	0
<i>Total Deferred Inflows of Resources</i>	377,993	0
Net Position		
Invested in Capital Assets	3,911,149	0
Unrestricted (Deficit)	(150,030)	397,481
<i>Total Net Position</i>	\$3,761,119	\$397,481

See accompanying notes to the basic financial statements

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

	Business-Type Activity	Governmental Activities
	Food Service Enterprise Fund	Medical and Prescription Insurance Internal Service Fund
Operating Revenues		
Sales	\$236,665	\$0
Charges for Services	0	3,910,176
<i>Total Operating Revenues</i>	<u>236,665</u>	<u>3,910,176</u>
Operating Expenses		
Salaries	426,303	0
Fringe Benefits	236,101	0
Purchased Services	29,424	1,316,599
Materials and Supplies	642,390	0
Cost of Sales	76,766	0
Depreciation	84,181	0
Claims	0	2,534,737
<i>Total Operating Expenses</i>	<u>1,495,165</u>	<u>3,851,336</u>
<i>Operating Income (Loss)</i>	<u>(1,257,604)</u>	<u>58,840</u>
Non-Operating Revenues		
Federal Donated Commodities	79,986	0
Investment Earnings/Interest	35,256	16,639
Federal and State Subsidies	672,420	0
<i>Total Non-Operating Revenues</i>	<u>787,662</u>	<u>16,639</u>
<i>Change in Net Position</i>	<u>(469,942)</u>	<u>75,479</u>
<i>Net Position Beginning of Year- as Previously Reported</i>	4,303,405	322,002
<i>Restatement - Change in Accounting Principle</i>	<u>(72,344)</u>	<u>0</u>
<i>Restated Net Position at Beginning of Year</i>	<u>4,231,061</u>	<u>322,002</u>
<i>Net Position at End of Year</i>	<u><u>\$3,761,119</u></u>	<u><u>\$397,481</u></u>

See accompanying notes to the basic financial statements

Warren Local School District, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2025

	Business-Type Activity	Governmental Activities
	Food Service Enterprise Fund	Medical and Prescription Insurance Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Customers	\$237,623	\$0
Cash Received from Transactions with Other Funds	0	3,910,176
Cash Payments to Suppliers for Goods and Services	(669,286)	(1,316,599)
Cash Payments for Employee Services	(407,279)	0
Cash Payments for Employee Benefits	(222,700)	0
Cash Payments for Claims	0	(2,241,370)
<i>Net Cash Provided by (Used for Operating) Activities</i>	(1,061,642)	352,207
Cash Flows from Noncapital Financing Activities		
Federal and State Subsidies Received	672,420	0
Cash Flows from Capital and Related Financing Activities		
Payments for Capital Acquisitions	(12,263)	0
Cash Flows from Investing Activities		
Investment Earnings/Interest	35,256	16,639
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(366,229)	368,846
<i>Cash and Cash Equivalents at Beginning of Year</i>	999,196	400,663
<i>Cash and Cash Equivalents at End of Year</i>	\$632,967	\$769,509
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	(\$1,257,604)	\$58,840
Adjustments:		
Depreciation	84,181	0
Donated Commodities Received During Year	79,986	0
(Increase) Decrease in Assets:		
Inventory Held for Resale	(3,220)	0
Materials and Supplies Inventory	2,714	0
Accounts Receivable	958	376,615
Prepaid Items	(80)	0
Deferred Outflows - Pension	76,492	0
Deferred Outflows - OPEB	19,662	0
(Decrease) Increase in Liabilities:		
Accounts Payable	695	0
Accrued Wages and Benefits Payable	2,518	0
Intergovernmental Payable	1,672	0
Compensated Absences Payable	11,230	0
Deferred Inflows Pension	(106,744)	0
Deferred Inflows OPEB	(53,989)	0
Net Pension Liability	59,277	0
OPEB Liability	20,610	0
Claims Payable	0	(83,248)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(1,061,642)	\$352,207

Non-Cash Non-Capital Financing Transactions: During fiscal year 2025, the Food Service Enterprise Fund received \$79,986 in donated commodities. During fiscal year 2024, the Food Service Enterprise Fund received \$86,964 in donated commodities.

See accompanying notes to the basic financial statements

Warren Local School District, Ohio
Statement of Net Position
Custodial Fund
For the Fiscal Year Ended June 30, 2025

Assets

Equity in Pooled Cash and Cash Equivalents	<u>\$5,653</u>
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Liabilities

Accounts Payable	<u>\$5,653</u>
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See accompanying notes to the basic financial statements

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

Additions	
Charges Received for OHSAA	\$5,926
Deductions	
Distributions on Behalf of OHSAA	<u>5,926</u>
<i>Net Change in Net Position</i>	0
<i>Net Position at Beginning of Year</i>	<u>0</u>
<i>Net Position at End of Year</i>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

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

Note 1 - Description of the School District and Reporting Entity

Warren Local School District, Washington County (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/or local guidelines. The School District is staffed by 127 certificated employees, 84 classified employees, and 25 administrative employees who provide services to 2,003 students. The School District currently operates six instructional/support facilities.

Reporting Entity

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Warren 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. The School District has no component units.

The School District participates in three jointly governed organizations and two insurance purchasing pools. These organizations are the Metropolitan Educational Technology Association, the Washington County Career Center, the Coalition of Rural and Appalachian Schools, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 18 and 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. Governmental activities

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

generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. 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 three categories: governmental, proprietary, and fiduciary.

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

The School District reports the following major governmental fund:

General Fund The General Fund accounts for and reports 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.

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

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service.

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's only enterprise fund accounts for the operation of the School District's food service program.

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

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical and prescription drug claims.

Fiduciary Fund Type Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) 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 has one custodial fund that accounts for tournament activities and assets held by the School District as an agent for outside activities.

C. Measurement Focus

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

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net position.

For proprietary funds, the statement of revenue, expenses and changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position. The statement of cash flows provides information how the proprietary activities are financed.

Fiduciary funds present a Statement of Changes in Fiduciary Net Position which reports additions to and deductions from custodial funds.

D. Basis of Accounting

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

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension, and OPEB. Deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance year 2026 operations. These amounts have been recorded as deferred inflow on both the government-wide statement of net position and the government fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental revenues, tuition and fees, and investment earnings/interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11)

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

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

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

E. Cash and Cash Equivalents

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

The School District participates in the Jefferson Health Plan insurance consortium for self-insurance. These monies are held separate from the School District's central bank account and are reflected in the financial statements as "cash and cash equivalents with fiscal agent".

During fiscal year 2025, the School District's investments were limited to STAR Ohio, negotiable certificates of deposit, treasury notes and bills, and commercial paper. Except for nonparticipating investment contracts, the School District reports investments at fair value, which is based on quoted market prices.

During fiscal year 2025, the School District was invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures 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.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the General Fund during fiscal year 2025 amounted to \$506,933, which includes \$118,254 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities 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 not purchased from the pool are reported as investments.

F. Prepaid Items

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

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

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventory consists of expendable supplies held for consumption and donated and purchased commodities held for resale.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

Capital assets utilized by the Food Service Enterprise Fund are reported both in the business-type activity column of the government-wide statement of net position and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition costs values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized.

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

Description	Estimated Lives
Buildings and Improvements	20 – 80 years
Furniture and Equipment	5 – 20 years
Vehicles	10 – 20 years

The School District is reporting intangible right to use assets related to subscription assets. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the General Fund includes unclaimed monies legally required to be maintained until the end of a five-year holding period.

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

J. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund balance amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Deferred inflows of resources and deferred outflows of resources from the change in internal proportionate share related to pension and OPEB items are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position.

K. Compensated Absences

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

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

The School District records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service. Since the School District's policy limits the accrual of vacation time to the amount accrued in one year, the outstanding liability is recorded as "accrued vacation leave payable" on the statement of net position rather than as a long-term liability.

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

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

L. Subscription-Based Information Technology Arrangements (SBITAs)

The School District is reporting Subscription-Based Information Technology Arrangements (SBITAs) for a noncancellable IT software contract. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized in a systematic and

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

rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets, and subscription payables are not reported as all payments related to the School District's SBITA arrangements were made prior to the commencement of the subscription term. The School District's current SBITA arrangement for software has a four-year term, beginning in 2026 and ending in 2030 for an online math curriculum.

M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the enterprise fund are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims, judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds, asset retirement obligations, and financed purchases are recognized as a liability on the governmental fund financial statements when due.

N. Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

O. Fund Balance

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

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

Restricted: The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by

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

creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions. Under Ohio law, amounts paid into any fund, including by transfer, shall have the same constraints placed on the use of funds as those externally imposed by creditors, grantors, contributors, or laws or regulations of other Governments.

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

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District's Board of Education. In the General Fund, the assigned amounts represent intended uses established by the policies of the School District's Board of Education or a School District official delegated that authority by resolution or by State Statute. State Statute authorizes the School District's Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The School District has also assigned fund balances for capital improvements and public school support. The School District's Board of Education assigned fund balance to cover a gap between estimated revenues and appropriations for fiscal year 2026's appropriated budget.

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

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which the amounts in any of the unrestricted fund balance classifications could be used.

P. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Of the restricted net position, none has resulted from enabling legislation. The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Restricted net position for unclaimed monies represents amounts required to be maintained until the end of a five-year holding period, offset by any estimated liability for payments to claimants. Restricted net position for OPEB represents the corresponding restricted asset amounts held in trust by the OPEB plan for future benefits.

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

Q. Pensions/Other Postemployment Benefits (OPEB)

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

R. Bond Premiums

On the government-wide financial statement, bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. Beginning February 6, 2014, under Ohio law, premiums on the original issuance of debt are to be deposited into the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law allows premiums on refunding debt to be used as part of the payment to the bond escrow agent.

S. Deferred Charge on Refunding

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

T. Estimates

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

U. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. For reporting purposes, various custodial funds, utilized for internal control purposes, have been combined with the General Fund and the special revenue fund. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund, function, and object level and has the authority to allocate appropriations to the function and object level.

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

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

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

V. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for food service programs and self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

Note 3 - Change in Accounting Principles and Restatement of Net Position

Change in Accounting Principles

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

GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs such an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The effect of implementing the GASB pronouncement is shown in the table below.

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

Restatement of Fund Balances and Net Position

For the School District, GASB Statement No. 101 increased the overall compensated absences liability and the cumulative effects of compensated absence related expense decreased beginning net position. The School District's financial statements report compensated absences by identifying vacation benefits payable separately from the remainder of the compensated absences liability. The compensated absences restatement included increasing long-term compensated absences payable by \$2,765,865 in the Government-Wide Activities and \$72,344 in the Business-Type Activities. The overall impact on beginning net position is shown on the following table.

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	6/30/2024 As Previously Reported	Change in Accounting Principles	6/30/2025 As Restated
Government-Wide			
Governmental Activities	\$44,489,625	(\$2,765,865)	\$41,723,760
Business-Type Activity	4,303,405	(72,344)	4,231,061
Total Primary Government	<u>\$48,793,030</u>	<u>(\$2,838,209)</u>	<u>\$45,954,821</u>
Governmental Funds			
Major Funds:			
General	\$8,398,427	\$0	\$8,398,427
All Other Governmental Funds	5,590,807	0	5,590,807
Total Governmental Funds	<u>\$13,989,234</u>	<u>\$0</u>	<u>\$13,989,234</u>
Proprietary Funds			
Enterprise Fund:			
Food Service	\$4,303,405	(\$72,344)	\$4,231,061
Total Proprietary Fund	<u>\$4,303,405</u>	<u>\$0</u>	<u>\$4,303,405</u>

Note 4 - Fund Deficits

At June 30, 2025, the following funds had deficit fund balances:

	<u>Deficit</u>
Special Revenue Funds:	
IDEA Part-B	\$53,112
Title IV A	24,000
Heath Clinic Grant	19,301
Title II - A Improving Teacher Quality	12,745
Title I	1,560
	<u>\$110,718</u>

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

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

3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Fair market value adjustments and prepaid items are reported on the balance sheet (GAAP) but not on the budgetary basis.
5. Budgetary revenues and expenditures of the Public School Support, Severance, and Underground Storage Tank Funds are reclassified to the General Fund for GAAP reporting.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance	
GAAP Basis	(\$39,393)
Net Adjustment for:	
Revenue Accruals	232,399
Expenditure Accruals	(29,847)
Beginning of Fiscal Year:	
Prepaid Items	97,920
Fair Value Adjustments	(10,435)
End of Fiscal Year:	
Prepaid Items	(45,684)
Fair Value Adjustments	94,669
Advances to Other Funds for Cash Deficits	(111,878)
Transfer to Other Funds	(250,000)
To reclassify excess of revenues over expenditures into financial statement fund types	110,527
Encumbrances	<u>(699,955)</u>
Budget Basis	<u><u>(\$651,677)</u></u>

Note 6 - Deposits and Investments

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

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

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

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. At fiscal year end, the School District had \$94,669 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents”.

Investments

As of June 30, 2025, the School District had the following investments as part of the internal investment pool:

	Fair Value	Maturity	S&P Rating	Percent of Total Investments
Net Asset Value (NAV) Per Share:				
STAR Ohio	\$77	Average 30.4 days	AAAm	0.001%
Fair Value - Level Two Inputs:				
Fifth Third CD	1,090,229	Under One Year	n/a	12.105%
Commercial Paper - various banks	1,248,161	various	A-1 / A-1+	13.859%
US Treasury Notes	5,873,393	various	AA+/A-1+	65.214%
US Treasury Bills	794,424	various	AA+/A-1+	8.821%
Total Fair Value - Level Two Inputs	9,006,207			
Total	\$9,006,284			

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

Interest Rate Risk Interest rate risk is the risk, that changes in interest rates will adversely affect the fair value of an investment. 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. Commercial paper must mature within 270 days.

Credit Risk Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits its investments to those authorized by state statute in its investment policy.

Custodial Credit Risk For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the School District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. District policy provides that investments be held in the name of the School District. All the School District’s investments are held in the name of the School District. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization.

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

Note 7 - Property Taxes

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

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

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

The School District receives property taxes from Washington and Athens Counties. The Washington County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2025, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2025, was \$195,122 in the General Fund; \$3,098 in the Classroom Facilities Fund; and \$24,319 in the Bond Retirement Fund. The amount available as an advance at June 30, 2024, was \$228,371 in the General Fund; \$3,603 in the Classroom Facilities Fund; and \$28,480 in the Bond Retirement Fund.

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

	2024 Second- Half Collections		2025 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$374,055,670	89%	\$377,089,410	89%
Public Utility Personal	46,843,680	11%	48,769,410	11%
Total	<u>\$420,899,350</u>	<u>100%</u>	<u>\$425,858,820</u>	<u>100%</u>
Tax Rate per \$1,000 of assessed valuation	\$36.46		\$36.46	

Warren Local School District, Ohio
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For the Fiscal Year Ended June 30, 2025

Note 8 - Receivables

Receivables at June 30, 2025, consisted of property taxes, accounts (billings for user charged services and tuition and fees), interfund, claims, accrued interest, and intergovernmental grants. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property tax amounted to \$197,848. A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Health Clinic	\$390,916
Title I	96,185
Title IV-B	77,289
Foundation	44,695
Title IV-A	29,132
Overpayment to SERS	16,368
Title II-A	11,676
Medicaid	3,415
Agricultural Education	2,479
Miscellaneous	<u>302</u>
Total	<u><u>\$672,457</u></u>

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

Note 9 - Capital Assets

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

	Balance 6/30/24	Additions	Reductions	Balance 6/30/25
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$282,222	\$0	\$0	\$282,222
Construction in progress	0	584,760	0	584,760
Development in progress	0	125,003	0	125,003
<i>Total capital assets not being depreciated</i>	<u>282,222</u>	<u>709,763</u>	<u>0</u>	<u>991,985</u>
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	79,641,910	361,074	0	80,002,984
Furniture and Equipment	5,836,135	164,298	0	6,000,433
Vehicles	2,814,691	283,172	(141,810)	2,956,053
<i>Total Assets</i>	<u>88,292,736</u>	<u>808,544</u>	<u>(141,810)</u>	<u>88,959,470</u>
<i>Less Accumulated Depreciation</i>				
Buildings and Improvements	(7,472,642)	(1,632,273)	0	(9,104,915)
Furniture and Equipment	(1,765,639)	(233,304)	0	(1,998,943)
Vehicles	(1,585,505)	(169,500)	141,810	(1,613,195)
<i>Total accumulated depreciation</i>	<u>(10,823,786)</u>	<u>(2,035,077) *</u>	<u>141,810</u>	<u>(12,717,053)</u>
<i>Total Governmental Capital Assets being Depreciated, Net</i>	<u>77,468,950</u>	<u>(1,226,533)</u>	<u>0</u>	<u>76,242,417</u>
<i>Total Governmental Capital Assets, Net</i>	<u><u>\$77,751,172</u></u>	<u><u>(\$516,770)</u></u>	<u><u>\$0</u></u>	<u><u>\$77,234,402</u></u>
Business-Type Activity:				
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	\$3,319,572	\$0	\$0	\$3,319,572
Furniture and Equipment	809,457	12,263	0	821,720
<i>Total capital assets not being depreciated</i>	<u>4,129,029</u>	<u>12,263</u>	<u>0</u>	<u>4,141,292</u>
<i>Less Accumulated Depreciation</i>				
Buildings and Improvements	(56,395)	(41,495)	0	(97,890)
Furniture and Equipment	(89,567)	(42,686)	0	(132,253)
<i>Total Accumulated Depreciation</i>	<u>(145,962)</u>	<u>(84,181)</u>	<u>0</u>	<u>(230,143)</u>
<i>Total Business-Type Capital Assets being Depreciated, Net</i>	<u><u>\$3,983,067</u></u>	<u><u>(\$71,918)</u></u>	<u><u>\$0</u></u>	<u><u>\$3,911,149</u></u>

* Depreciation expense was charged to governmental functions as follows:

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Instruction:	
Regular	\$1,543,666
Special Instruction	287
Vocational	2,178
Support Services:	
Pupils	912
Instructional Staff	3,717
Administration	7,589
Fiscal	436
Operation and Maintenance of Plant	131,678
Pupil Transportation	196,978
Extracurricular Activities	147,636
Total Depreciation Expense	<u><u>\$2,035,077</u></u>

Note 10 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

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

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

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

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.

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The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2024.

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

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The School District's contractually required contribution to SERS was \$557,400 for fiscal year 2025. Of this amount, \$52,965 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account, and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit

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payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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

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

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

The School District's contractually required contribution to STRS was \$1,445,483 for fiscal year 2025. Of this amount, \$229,398 is reported as an intergovernmental payable.

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

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

	SERS	STRS	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.093723300%	0.073551140%	
Prior Measurement Date	0.096055600%	0.075405130%	
Change in Proportionate Share	<u>-0.002332300%</u>	<u>-0.0018539900%</u>	
Proportionate Share of the Net			<u>Total</u>
Pension Liability	\$4,794,775	\$14,152,427	\$18,947,202
Pension Expense	\$293,216	\$515,106	\$808,322

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

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$183,050	\$891,233	\$1,074,283
Changes of assumptions	42,891	652,221	695,112
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	24,780	0	24,780
School District contributions subsequent to the measurement date	557,400	1,445,483	2,002,883
Total Deferred Outflows of Resources	<u>\$808,121</u>	<u>\$2,988,937</u>	<u>\$3,797,058</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$7,750	\$7,750
Changes of assumptions	0	490,936	490,936
Net difference between projected and actual earnings on pension plan investments	299,894	1,216,821	1,516,715
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	90,063	602,872	692,935
Total Deferred Inflows of Resources	<u>\$389,957</u>	<u>\$2,318,379</u>	<u>\$2,708,336</u>

\$2,002,883 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$252,717)	(\$1,083,200)	(\$1,335,917)
2027	273,259	1,168,655	1,441,914
2028	(71,594)	(489,554)	(561,148)
2029	(88,184)	(370,826)	(459,010)
Total	<u>(\$139,236)</u>	<u>(\$774,925)</u>	<u>(\$914,161)</u>

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood

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

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

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

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

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

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

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

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

Discount Rate The total pension liability for 2024 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31 percent.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$7,334,930	\$4,794,775	\$2,655,606

Actuarial Assumptions – STRS

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

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

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

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

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

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

* Final target weights reflected at October 1, 2022.

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

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2024.

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

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$22,830,346	\$14,152,427	\$6,812,400

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2025, four Board Members have elected Social Security. The contribution rate is 6.2 percent of wages.

Note 11 - Postemployment Benefits

See Note 10 for a description of the net OPEB liability.

Plan Description - School Employees Retirement System (SERS)

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

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$66,620.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$66,200 for fiscal year 2025. Of this amount, \$66,620 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

The net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent actuarial valuation as of that date. 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:

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	SERS	STRS	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.09506370%	0.073551140%	
Prior Measurement Date	0.09878530%	0.075405130%	
Change in Proportionate Share	<u>-0.00372160%</u>	<u>-0.00185399%</u>	
Proportionate Share of the:			<u>Total</u>
Net OPEB Liability	\$968,217	\$0	\$968,217
Net OPEB Asset	\$0	\$1,395,125	\$1,395,125
OPEB Expense	(\$159,072)	(\$307,733)	(\$466,805)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$60,649	\$60,649
Changes of assumptions	415,559	171,720	587,279
Net difference between projected and actual earnings on OPEB plan investments	4,727	0	4,727
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	9,860	14,621	24,481
School District contributions subsequent to the measurement date	<u>66,620</u>	<u>0</u>	<u>66,620</u>
Total Deferred Outflows of Resources	<u>\$496,766</u>	<u>\$246,990</u>	<u>\$743,756</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$1,043,992	\$150,346	\$1,194,338
Changes of assumptions	444,765	629,193	1,073,958
Net difference between projected and actual earnings on OPEB plan investments	0	59,903	59,903
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>290,473</u>	<u>1,082</u>	<u>291,555</u>
Total Deferred Inflows of Resources	<u>\$1,779,230</u>	<u>\$840,524</u>	<u>\$2,619,754</u>

\$66,620 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	(\$319,521)	(\$212,052)	(\$531,573)
2027	(244,634)	(91,820)	(336,454)
2028	(191,788)	(118,012)	(309,800)
2029	(166,881)	(109,644)	(276,525)
2030	(165,456)	(88,349)	(253,805)
Thereafter	<u>(260,804)</u>	<u>26,343</u>	<u>(234,461)</u>
Total	<u><u>(\$1,349,084)</u></u>	<u><u>(\$593,534)</u></u>	<u><u>(\$1,942,618)</u></u>

Actuarial Assumptions – SERS

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

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

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

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

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

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023, and the June 30, 2024, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.93 percent at June 30, 2024, and 3.86 percent at June 30, 2023.

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

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
School District's proportionate share of the net OPEB liability	\$1,291,086	\$968,217	\$711,658

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$654,480	\$968,217	\$1,380,604

Actuarial Assumptions – STRS

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

Warren Local School District, Ohio
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For the Fiscal Year Ended June 30, 2025

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as

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

if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$1,134,328)	(\$1,395,125)	(\$1,622,074)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,637,404)	(\$1,395,125)	(\$1,219,220)

Note 12 - Long-Term Obligations

The changes in the School District's long-term obligations during the fiscal year consist of the following:

	Amount Outstanding 7/1/2024	Additions	Reductions	Amount Outstanding 6/30/2025	Amounts Due in One Year
Governmental Activities:					
Bonds:					
2017 School Facilities					
Construction and Improvement Bonds:					
Serial Bonds - 2-4%	\$730,000	\$0	\$355,000	\$375,000	\$375,000
Premium	98,242	0	49,121	49,121	0
Total GO Bonds	828,242	0	404,121	424,121	375,000
2022 Refunding Bonds:					
Serial Bonds - 0.92-3.33%	11,830,000	0	175,000	11,655,000	180,000
Term Bonds - 3.45%	6,100,000	0	0	6,100,000	0
Original Issue of Capital Appreciation					
Bonds - 21.744-22.312%	505,000	0	0	505,000	0
Accretion on CABs	316,616	190,573	0	507,189	0
Premium on CABs	1,295,508	0	174,675	1,120,833	0
Total Refunding Bonds	20,047,124	190,573	349,675	19,888,022	180,000
Total Bonds	20,875,366	190,573	753,796	20,312,143	555,000
Net Pension Liability:					
STRS	16,238,447	0	2,086,020	14,152,427	0
SERS	4,617,585	0	302,261	4,315,324	0
Total Net Pension Liability	20,856,032	0	2,388,281	18,467,751	0
Net OPEB Liability - SERS	1,415,870	0	544,476	871,394	0
Financed Purchases from					
Direct Borrowing	5,385,000	0	574,000	4,811,000	582,000
Asset Retirement Obligation	20,000	7,500	0	27,500	0
Sick Leave Benefits	4,272,880	0	304,081	3,968,799	714,416
Total Governmental Activities	\$52,825,148	\$198,073	\$4,564,634	\$48,458,587	\$1,851,416

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

	Amount Outstanding 7/1/2024	Additions	Reductions	Amount Outstanding 6/30/2025	Amounts Due in One Year
Business-Type Activity:					
Net Pension Liability - SERS	\$689,983	\$0	\$210,532	\$479,451	\$0
Net OPEB Liability - SERS	211,565	0	114,742	96,823	0
Sick Leave Benefits	95,164	11,230	0	106,394	6,494
Total Business-Type Activities	<u>\$996,712</u>	<u>\$11,230</u>	<u>\$325,274</u>	<u>\$682,668</u>	<u>\$6,494</u>

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

There are no repayment schedules for the net pension and OPEB liabilities. However, employer pension contributions are made from the following funds: General Fund, Federal Grants Special Revenue Funds, and Food Service Enterprise Fund. For additional information related to the net pension and OPEB liabilities, see Notes 10 and 11. The financed purchase will be paid from the General Fund.

On August 8, 2017, the School District issued School Facilities Construction and Improvement Bonds consisting of \$4,825,000 in serial bonds and \$18,175,000 in term bonds. These bonds were issued to finance the construction of a new high school, a new elementary school, renovate the middle school, and general site improvements.

Principal and interest requirements to retire the 2017 serial construction bonds outstanding at June 30, 2025, are as follows:

Fiscal Year Ending June 30	2017 Bonds	
	Principal	Interest
2026	\$375,000	\$7,500

On March 3, 2022, the School District issued \$19,020,000 in refunding bonds to advance refund \$19,060,000 of outstanding school improvement serial bonds of \$885,000 and term bonds of \$18,175,000 that had been issued in 2017. The refunding bond issue included serial, term, and capital appreciation bonds, in the amounts of \$12,415,000, \$6,100,000, and \$505,000, respectively. The refunding bonds will mature on December 1, 2047. The advance refunded portion of the bonds, as well as the unamortized premium of these advance refunded bonds, were removed from the financial statements of the School District. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$717,456. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the refunded bonds using the straight-line method. The amortization of this difference for 2025 was \$191,321. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of \$2,441,961. At the date of the refunding, \$21,225,334 (including underwriter fees and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2017 bonds. The refunded bonds will be repaid on December 1, 2025.

The capital appreciation bonds will mature in fiscal year 2032. The maturity amount of the bonds is \$2,765,000. For the fiscal year 2025, \$190,573 was accreted for a total bond value of \$1,012,189.

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

Principal and interest requirements to retire the 2022 refunding bonds outstanding at June 30, 2025, are as follows:

Fiscal Year Ending June 30	Serial		Capital Appreciation		Term	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$180,000	\$545,712	\$0	\$0	\$0	\$0
2027	615,000	538,463	0	0	0	0
2028	630,000	526,412	0	0	0	0
2029	0	755,040	160,000	260,040	0	0
2030	0	820,040	135,000	260,040	0	0
2031-2035	2,335,000	1,472,591	210,000	2,245,160	0	0
2036-2040	4,690,000	1,957,349	0	0	0	0
2041-2045	1,985,000	792,652	0	0	3,535,000	341,636
2046-2048	1,220,000	0	0	0	2,565,000	198,806
	<u>\$11,655,000</u>	<u>\$7,408,259</u>	<u>\$505,000</u>	<u>\$2,765,240</u>	<u>\$6,100,000</u>	<u>\$540,442</u>

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

Financed Purchase – In prior fiscal years, the School District entered into financed purchase agreement for building improvements. These agreements meet the criteria of a financed purchase, which is defined as a financed purchase which transfers ownership to the lessee. Financed purchase payments are reflected as debt service expenditures in the fund financial statements. Principal payments made in fiscal year 2025 totaled \$574,000. Future payments are as follows:

Fiscal Year Ending June 30	Principal	Interest
2026	\$582,000	\$93,405
2027	595,000	81,983
2028	608,000	70,311
2029	621,000	58,386
2030	629,000	46,249
2031-2035	1,463,000	119,498
2035-2036	313,000	3,537
	<u>\$4,811,000</u>	<u>\$473,369</u>

The Lessor and the Lessee acknowledge and agree that in the event the Lessee or the Lessor should default in the performance of any of their respective obligations or agreements under this Ground Lease, neither the Lessor nor the Lessee shall terminate this Ground Lease, but either may take whatever other action in law or in equity as may appear necessary or desirable to enforce performance and observance of their respective obligations and agreements under this Ground Lease.

The overall debt margin of the School District as of June 30, 2025, was \$20,855,781, with an unvoted debt margin of \$424,136.

Warren Local School District, Ohio
Notes to the Basic Financial Statements
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Note 13 - Asset Retirement Obligation

The Governmental Accounting Standard Board's (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a School District classified as an "owner" or "operator," to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for the year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of \$27,500 associated with the School Districts' underground storage tank was estimated by the School District's Buildings and Grounds Director and a local contractor. This is the last year of the remaining useful life of this UST. The School District maintains insurance related to any potential pollution remediation associated with the USTs.

Note 14 - Interfund Transfers and Balances

A. Balances

Internal Balances – Change in Proportionate Share

The School District uses an internal proportionate share to allocate its net pension/OPEB liability/asset and corresponding deferred outflows/inflows of resources and pension/OPEB expense to its various funds. This allocation creates a change in internal proportionate share.

The effects of the internal proportionate share are eliminated from the pension deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity-wide statement of net position, thus allowing the total column to present the change in proportionate share for the School District as a whole.

Eliminations made in the total column of the entity-wide statement of net position related to pension include deferred outflows of resources for the business-type activity (related to the Food Service Enterprise Fund) and deferred inflows of resources for the governmental activities for \$110,659.

Eliminations made in the total column of the entity-wide statement of net position related to OPEB include deferred outflows of resources for the business-type activity (related to the Food Service Enterprise Fund) and deferred inflows of resources for the governmental activities for \$85,450.

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

Interfund Balances

Unpaid interfund advances due to cash deficits at June 30, 2025, were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$111,878	\$0
Nonmajor Special Revenue Funds:		
State Grants:	0	522
IDEA Part-B	0	41,377
Title I Homeless Education Summer	0	50,977
Title IV-A Student Support	0	5,132
Title II-A Improving Teacher Quality	0	8,805
Miscellaneous Federal Grants Fund	0	5,065
Total Special Revenue Funds	<u>0</u>	<u>111,878</u>
Total All Funds	<u><u>\$111,878</u></u>	<u><u>\$111,878</u></u>

B. Transfers

The General Fund transferred \$1,120,000 to the Capital Reserve Capital Projects Fund for building improvements. The Ohio Facilities Construction Commission Fund transferred \$892,193 to the Building Fund to formally close out the District's OFCC construction project.

Note 15 - Fund Balances

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

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Warren Local School District, Ohio
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For the Fiscal Year Ended June 30, 2025

Fund Balances	General Fund	Other Governmental Funds	Total
<u>Nonspendable:</u>			
Inventories	\$348,516	\$0	\$348,516
Prepaid Items	45,684	10,163	55,847
Unclaimed Monies	50,714	0	50,714
Total Nonspendable	<u>444,914</u>	<u>10,163</u>	<u>455,077</u>
<u>Restricted for:</u>			
Community Involvement	0	51,051	51,051
Capital Projects	0	1,826,550	1,826,550
Classroom Facilities	0	868,976	868,976
Students	0	138,828	138,828
Athletic and Music	0	85,329	85,329
State Grants	0	1,957	1,957
Debt Service	0	1,318,552	1,318,552
Total Restricted	<u>0</u>	<u>4,291,243</u>	<u>4,291,243</u>
<u>Committed to:</u>			
Scholarships	0	4,000	4,000
Capital Purchases	67,043	0	67,043
Termination Benefits	221,995	0	221,995
Total Committed	<u>289,038</u>	<u>4,000</u>	<u>293,038</u>
<u>Assigned to:</u>			
Capital Projects	0	3,369,281	3,369,281
Purchases on Order	625,840	0	625,840
Public School Support	22,105	0	22,105
Fiscal Year 2026 Appropriations	181,623	0	181,623
Total Assigned	<u>829,568</u>	<u>3,369,281</u>	<u>4,198,849</u>
Unassigned (Deficit)	<u>6,795,514</u>	<u>(118,192)</u>	<u>6,677,322</u>
Total Fund Balances	<u><u>\$8,359,034</u></u>	<u><u>\$7,556,495</u></u>	<u><u>\$15,915,529</u></u>

Note 16 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2025, the School District contracted with The Ohio School Plan for property insurance and boiler and machinery coverage. Property damage is on a replacement cost basis for a blanket amount of \$119,836,681 on buildings and contents. The policies include a \$1,000 deductible.

Professional and general liability is protected by The Ohio School Plan with a \$3,000,000 single occurrence limit with a \$5,000,000 aggregate and no deductible. Vehicles are covered by The Ohio School Plan with a \$250 deductible for comprehensive and a \$1,000 deductible for collision for buses. Automobile liability has a \$3,000,000 combined single limit of liability.

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

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

B. Workers' Compensation

During fiscal year 2025, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). The GRP is an alternative rating program to assist participants with controlling and reducing their workers' compensation premium. The program is designed to reward participants that can keep their claim costs below a predetermined amount. School districts join as a group; however, each continue to pay their own individual premium to the state. At the end of each of three evaluation periods, each school district has an opportunity to receive retrospect premium adjustments based on the combined performance of the group. The firm of Sedgwick Claims Management Services, Inc. provides administrative, cost control, and actuarial services to the GRP.

C. Employee Medical and Prescription Benefits

Medical insurance is offered to employees through a self-insurance internal service fund. UMR, Inc., the third-party administrator for medical reviews and processes the claims. Prescription drug insurance is offered to employees through a self-insurance internal service fund. Express Scripts, the third-party administrator for prescriptions, reviews and processes the claims which the School District then pays. The self-insurance internal service funds allocate the cost of providing claims servicing and claims payments by charging a monthly premium, per individual, to the various funds of the School District. These premiums go into the self-insurance internal service funds. Claims and services are paid from the self-insurance internal service fund. The claims liability of \$539,625 at June 30, 2025, is based on an estimate provided by the third party administrators and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be disclosed. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2024	\$493,274	\$2,520,101	\$2,390,502	\$622,873
2025	622,873	2,158,122	2,241,370	539,625

Note 17 - 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-five days of vacation per fiscal year, depending upon length of service. Vacation days must be used by most employees in the fiscal year following the fiscal year in which the benefit was earned. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 215 days for classified employees and 245 for certified. Upon retirement, severance payments will be calculated upon twenty-five percent of the number of days of sick leave with a maximum of 215 days. Employees with 25 years or more of service with the School District will be eligible to receive fifty percent of unused sick leave as severance. Certified employees may also receive an additional severance pay with fifteen or more years in the Warren School District. Eligible certified employees will receive one additional severance day for every four days of unused sick leave remaining after the number of severance days received under the normal severance is subtracted from the total number of accumulated sick leave days. This additional severance amounts to severance payments being calculated upon 43.75% of the number of days of sick leave with a maximum of 215 days. Classified employees

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

may also receive an additional severance pay with fifteen or more years in the Warren School District. Eligible classified employees will receive fifty percent of unused sick leave. Classified employees with 25 year or more of service with the School District will receive seventy-five percent of unused sick leave.

B. Insurance

The School District provides health major medical insurance for all eligible employees by contracting with United Health Care. The School District pays 80 percent of the monthly premiums.

The School District provides life insurance and accidental death dismemberment to most employees through One America, in the amount of \$30,000 for classified and certified employees, \$50,000 for administrators, and \$250,000 for the superintendent and treasurer.

Note 18 - Jointly Governed Organizations

A. Metropolitan Educational Technology Association (META) Solutions

The School District is a participant in Metropolitan Educational Technology Association (META) Solutions, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During 2025, the School District paid \$246,586 for services with META. Financial information can be obtained from the Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

B. Washington County Career Center

The Washington County Career Center, a joint vocational school, is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the six participating school districts' elected boards and one representative from the Ohio Valley Educational Service Center's Board. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Washington County Career Center, Joe Crone, Treasurer, at 21740 SR 676, Marietta, Ohio 45750.

C. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of 120 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The CORAS is operated by a fifteen-member board composed of one elected and one appointed (one appointed seat is empty) from each of the eight regions into which the 32 Appalachian counties are divided, one dean appointment from the Ohio University College of Education, and three ex-officio members. The board exercises total control over the operations of the CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The CORAS provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development

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

programs for school district personnel. The CORAS is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the CORAS. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at 322 Patton Hall, Ohio University, Athens, Ohio 45701.

Note 19 - Insurance Purchasing Pools

A. Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Plan

The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OASBO. The Executive Director of the OSABO, or his designee, serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. (See Note 16B)

B. Ohio School Plan

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated 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 Plan's business and affairs are conducted by a fifteen-member board consisting of superintendents, treasurers, the President of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

Note 20 - Set-Asides

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements.

Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at year-end and carried forward to be used for the same purposes in future fiscal years. In prior fiscal years, the School District was also required to set-aside money for textbooks.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for School Districts to establish and appropriate money for the budget stabilization was deleted from law. The School District may still establish reserve balance accounts consistent with Section 5705.13, Revised Code if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a School District's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future fiscal years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve.

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

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

	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2024	\$0
Current Year Set-aside Requirement	492,887
Offsets	(615,867)
Qualifying Disbursements	(197,146)
Total	(\$320,126)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0

The School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future fiscal years.

Note 21 – Significant Commitments

A. Encumbrances

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

General Fund	\$699,955
Other Governmental Funds	822,754
Total Governmental Funds	1,522,709

B. Contractual Commitments

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

Project	Fund	Contract Amount	Amount Expended	Balance at 06/30/25
Archery Building	General	\$41,140	\$41,140	\$0
Clinic	Health Clinic Capital Project	924,316	543,620	380,696
		\$965,456	\$584,760	\$380,696

Note 22 - Contingencies

A. Grants

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

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

B. Litigation

The School District is currently party to legal proceedings. The results of the proceedings are not yet known if they will have a material impact to the financial position of the School District.

Warren Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Ten Fiscal Years **

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.093723300%	0.096055600%	0.095006800%	0.101606400%
School District's Proportionate Share of the Net Pension Liability	\$4,794,775	\$5,307,568	\$5,123,048	\$3,748,982
School District's Covered Payroll	\$3,950,643	\$3,691,107	\$3,647,393	\$3,497,814
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	121.37%	143.79%	140.46%	107.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.52%	76.06%	75.82%	82.86%

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.01006688%	0.10253330%	0.09870700%	0.10068200%	0.10000620%	0.09730800%
\$6,658,447	\$6,134,747	\$5,653,041	\$6,015,521	\$7,323,593	\$5,552,489
\$3,567,400	\$3,520,341	\$3,115,548	\$3,630,979	\$3,101,886	\$2,996,624
186.65%	174.27%	181.45%	165.67%	236.10%	185.29%
68.55%	70.85%	71.36%	69.50%	62.98%	69.16%

Warren Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Ten Fiscal Years**

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.073551140%	0.075405130%	0.075996400%	0.078507343%
School District's Proportionate Share of the Net Pension Liability	\$14,152,427	\$16,238,447	\$16,894,095	\$10,037,870
School District's Covered Payroll	\$10,243,664	\$10,328,414	\$9,914,307	\$9,687,900
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	138.16%	157.22%	170.40%	103.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.00%	78.90%	87.80%

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.07825029%	0.07853249%	0.07952587%	0.08035024%	0.08028829%	0.07747167%
\$18,933,785	\$17,366,988	\$17,485,954	\$19,087,372	\$26,721,242	\$21,410,904
\$9,547,386	\$9,223,079	\$9,099,771	\$8,842,100	\$8,526,614	\$8,239,029
198.31%	188.30%	192.16%	215.87%	313.39%	259.87%
75.50%	77.40%	77.30%	75.30%	66.80%	72.10%

Warren Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Nine Fiscal Years (1)**

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Liability	0.09506370%	0.09878530%	0.09725400%	0.104556200%
School District's Proportionate Share of the Net OPEB Liability	\$968,217	\$1,627,435	\$1,365,457	\$1,978,811
School District's Covered Payroll	\$3,950,643	\$3,691,107	\$3,647,393	\$3,497,814
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	24.51%	44.09%	37.44%	56.57%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.50%	30.02%	30.34%	24.08%

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

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.10463680%	0.10509620%	0.10048900%	0.10206430%	0.10148120%
\$2,274,101	\$2,642,948	\$2,787,836	\$2,739,138	\$2,892,590
\$3,567,400	\$3,520,341	\$3,115,548	\$3,630,979	\$3,101,886
63.75%	75.08%	89.48%	75.44%	93.25%
18.17%	15.57%	13.57%	12.46%	11.49%

Warren Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
*Last Nine Fiscal Years (1)**

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Liability (Asset)	0.073551140%	0.075405130%	0.075996400%	0.078507343%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,395,125)	(\$1,466,527)	(\$1,967,801)	(\$1,655,263)
School District's Covered Payroll	\$10,243,664	\$10,328,414	\$9,914,307	\$9,687,900
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-13.62%	-14.20%	-19.85%	-17.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	158.00%	168.50%	230.70%	174.70%

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

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.07825029%	0.07853249%	0.07952587%	0.08035024%	0.08028829%
(\$1,375,247)	(\$1,300,687)	(\$1,277,900)	\$3,134,971	\$4,293,839
\$9,547,386	\$9,223,079	\$9,099,771	\$8,842,100	\$8,526,614
-14.40%	-14.10%	-14.04%	35.46%	50.36%
182.10%	174.70%	176.00%	47.10%	37.30%

Warren Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
Net Pension Liability				
Contractually Required Contribution	\$557,400	\$553,090	\$516,755	\$510,635
Contributions in Relation to the Contractually Required Contribution	<u>(557,400)</u>	<u>(553,090)</u>	<u>(516,755)</u>	<u>(510,635)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$3,981,429	\$3,950,643	\$3,691,107	\$3,647,393
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$66,620	\$65,809	\$71,911	\$64,068
Contributions in Relation to the Contractually Required Contribution	<u>(66,620)</u>	<u>(65,809)</u>	<u>(71,911)</u>	<u>(64,068)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.67%</u>	<u>1.67%</u>	<u>1.95%</u>	<u>1.76%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.67%</u>	<u>15.67%</u>	<u>15.95%</u>	<u>15.76%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
\$489,694	\$499,436	\$475,246	\$420,599	\$508,337	\$434,264
(489,694)	(499,436)	(475,246)	(420,599)	(508,337)	(434,264)
\$0	\$0	\$0	\$0	\$0	\$0
\$3,497,814	\$3,567,400	\$3,520,341	\$3,115,548	\$3,630,979	\$3,101,886
14.00%	14.00%	13.50%	13.50%	14.00%	14.00%
\$66,184	\$68,039	\$81,842	\$71,424	\$55,144	\$51,692
(66,184)	(68,039)	(81,842)	(71,424)	(55,144)	(51,692)
\$0	\$0	\$0	\$0	\$0	\$0
1.89%	1.91%	2.32%	2.29%	1.52%	1.67%
15.89%	15.91%	15.82%	15.79%	15.52%	15.67%

Warren Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
Net Pension Liability				
Contractually Required Contribution	\$1,445,483	\$1,434,113	\$1,445,978	\$1,388,003
Contributions in Relation to the Contractually Required Contribution	<u>(1,445,483)</u>	<u>(1,434,113)</u>	<u>(1,445,978)</u>	<u>(1,388,003)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$10,324,879	\$10,243,664	\$10,328,414	\$9,914,307
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
\$1,356,306	\$1,336,634	\$1,291,231	\$1,273,968	\$1,237,894	\$1,193,726
(1,356,306)	(1,336,634)	(1,291,231)	(1,273,968)	(1,237,894)	(1,193,726)
\$0	\$0	\$0	\$0	\$0	\$0
\$9,687,900	\$9,547,386	\$9,223,079	\$9,099,771	\$8,842,100	\$8,526,614
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

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

Net Pension Liability

Changes in Benefit Terms/Assumptions – SERS

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

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

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

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

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

Changes in Assumptions - STRS

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

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

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

Investment rate of return:

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

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

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

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

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

Changes in Benefit Term – STRS Pension

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

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

Net OPEB Liability

Changes in Assumptions – SERS

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

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

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

Municipal Bond Index Rate:

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

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

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

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

Changes in Assumptions – STRS

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

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

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

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

Changes in Benefit Terms – STRS OPEB

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

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

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

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

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

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

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

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

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for fiscal years 2027 and 2028 reflect the assumed impact of the expiration of the current Medicare Advantage contract on December 31, 2028.

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

To the Board of Education
Warren Local School District
Washington County, Ohio
220 Sweetapple Road
Vincent, OH 45784

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Warren Local School District, Washington County, Ohio (the “School District”) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 22, 2025, wherein we noted the School District restated the net position balance to account for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
December 22, 2025

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
Warren Local School District
Washington County, Ohio
220 Sweetapple Road
Vincent, OH 45784

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
December 22, 2025

Warren Local School District
Washington County, Ohio
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor Program Title	Grant Year	ALN	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education and Workforce:</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	2025	10.553	\$ 177,709	\$ -
National School Lunch Program	2025	10.555	495,506	-
National School Lunch Program (Non-Cash)	2025	10.553	79,985	-
Total National School Lunch Program			575,491	-
<i>Total Child Nutrition Cluster</i>			753,200	-
Total U.S. Department of Agriculture			753,200	-
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education and Workforce:</i>				
Title I Improving Basic Programs	2024	84.010A	67,526	-
Title I Improving Basic Programs	2025	84.010A	321,160	-
Title I Non-competitive, Supplemental School Improvement	2024	84.010A	27,952	-
Total Title I			416,638	-
<i>Special Education Cluster:</i>				
Special Education Grants to States	2024	84.027A	17,271	-
Special Education Grants to States	2025	84.027A	462,869	-
Special Education Grants to States Subtotal			480,140	-
<i>Consortium Amount Passed/Transferred to Ohio Valley Educational Service Center:</i>				
Special Education Preschool Grants	2025	84.173A	13,896	-
Special Education Preschool Grants Subtotal			13,896	-
<i>Total Special Education Cluster</i>			494,036	-
Title II-A Supporting Effective Instruction	2024	84.367A	10,322	-
Title II-A Supporting Effective Instruction	2025	84.367A	90,516	-
Total Title II-A Supporting Effective Instruction			100,838	-
Title IV-A Student Support and Academic Enrichment	2025	84.424A	5,132	-
Total Student Support and Academic Enrichment			5,132	-
McKinney-Vento Homeless Assistance Program	2025	84.196A	12,852	-
Total McKinney-Vento Homeless Assistance Program			12,852	-
Total U.S. Department of Education			1,029,496	-
U.S. Department of the Treasury				
<i>Passed Through Appalachian Children Coalition:</i>				
COVID-19: Coronavirus State Fiscal Recovery Funds	2025	21.027	138,435	-
Total U.S. Department of the Treasury			138,435	-
TOTAL FEDERAL ASSISTANCE			\$ 1,921,131	\$ -

See accompanying notes to this schedule.

Warren Local School District
Washington County, Ohio

Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Year Ended June 30, 2025

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

Warren Local School District
Washington County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2025

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material control weaknesses in internal control reported for major federal programs?	No
(d) (1) (iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None reported
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d) (1) (vii)	Major Programs (list): Child Nutrition Cluster	ALN: 10.553, 10.555
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



WARREN LOCAL SCHOOLS

220 Sweetapple Road Vincent, Ohio 43756 • 740-678-2366 • www.warrenlocal.org

Kyle Newton
SUPERINTENDENT

Melcie Wells
TREASURER

Schedule of Prior Audit Findings

2 CFR Section 200.511(b)

June 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001	Significant Deficiency – There were errors identified in classification of self-insurance fund revenues and expenses when comparing the financial statements to plan statements provided by Jefferson Health Plan. In addition, there was a receivable for large claims reimbursement that was not recorded on the financial statements. The internal controls over the final review of the financial statements did not identify potential misstatements.	Corrected	The District implemented procedures to ensure all Jefferson Health Plan activity is properly recorded on the Financial Statements.

OHIO AUDITOR OF STATE KEITH FABER



WARREN LOCAL SCHOOL DISTRICT

WASHINGTON 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 4/7/2026

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