OHIO AUDITOR OF STATE
KEITH FABER

FAIRPORT HARBOR EXEMPTED VILLAGE SCHOOL DISTRICT
LAKE COUNTY
JUNE 30, 2025

TABLE OF CONTENTS

FAIRPORT HARBOR EXEMPTED VILLAGE SCHOOL DISTRICT
LAKE COUNTY
JUNE 30, 2025

TABLE OF CONTENTS
(CONTINUED)

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

INDEPENDENT AUDITOR'S REPORT

Fairport Harbor Exempted Village School District
Lake County
329 Vine Street
Fairport Harbor, Ohio 44077

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairport Harbor Exempted Village School District, Lake County, Ohio as of June 30, 2025, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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, during 2025, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

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

February 3, 2026

This space is intentionally left blank

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

The discussion and analysis of the Fairport Harbor Exempted Village School District's (the School District) financial performance provides an overall review of the School District's financial activities for the 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 2025 are:

- Net position of governmental activities increased by $16,509,041. The increase is mainly attributed to the grant money received from the State of Ohio for the School District’s building project which commenced during fiscal year 2023.

- General revenues accounted for $23,736,862 of all revenues or 93.06 percent of all receipts. Program specific revenues in the form of charges for services and operating grants and contributions accounted for $1,769,254 or 6.94 percent of total revenues of $25,506,116.

- The School District had $8,997,075 in expenditures related to governmental activities; $1,769,254 of these expenditures were offset by program specific charges for services and operating grants and contributions.

- The General Fund had $9,695,836 in revenues and $9,954,860 (includes other financing uses) in expenditures. The General Fund’s balance decreased to $5,785,459 from fiscal year 2024 balance of $6,044,483.

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 School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

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, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2025?" The Statement of Net Position and Statement of Activities answer this question. These statements include all non-fiduciary assets and deferred outflows of resources and all liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, supporting services, operating of non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and Classroom Facilities Fund.

<u>*Governmental Funds*</u> All 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 year-end available for spending in future periods. These funds are reported using the modified accrual method of accounting. The governmental fund statements provide a detailed *view* of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent to finance educational programs. The governmental fund financial statement can be found on pages 17 through 21 of this report.

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

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 and 2024.

Table 1- Net Position

	Governmental Activities	
	2025	2024
ASSETS		
Current and other assets	$ 19,181,375	$ 21,930,711
Capital assets, net	29,616,260	9,495,059
Net OPEB Asset	476,134	504,018
Total Assets	49,273,769	31,929,788
DEFERRED OUTFLOWS OF RESOURCES		
Pension	1,303,673	1,519,471
OPEB	188,169	226,731
Total Deferred Outflows of Resources	1,491,842	1,746,202
LIABILITIES		
Current and other liabilities	4,665,339	2,234,012
Long-term liabilities:		
Due within one year	503,760	118,117
Due in more than one year:		
Net Pension Liability	5,524,033	6,391,239
Net OPEB Liability	139,921	248,944
Other Amounts	6,324,901	5,899,385
Total Liabilities	17,157,954	14,891,697
DEFERRED INFLOWS OF RESOURCES		
Property taxes	2,033,445	2,858,856
Pension	1,013,403	868,708
OPEB	579,147	666,767
Total Deferred Inflows of Resources	3,625,995	4,394,331
NET POSITION		
Net investment in capital assets	23,552,017	7,088,389
Restricted	6,727,178	7,944,718
Unrestricted	(297,533)	(643,145)
Total Net Position	$ 29,981,662	$ 14,389,962

The net pension liability (NPL), net OPEB liability (NOL), and net OPEB asset are reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

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

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

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

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

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability.

In addition, the School District does not have a claim for the net OPEB asset, but rather a required disclosure. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2025, the School District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $29,981,662. Total Assets increased from $31,929,788 in fiscal year 2024 to $49,273,769, which is an increase of $17,343,981, or 54.32 percent. This increase was mainly attributed to the increase in construction in progress for the School District's building project. Current and other liabilities increased from $2,234,012 to $4,665,339, which is an increase of $2,431,327, or 108.83 percent. This was a result of payables that were incurred from the school building project at year-end.

The changes in net OPEB asset, net pension liability, net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to pension and OPEB are related GASB 68 and GASB 75 changes that occurred during fiscal year 2025.

The table presented below is necessary to show the School District's Net position without the implementation of GASB 68 and GASB 75:

Table 2 - Net Position excluding GASB 68 & 75

Total Net Position including GASB 68 and GASB 75	$	29,981,662
Add:		
Net Pension Liability		5,524,033
Net OPEB Liability		139,921
Deferred Inflows - Pension		1,013,403
Deferred Inflows - OPEB		579,147
Less:		
Deferred Outflows - Pension		1,303,673
Deferred Outflows - OPEB		188,169
Net OPEB Asset		476,134
Total Net Position without GASB 68 and GASB 75	$	35,270,190

This space is intentionally left blank

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Table 3 shows the changes in net position for fiscal year 2025 and 2024 for governmental activities.

Table 3- Changes in Net Position

	Governmental Activities	
	2025	2024
REVENUES		
Program Revenues:		
Charges for Services	$ 284,209	$ 270,218
Operating Grants and Contributions	1,485,045	1,434,422
Total Program Revenues	1,769,254	1,704,640
General Revenues:		
Property Taxes	3,349,961	3,255,435
Grants and Entitlements		
Not Restricted to Specific Programs	4,910,182	5,022,674
Restricted for OFCC Project	14,580,536	10,361,321
Investment Income	856,600	932,929
All Other Revenues	39,583	51,978
Total General Revenues	23,736,862	19,624,337
Total Revenues	25,506,116	21,328,977
EXPENSES		
Program Expenses:		
Instruction:		
Regular	3,282,088	3,446,460
Special	1,425,278	1,201,957
Other	128,665	129,013
Supporting Services:		
Pupils	602,903	487,409
Instructional Staff	503,977	287,401
Board of Education	70,332	92,904
Administration	968,964	797,810
Fiscal Services	298,411	269,380
Business	-	71
Operation and Maintenance of Plant Services	802,205	750,613
Pupil Transportation	97,320	115,852
Central	54,714	48,021
Operation of Non-Instructional Services		
Food Services	11,201	10,616
Other Non-Instructional Services	35,155	30,441
Extracurricular Activities	475,205	459,044
Interest and Fiscal Charges	240,657	245,884
Total Expenses	8,997,075	8,372,876
Change in Net Position	16,509,041	12,956,101
Net Position - Beginning of Year, as previously reported	14,389,962	1,433,861
Change in accounting principal (GASB 101)	(917,341)	-
Net Position - Beginning of Year, as adjusted	13,472,621	-
Net Position - End of Year	$ 29,981,662	$ 14,389,962

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall receipts generated by the levy will not increase as a result of inflation. As an example, a homeowner with a home valued at $100,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three years later the home were reappraised and its value was increased to $200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become .5 mills and the owner would still pay $35.00.

The primary source of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 89.55 percent of total governmental revenue. Overall revenues increased $4,177,139 or 19.58% when compared to 2024. This increase is mainly attributed to grants and entitlements restricted for Ohio Facilities Construction Commission for the School District's building project.

In order to better understand the changes in program expenses in 2025 as compared to 2024, see Table 4 below for analysis of program expenses that have removed all expenses related to GASB Statement No. 68 and 75. See Notes 11 and 12 for more information regarding net pension liability and net OPEB liability/asset and the related pension expense.

The table below presents the District's change in program expenses excluding GASB 68 and GASB 75 for fiscal years 2025 and 2024.

Table 4 - Changes in Program Expenses excluding GASB 68 and GASB 75

EXPENSES				
Program Expenses:	**2025**	**2024**	**Change**	**%**
Instruction:				
Regular	$ 3,654,877	$ 3,598,394	$ 56,483	1.57%
Special	1,542,522	1,252,013	290,509	23.20%
Other	128,665	129,013	(348)	-0.27%
Supporting Services:				
Pupils	642,153	504,797	137,356	27.21%
Instructional Staff	503,977	287,401	216,576	75.36%
Board of Education	71,109	93,435	(22,326)	-23.89%
Administration	1,040,454	821,707	218,747	26.62%
Fiscal Services	298,411	269,380	29,031	10.78%
Business	-	71	(71)	100.00%
Operation and Maintenance of Plant Services	817,963	759,157	58,806	7.75%
Pupil Transportation	97,320	115,852	(18,532)	-16.00%
Central	55,350	48,371	6,979	14.43%
Operation of Non-Instructional Services:				
Food Services	11,712	10,895	817	7.50%
Other Non-Instructional Services*	35,155	30,441	4,714	15.49%
Extracurricular Activities	493,660	467,724	25,936	5.55%
Interest and Fiscal Charges	240,657	245,884	(5,227)	-2.13%
Total Expenses	$ 9,633,985	$ 8,634,535	$ 999,450	11.58%

The total program expenses increased by $999,450 or 11.58 percent, from 2024 to 2025. The largest increase is Special Instruction in the amount of $290,509. Special Instruction expense increased due to an ongoing increase in the special needs population and the required services for this population.

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and state grants and entitlements.

Table 5 - Total and Net Cost of Program Services

	Governmental Activities			
	Total Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2025	Net Cost of Services 2024
Instruction	$ 4,836,031	$ 4,777,430	$ 3,931,458	$ 3,780,085
Supporting Services:				
Pupils and Instructional Staff	1,106,880	774,810	347,332	322,115
Board of Education, Administration,				
Fiscal Services and Business	1,337,707	1,160,165	1,337,707	1,159,325
Operation and Maintenance of Plant Services	802,205	750,613	802,205	726,461
Pupil Transportation	97,320	115,852	67,803	75,327
Central	54,714	48,021	54,714	48,021
Operation of Non-Instructional Services	46,356	41,057	40,552	41,057
Extracurricular Activities	475,205	459,044	405,393	269,961
Interest and Fiscal Charges	240,657	245,884	240,657	245,884
Total Cost of Services	$ 8,997,075	$ 8,372,876	$ 7,227,821	$ 6,668,236

The dependence upon tax and other general revenues for governmental activities is apparent as 81.30 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support covers 80.34 percent of total expenses. The School District’s taxpayers, as a whole, are the primary support for the School District’s students.

Financial Analysis of the Government’s Funds

The School District’s governmental funds reported a combined fund balance of $12,464,227, which is a lower balance than last year’s combined fund balance of $16,784,231. The table below indicates the fund balance and the total change in fund balance as of June 30, 2025 and 2024.

	Fund Balance June 30, 2025	Fund Balance June 30, 2024	Change	% Change
General	$ 5,785,459	$ 6,044,483	$ (259,024)	-4.29%
Classroom Facilities	3,465,089	8,077,976	(4,612,887)	100.00%
Other Governmental	3,213,679	2,661,772	551,907	20.73%
Total	$ 12,464,227	$ 16,784,231	$ (4,320,004)	-25.74%

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

General Fund

The table that follows assists in illustrating the financial activities and fund balance of the General Fund.

	June 30, 2025	June 30, 2024	Change	% Change
Revenues				
Taxes	$ 3,015,966	$ 2,975,033	$ 40,933	1.38%
Interest	304,786	303,602	1,184	0.39%
Intergovernmental	6,114,964	5,879,474	235,490	4.01%
Other Revenues	260,120	233,930	26,190	11.20%
Total Revenues	$ 9,695,836	$ 9,392,039	$ 303,797	3.23%
Expenditures				
Instruction	$ 5,188,328	$ 4,555,064	$ 633,264	13.90%
Supporting Services	3,292,343	2,703,497	588,846	21.78%
Operation of Non-Instructional	40,819	37,138	3,681	9.91%
Extracurricular Activities	319,175	281,748	37,427	13.28%
Debt Service	25,728	25,728	-	0.00%
Total Expenditures	$ 8,866,393	$ 7,603,175	$ 1,263,218	16.61%

The School District’s General Fund balance decreased by $259,024. The decrease was the result of increased instruction, supporting services, and transfers out. Regular and special instruction increased due to a significant textbook adoption during 2025 and an ongoing increase in special needs population and the required services for this population.

Classroom Facilities

Classroom Facilities has a fund balance of $3,465,089 at fiscal year-end, a decrease of $4,612,887. The decrease was due to increased building project expenses which was offset by increased OFCC drawdowns for the building project during the fiscal year.

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 made amendments to its general fund budget. Possible fluctuations among the budget base expenditure categories are due to the School District site-based style of budgeting that is designed to tightly control expenditures but provide flexibility for managers to redirect funds as conditions develop during the year.

For the General Fund, the original budget basis revenues of $9,876,700 (including other financing sources) was decreased in the final budget basis revenues to $9,626,087. Actual revenues were slightly higher at $9,651,380. The original appropriations (including other financing uses) were $9,582,694 and was subsequently increased to $10,056,279 for the final appropriations (including other financing uses). Final expenditures were equal to final appropriations at $10,056,279.

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Capital Assets

At the end of fiscal year 2025, the School District had $29,616,260 invested in Land, Construction in progress, Intangible right-to-use lease - equipment, buildings and improvements, furniture and equipment, and vehicles in governmental activities. Table 4 shows fiscal year 2025 balances compared to 2024:

Table 4 - Capital Assets (Net of Accumulated Depreciation/Amortization)

	Governmental Activities	
	2025	2024
Land	$ 134,000	$ 134,000
Construction in progress	28,944,879	8,917,896
Intangible right-to-use Lease - Equipment	52,339	75,601
Buildings and improvements	153,230	-
Furniture and equipment	324,859	354,536
Vehicles	6,953	13,026
Total Capital Assets	$ 29,616,260	$ 9,495,059

Overall, the capital assets increased by $20,121,201 when compared to 2024 capital asset balances. The primary increase is due to the continued construction on the School District's School Building Project. See Note 9 for additional information on capital assets.

Debt

At June 30, 2025, the School District had $4,970,157, a decrease of $67,901 due to principal payments on debt. Table 5 summarizes the School District's debt outstanding.

Table 5 - Outstanding Debt at Year End

	Governmental Activities	
	2025	2024
General Obligation Bonds	$ 4,915,000	$ 4,960,000
Leases Payable	55,157	78,058
Total Outstanding Debt	$ 4,970,157	$ 5,038,058

See Notes 13 for additional information on the School District's long-term debt activity.

Economic Factors

The School District is dependent on its local taxpayers. Based on the current financial information, there is need for continued evaluation of current programs, enrollment and staffing levels, the School District will continue to monitor revenues and expenditures in order to maintain financial stability.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Sherry Williamson, Treasurer at Fairport Harbor Exempted Village School District, 329 Vine Street, Fairport Harbor, Ohio 44077 or email at swilliamson@fhevs.org

Statement of Net Position

June 30, 2025

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	$ 16,050,680
Property Taxes Receivable	2,458,342
Accounts Receivable	10,854
Intergovernmental Receivable	117,541
Prepaid Items	5,022
Restricted Assets:	
Equity in Pooled Cash and Cash Equivalents	538,936
Nondepreciable Capital Assets	29,078,879
Depreciable/Amortized Capital Assets, Net	537,381
Net OPEB Asset	476,134
Total Assets	49,273,769
DEFERRED OUTFLOWS OF RESOURCES	
Pension	1,303,673
OPEB	188,169
Total Deferred Outflows of Resources	1,491,842
LIABILITIES	
Accounts Payable	182,216
Contracts Payable	3,037,846
Accrued Wages and Benefits	673,695
Intergovernmental Payable	120,952
Accrued Interest Payable	20,287
Matured Compensated Absences Payable	91,407
Retainage Payable	538,936
Long-term Liabilities:	
Due within one year	503,760
Due in more than one year:	
Net Pension Liability (See Note 11)	5,524,033
Net OPEB Liability (See Note 12)	139,921
Other Amounts	6,324,901
Total Liabilities	17,157,954
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	2,033,445
Pension	1,013,403
OPEB	579,147
Total Deferred Inflows of Resources	3,625,995
NET POSITION	
Net Investment in Capital Assets	23,552,017
Restricted:	
Capital Projects	5,472,242
Debt Service	283,673
Student Activities	39,059
Scholarships	13,747
Endowment	10,000
Food Service	28,077
Safety and Security	310,217
OPEB	476,134
Other Purposes	94,029
Unrestricted	(297,533)
Total Net Position	$ 29,981,662

See accompanying notes to the basic financial statements.

Statement of Activities

For the Fiscal Year Ended June 30, 2025

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$ 3,282,088	$ 2,688	$ 114,495	$ (3,164,905)
Special	1,425,278	217,605	569,636	(638,037)
Vocational	-	-	149	149
Other	128,665	-	-	(128,665)
Supporting Services:				
Pupils	602,903	-	752,424	149,521
Instructional Staff	503,977	-	7,124	(496,853)
Board of Education	70,332	-	-	(70,332)
Administration	968,964	-	-	(968,964)
Fiscal Services	298,411	-	-	(298,411)
Operation and Maintenance of Plant Services	802,205	-	-	(802,205)
Pupil Transportation	97,320	-	29,517	(67,803)
Central	54,714	-	-	(54,714)
Operation of Non-Instructional Services	46,356	-	5,804	(40,552)
Extracurricular Activities	475,205	63,916	5,896	(405,393)
Interest and Fiscal Charges	240,657	-	-	(240,657)
Total Governmental Activities	$ 8,997,075	$ 284,209	$ 1,485,045	(7,227,821)

General Revenues:	
Property Taxes levied for:	
General Purposes	3,007,820
Debt Service	337,443
Classroom Facilities	4,698
Grants & Entitlements Not Restricted to Specific Programs	4,910,182
Grants & Entitlements Restricted to OFCC Project	14,580,536
Investment Income	856,600
All Other Revenues	39,583
Total General Revenues	23,736,862
Change in Net Position	16,509,041
Net Position - Beginning of Year, as previously reported	14,389,962
Change in Accounting Principal (GASB 101)	(917,341)
Net Position - Beginning of Year, as adjusted	13,472,621
Net Position - End of Year	$ 29,981,662

See accompanying notes to the basic financial statements.

Balance Sheet
Governmental Funds
June 30, 2025

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	$ 6,342,393	$ 6,449,194	$ 3,259,093	$ 16,050,680
Accounts Receivable	10,854	-	-	10,854
Interfund Receivable	139	-	-	139
Intergovernmental Receivable	82,704	-	34,837	117,541
Prepaid Items	5,022	-	-	5,022
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	-	538,936	-	538,936
Property Taxes Receivable	2,152,282	-	306,060	2,458,342
Total Assets	$ 8,593,394	$ 6,988,130	$ 3,599,990	$ 19,181,514
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 174,416	$ -	$ 7,800	$ 182,216
Contracts Payable	-	2,984,105	53,741	3,037,846
Accrued Wages and Benefits	645,362	-	28,333	673,695
Intergovernmental Payable	116,891	-	4,061	120,952
Matured Compensated Absences Payable	68,862	-	22,545	91,407
Retainage Payable	-	538,936	-	538,936
Interfund Payable	-	-	139	139
Total Liabilities	1,005,531	3,523,041	116,619	4,645,191
Deferred Inflows of Resources:				
Property Taxes	1,783,695	-	249,750	2,033,445
Unavailable Revenue - Delinquent Property Taxes	18,709	-	2,310	21,019
Unavailable Revenue - Grants	-	-	17,632	17,632
Total Deferred Inflows of Resources	1,802,404	-	269,692	2,072,096
Fund Balances:				
Nonspendable	6,844	-	-	6,844
Restricted	-	3,465,089	1,657,279	5,122,368
Committed	8,800	-	1,594,158	1,602,958
Assigned	2,006,368	-	-	2,006,368
Unassigned (Deficit)	3,763,447	-	(37,758)	3,725,689
Total Fund Balances	5,785,459	3,465,089	3,213,679	12,464,227
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 8,593,394	$ 6,988,130	$ 3,599,990	$ 19,181,514

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities
Governmental Funds
June 30, 2025

Total Governmental Fund Balances		$ 12,464,227
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		29,616,260
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds:		
Delinquent property taxes	$ 21,019	
Intergovernmental grants	17,632	
		38,651
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental funds, as interest expenditure is reported when due		(20,287)
The net pension liability and net OPEB liability are not due and payable in the current period; and the net OPEB asset is not available for spending in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	1,303,673	
Deferred Inflows - Pension	(1,013,403)	
Net Pension Liability	(5,524,033)	
Net OPEB Asset	476,134	
Deferred Outflows - OPEB	188,169	
Deferred Inflows - OPEB	(579,147)	
Net OPEB Liability	(139,921)	
Total		(5,288,528)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(4,915,000)	
Leases payable	(55,157)	
Unamortized debt premium	(257,650)	
Compensated absences	(1,600,854)	
Total		(6,828,661)
Net Position of Governmental Activities		$ 29,981,662

See accompanying notes to the basic financial statements.

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

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 3,015,966	$ -	$ 342,969	$ 3,358,935
Intergovernmental	6,114,964	14,580,536	277,639	20,973,139
Interest	304,786	488,673	63,141	856,600
Tuition	217,605	-	-	217,605
Extracurricular Activities	244	-	63,672	63,916
Contributions and Donations	-	-	29,273	29,273
Classroom Materials and Fees	2,688	-	-	2,688
Miscellaneous	39,583	-	-	39,583
Total Revenues	9,695,836	15,069,209	776,694	25,541,739
EXPENDITURES				
Current:				
Instruction:				
Regular	3,698,751	-	98,059	3,796,810
Special	1,360,912	-	148,353	1,509,265
Other	128,665	-	-	128,665
Supporting Services:				
Pupils	662,362	-	2,836	665,198
Instructional Staff	451,141	-	12,015	463,156
Board of Education	72,278	-	-	72,278
Administration	925,539	-	750	926,289
Fiscal Services	294,710	-	3,701	298,411
Operation and Maintenance of Plant Services	748,623	-	4,520	753,143
Pupil Transportation	87,382	-	9,938	97,320
Central	50,308	-	400	50,708
Operation of Non-Instructional Services:				
Food Service Operations	7,355	-	-	7,355
Community Services	-	-	1,691	1,691
Other Operations	33,464	-	-	33,464
Extracurricular Activities	319,175	-	159,594	478,769
Capital Outlay	-	19,682,096	580,203	20,262,299
Debt Service:				
Principal Retirement	22,901	-	45,000	67,901
Interest and Fiscal Charges	2,827	-	246,194	249,021
Total Expenditures	8,866,393	19,682,096	1,313,254	29,861,743
Excess of Revenues Over (Under) Expenditures	829,443	(4,612,887)	(536,560)	(4,320,004)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1,088,467	1,088,467
Transfers Out	(1,088,467)	-	-	(1,088,467)
Total Other Financing Sources (Uses)	(1,088,467)	-	1,088,467	-
Net Change in Fund Balances	(259,024)	(4,612,887)	551,907	(4,320,004)
Fund Balances - Beginning of Year	6,044,483	8,077,976	2,661,772	16,784,231
Fund Balances - End of Year	$ 5,785,459	$ 3,465,089	$ 3,213,679	$ 12,464,227

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Governmental Funds
For the Fiscal Year Ended June 30, 2025

Net Change in Fund Balances-Total Governmental Funds		$ (4,320,004)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period.		
Capital outlay	$ 20,273,132	
Depreciation/amortization	(151,931)	
Total		20,121,201
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	(8,974)	
Intergovernmental grants	(26,649)	
Total		(35,623)
Repayment of debt principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position.		67,901
Contractually required contributions are reported as expenditures in the Governmental Funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
Pension	616,368	
OPEB	9,978	
Total		626,346
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability and net OPEB asset are reported as pension/OPEB expense in the Statement of Activities.		
Pension	(109,655)	
OPEB	120,219	
Total		10,564
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.		
Compensated absences	30,292	
Accrued interest	375	
Amortization of debt premiums	7,989	
Total		38,656
Change in Net Position of Governmental Activities		$ 16,509,041

See accompanying notes to the basic financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual – General Fund For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes	$ 3,004,358	$ 2,928,048	$ 2,928,048	$ -
Intergovernmental	6,168,850	6,012,162	6,012,162	-
Interest	288,489	281,161	304,786	23,625
Tuition	223,276	217,605	217,605	-
Classroom Materials and Fees	2,758	2,688	2,688	-
Miscellaneous	178,951	174,406	175,074	668
Total Revenues	9,866,683	9,616,070	9,640,363	24,293
Expenditures				
Current:				
Instruction				
Regular	3,860,035	3,714,847	3,659,153	55,694
Special	1,405,695	1,353,678	1,354,447	(769)
Other	132,754	127,827	124,876	2,951
Supporting Services				
Pupils	660,891	636,736	607,773	28,963
Instructional Staff	417,964	403,728	496,859	(93,131)
Board of Education	76,680	73,807	73,356	451
Administration	1,007,434	970,331	949,219	21,112
Fiscal Services	307,667	296,177	289,108	7,069
Operation and Maintenance of Plant Services	912,053	880,178	911,872	(31,694)
Pupil Transportation	92,756	89,283	87,382	1,901
Central	52,845	50,853	50,105	748
Food Service Operations	7,741	7,450	7,340	110
Extracurricular Activities	337,916	325,278	318,683	6,595
Total Expenditures	9,272,431	8,930,173	8,930,173	-
Excess of Revenues Over (Under) Expenditures	594,252	685,897	710,190	24,293
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	10,017	10,017	11,017	1,000
Advances Out	-	(139)	(139)	-
Transfers Out	(310,263)	(1,125,967)	(1,125,967)	-
Total Other Financings Sources (Uses)	(300,246)	(1,116,089)	(1,115,089)	1,000
Net Change in Fund Balance	294,006	(430,192)	(404,899)	25,293
Fund Balance - Beginning of Year	6,220,339	6,220,339	6,220,339	-
Prior Year Encumbrances Appropriated	189,804	189,804	189,804	-
Fund Balance - End of Year	$ 6,704,149	$ 5,979,951	$ 6,005,244	$ 25,293

See accompanying notes to the basic financial statements.

Notes to the
Basic Financial Statements

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 1: **REPORTING ENTITY**

Fairport Harbor Exempted Village School District (the "School District") is organized under Article VI, Section 2 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 statute and federal guidelines.

The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms and provides educational services as mandated by State or federal agencies. The Board controls the School District's two educational facilities consisting of one elementary (K-5) and one high school (6-12).

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

A. **Primary Government**

The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

B. **Component Units**

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

The School District is associated with three jointly governed organizations, a claims servicing pool, a related organization and an insurance purchasing pool. These organizations are the NEOnet (Northeast Ohio Network for Educational Technology), the Auburn Vocational School District, the Ohio Schools Council, Lake County School Council, the Fairport Harbor Public Library and the Ohio Schools Council Workers' Compensation Group Rating Program which are presented in Notes 18, 19, 20 and 21 to the basic financial statements.

The School District's management believes these financial statements present all activities for which the School District is financially accountable.

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 on the following pages.

A. **Basis of Presentation**

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities 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 activities of the School District at fiscal year-end. The government-wide statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, operating and/or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements Fund financial statements are designed to present financial information of the School District at this more detailed level. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

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

B. **Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the category of governmental funds.

Governmental Funds Governmental funds focus 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 liabilities and deferred inflows of resources is reported as fund balance. The following is the School District's major fund:

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

Classroom Facilities – The Classroom Facilities Fund is used to account for monies received and expended in connection with contracts entered in to by the school district and the Ohio School Facilities Commission for the building and equipping of classroom facilities.

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

Fiduciary Funds - 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's fiduciary funds are custodial funds, which are used to account for fees paid to OHSAA. The custodial fund did not have a cash balance or activity during and as of fiscal year 2025.

C. **Measurement Focus**

Governmental-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

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

C. **Measurement Focus** (Continued)

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 deferred outflows of resources along with current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental 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. 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 outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenues from grants, entitlements, and donations are 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 fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

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

D. **Basis of Accounting** (Continued)

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 pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Note 11 and 12.

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 fiscal year 2026 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, and intergovernmental grants. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position and are explained further in Notes 11 and 12.

Expenditures/Expenses On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the statement of revenues, expenditures, and changes in fund balances as an expenditure with a like amount reported as an intergovernmental revenue.

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 the governmental funds.

E. **Cash and Investments**

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

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

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

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

E. **Cash and Investments** (Continued)

During fiscal year 2025, the School District 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 a NAV per share that approximates fair value.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2025 was $304,786.

F. **Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. As of June 30, 2025, the School District had $538,936 restricted for the OFCC building project held in a STAR Ohio investment account.

G. **Inventory**

Inventories of supplies of the governmental funds are stated at cost while inventories held for resale are reported at lower of cost or market. For all funds, cost is determined on a first-in, first-out basis and expended/expensed when used. The School District did not have any Inventory at June 30, 2025.

H. **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 purchase and an expenditure/expense is reported in the year which services are consumed.

I. **Capital Assets**

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

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

I. **Capital Assets** (Continued)

All capital assets are capitalized/amortized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of fifteen hundred dollars ($1,500). 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.

All reported capital assets except for construction in progress are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital asset. Depreciation/amortization is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Intangible right-to-use Lease - Equipment	5 years
Buildings and Improvements	10-40 years
Furniture and Equipment	5-15 years
Vehicle	5-15 years

J. **Interfund Receivables/Payables**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

K. **Compensated Absences**

The School District recognizes a liability for compensated absences for leave that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability is incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation - The School District's policy permits employees to accumulate earned but unused benefits, which are eligible for payments at the employee's current pay rate upon separation from employment.

Sick - The School District's policy permits employees to accumulate earned but unused sick leave. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the School District's termination policy.

These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund or funds from which the employees who have accumulated the leave are paid. The School District had $91,407 Matured compensated absences payable at June 30, 2025.

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

L. **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 internal service fund is reported on the internal service fund's 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 and 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 year. Financed Purchases Payable and Lease Payable obligations are recognized as a liability on the governmental fund financial statements when due. 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.

M. **Net Position**

Net position represents the difference between assets and deferred outflows of resources compared to liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. **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 the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not spendable in form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

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

N. **Fund Balance** (Continued)

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts would represent intended uses established by the School District's Board of Education.

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

The School District applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. **Interfund Activity**

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. **Estimates**

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

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

Q. **Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. As of June 30, 2025, there were no extraordinary or special items.

R. **Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the fund level for all funds. The Treasurer has been given the authority to allocate the Board appropriations to the function and object levels.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the Lake County Budget Commission for rate determination.

Estimated Resources Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the 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 amended certificate when the original appropriations were adopted.

The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2025.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

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

R. **Budgetary Data** (Continued)

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certification saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any legal level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statement reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year end are reported as part of the respective fund balance classification for subsequent year expenditures for governmental funds. Encumbrances outstanding at year end are not reported on government-wide financial statements.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

S. **Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, net OPEB 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 systems. 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 systems report investments at fair value.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 3: **CHANGE IN ACCOUNTING PRINCIPLES**

During the fiscal year, the School District implemented the following Governmental Accounting Standards Board (GASB) Statements and Guides:

GASB Statement No. 102, Certain Risk Disclosures – an Amendment of GASB Statement No. 62. GASB 100 The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The implementation of the GASB pronouncement did not have any impact on beginning net position or fund balance.

GASB Statement No. 101, Compensated Absences The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. For the School District, GASB 101 increased the liability and the cumulative effects of compensated absence related expense on net position as shown on the table below.

	Government-Wide
	Governmental Activities
June 30, 2024, as previously reported	$ 14,389,962
Change in accounting principle (GASB 101)	(917,341)
June 30, 2024, as adjusted or restated	$ 13,472,621

This space is intentionally left blank

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 4: **BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances 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 (Non-GAAP Budgetary Basis) - for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budgetary basis and GAAP basis are that:

1. Revenues are recorded when received in cash (Budgetary basis) as opposed to when susceptible to accrual (GAAP basis);

2. Expenditures are recorded when paid in cash (Budgetary basis) as opposed to when the liability is incurred (GAAP basis);

3. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);

4. Encumbrances are treated as expenditures (Budgetary basis) rather than as a part of restricted, committed, and assigned fund balances (GAAP basis); and

5. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (Budgetary basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and Budgetary basis statements for the general fund:

Net Change in Fund Balance		
GAAP Basis	$	(259,024)
Net Adjustment for Revenue Accruals		(42,464)
Net Adjustments for Expenditure Accruals		207,365
Advances Out		(139)
Funds with Separate Legally Adopted Budgets		7,765
Adjustment for Encumbrances		(318,402)
Budget Basis	$	(404,899)

NOTE 5: **DEPOSITS AND INVESTMENTS**

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

Active deposits are public deposits 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.

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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 securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio or Ohio local governments;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio); and

8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty (180) days in an amount not to exceed forty (40) percent of the interim monies available for investment at any one time if training requirements have been met; and

9. Under limited circumstances, corporate debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, the School District's carrying amount was $1,876,393. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures,* as of June 30, 2025, $250,000 of the School District's bank balance of $1,894,374 was insured by Federal Depository Insurance Corporation (FDIC). The remaining $1,644,374 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name. The amount was that was uninsured and collateralized with securities held was greater than the bank balance due to the excess collateral allocated by OPCS at year-end significantly exceeded the required amount.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by:

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The School District's financial institutions were approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

Investments

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

Investment Type	Net Asset Value	Credit Rating (*)	Investment Maturities (in Years) <1
STAR Ohio	$ 14,713,223	AAAm	$ 14,713,223

* Credit Rating was obtained from Standard & Poor's for all investments.

The School District has categorized 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.

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

Credit Risk See the above table for credit ratings for all investments. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

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

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The School District's investment STAR Ohio represents all of the School District's total investments.

Foreign Currency Risk Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of June 30, 2025, the School District had no exposure to foreign currency risk.

NOTE 6: **PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility tangible personal property (used in business) located in the School District. Real property tax receipts 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 law 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 year 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien June 30, 2023, were levied after April 1, 2024 and are collected in 2025 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Lake County. The 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, 2025, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 6: **PROPERTY TAXES** (Continued)

Accrued property taxes receivable includes real property and public utility property, 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 inflows of resources.

The amount available as an advance at June 30, 2025, was $349,878 in the General Fund, $4,000 in the Classroom Facilities Maintenance Fund, and $50,000 in the Debt Service fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as unavailable revenues within deferred inflows of resources.

The full tax rate at the fiscal year ended 2025 was $86.12 per $1,000 of assessed valuation. The assessed values of real and public utility property on which the fiscal year 2025 taxes was collected are as follows:

	2024 2nd Half Collection		2025 1st Half Collection	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$ 65,701,940	92.68%	$ 87,468,610	94.31%
Public Utility Personal	5,131,470	7.32%	5,272,500	5.69%
Total	$ 70,833,410	100.00%	$ 92,741,110	100.00%

NOTE 7: **RECEIVABLES**

Receivables at June 30, 2025, consisted of taxes, intergovernmental grants, and accounts receivable. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. All receivables are expected to be collected within one year. The School District had $2,458,342 in Property Taxes Receivable, $117,541 in Intergovernmental Receivables, and $10,854 in Accounts Receivables.

NOTE 8: **INTERFUND TRANSACTIONS**

A. **Interfund Receivables and Payables**

As of June 30, 2025, the General Fund reported an interfund receivable of $139 due from the IDEA grant fund from an advance during fiscal year 2025.

B. **Interfund Transfers**

During fiscal year 2025, the General Fund transferred $1,000,000 to the Capital Projects Fund to fund work on the School District's new building project, $87,982 to the District Managed Activities to subsidize services provided, $100 to the Other Grant Fund, and $385 to student managed activities.

Transfer In	Transfer Out	Amount
Other Governmental Funds	General Fund	$ 1,088,467

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 9: **CAPITAL ASSETS**

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

Governmental Activities:	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
Capital assets, not being depreciated:				
Land	$ 134,000	$ -	$ -	$ 134,000
Construction in progress	8,917,896	20,026,983	-	28,944,879
Total capital assets, not being depreciated	9,051,896	20,026,983	-	29,078,879
Capital assets, being depreciated/amortized:				
Intangible right-to-use Lease - Equipment	116,309	-	-	116,309
Buildings and improvements	7,563,375	155,842	-	7,719,217
Furniture and equipment	1,131,478	90,307	-	1,221,785
Vehicles	43,072	-	-	43,072
Total capital assets, being depreciated/amortized	8,854,234	246,149	-	9,100,383
Less: accumulated depreciation/amortization:				
Intangible right-to-use Lease - Equipment	(40,708)	(23,262)	-	(63,970)
Buildings and improvements	(7,563,375)	(2,612)	-	(7,565,987)
Furniture and equipment	(776,942)	(119,984)	-	(896,926)
Vehicles	(30,046)	(6,073)	-	(36,119)
Total accumulated depreciation/amortization	(8,411,071)	(151,931) *	-	(8,563,002)
Total Capital Assets being depreciated/amortized, net	443,163	94,218	-	537,381
Governmental activities capital assets, net	$ 9,495,059	$ 20,121,201	$ -	$ 29,616,260

*Depreciation/Amortization Expense as of June 30, 2025:

Instruction:	
Regular	$ 32,648
Supporting Services:	
Pupils	540
Instructional Staff	45,903
Board of Education	122
Administration	26,674
Operation and Maintenance of Plant Services	16,327
Central	4,642
Operational of Non-Instructional Services	4,570
Extracurricular Activities	20,505
Total Depreciation/Amortization Expense	$ 151,931

NOTE 10: **RISK MANAGEMENT**

A. **Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2025, the School District contracted with various insurance agencies for various types of insurance. Coverage is as follows:

Package Policy Schools of Ohio Risk Sharing Authority Limits	Coverage Amounts
Blanket Property Coverage	$ 36,138,506
Equipment Breakdown - subject to policy limits ($1,000 Deductible)	36,138,506
Computer Coverage ($1,000 Deductible)	70,000
General Liability Coverage	6,000,000
Sexual Misconduct	4,000,000
Employers Stop Gap Liability	4,000,000
School Leaders E & O Liability Claims Made ($2,500 Deductible)	4,000,000
Public Employee Dishonesty Blanket Bond ($2,500 Deductible)	100,000
Forgery and Alteration ($1,000 Deductible)	100,000
Money and Securities (on premises) ($1,000 Deductible)	25,000
Theft Disappearance & Destruction (off premises) ($1,000 Deductible)	25,000
Automobile Policy Schools of Ohio Risk Sharing Authority	
Auto Liability	$ 4,000,000
Medical Payments	5,000
Uninsured Motorists Liability	1,000,000
Comp/Collision Deductibles ($1,000)	

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from the prior year. All employees of the School District are covered by a blanket bond, while certain individuals in policy making roles are covered by separate, higher limit bond coverage.

B. **Employee Medical Coverage**

The School District has elected to provide medical coverage through premium payments to the Lake County School Council Self Insurance Program. See Note 19 for additional information.

C. **Workers' Compensation**

For fiscal year 2025, the School District participated in the Ohio Schools Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 21). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating School Districts is calculated as one experience and a common premium rate is applied to all School Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to School Districts that can meet the GRP's selection criteria. The firm of Comp. Management provides administrative, cost control and actuarial services to the GRP.

NOTE 11: **DEFINED BENEFIT PENSION PLAN**

A. **Net Pension Liability**

The net pension liability reported on the Statement of Net Position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

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

B. **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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 11: **DEFINED BENEFIT PENSION PLAN** (Continued)

B. **Plan Description - School Employees Retirement System (SERS)** (Continued)

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 60 with 5 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. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%. A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. The Retirement Board approved a 2.5% COLA for calendar year 2023 and 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 the entire 14.0 percent.

The School District's contractually required contribution to SERS was $89,453 for fiscal year 2025. Of this amount $6,797 is reported as an intergovernmental payable.

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

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

NOTE 11: **DEFINED BENEFIT PENSION PLAN** (Continued)

C. **Plan Description - State Teachers Retirement System (STRS)** (Continued)

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 service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 – July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 6. Effective on or after Aug. 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or give years of service credit and age 65.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective Aug. 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 Aug. 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all of their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. 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, 12.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 percent goes to the DB plan. Member contributions to the DC plan are allocated among investment choices by the member, and contributions to the DB plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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 in the GASB 68 schedules of employer allocation and pension amounts by employer.

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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 11: **DEFINED BENEFIT PENSION PLAN** (Continued)

C. **Plan Description - State Teachers Retirement System (STRS)** (Continued)

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. For the fiscal year ended June 30, 2025, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2025 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contributions to STRS was $526,915 for fiscal year 2025. Of this amount $93,380 is reported as an intergovernmental payable.

D. **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	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.0146661%	0.02591538%	
Proportion of the Net Pension Liability Current Measurement Date	0.0135672%	0.02510178%	
Change in Proportionate Share	-0.0010989%	-0.00081360%	
Proportionate Share of the Net Pension Liability	$ 694,044	$ 4,829,989	$ 5,524,033
Pension Expense	$ 79,826	$ 29,829	$ 109,655

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 11: **DEFINED BENEFIT PENSION PLAN** (Continued)

D. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 26,498	$ 304,162	$ 330,660
Changes of assumptions	6,209	222,594	228,803
Changes in proportion and differences between contributions and proportionate share of contributions	-	127,842	127,842
School District contributions subsequent to the measurement date	89,453	526,915	616,368
Total Deferred Outflows of Resources	$ 122,160	$ 1,181,513	$ 1,303,673
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ 2,644	$ 2,644
Changes of assumptions	-	167,548	167,548
Net difference between projected and actual earnings on pension plan investments	43,411	415,282	458,693
Changes in proportion and differences between contributions and proportionate share of contributions	44,498	340,020	384,518
Total Deferred Inflows of Resources	$ 87,909	$ 925,494	$ 1,013,403

$616,368 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	$ (50,078)	$ (417,233)	$ (467,311)
2027	26,893	423,267	450,160
2028	(19,250)	(142,649)	(161,899)
2029	(12,767)	(134,281)	(147,048)
Total	$ (55,202)	$ (270,896)	$ (326,098)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 11: **DEFINED BENEFIT PENSION PLAN** (Continued)

E. **Actuarial Assumptions - SERS**

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

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

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

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

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of investment expenses, including inflation
Actuarial Cost Method	Entry Age Normal

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

The most recent experience study was completed June 30, 2020.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 11: **DEFINED BENEFIT PENSION PLAN** (Continued)

E. **Actuarial Assumptions – SERS** (Continued)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. 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 averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate The total pension liability was calculated using the discount rate of 7.00 percent. 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 rate of fiscal year 2024 was 14 percent. Projected inflows from investment earning 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.

NOTE 11: **DEFINED BENEFIT PENSION PLAN** (Continued)

E. **Actuarial Assumptions – SERS** (Continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$ 1,061,790	$ 694,044	$ 384,420

F. **Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2024, actuarial valuation.

Inflation	2.50 percent
Projected salary increases	Varies by service from 2.5% to 8.5%
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent

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

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

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

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 11: **DEFINED BENEFIT PENSION PLAN** (Continued)

F. **Actuarial Assumptions – STRS** (Continued)

***** 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% and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$7,791,617	$4,829,989	$2,324,959

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 12: **DEFINED BENEFIT OPEB PLAN**

A. **Net OPEB Liability/Asset**

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

The net OPEB liability and net OPEB asset represent the School District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability and net OPEB asset calculations are 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 OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including OPEB.

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

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 12: **DEFINED BENEFIT OPEB PLAN** (Continued)

B. **Plan Description - School Employees Retirement System (SERS)** (Continued)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, there was no contribution made to health care. A 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.

The surcharge, is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $9,978 for fiscal year 2025.

NOTE 12: **DEFINED BENEFIT OPEB PLAN** (Continued)

C. 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. Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

D. OPEB Liabilities, OPEB Asset, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/asset Prior Measurement Date	0.0151109%	0.02591538%	
Proportion of the Net OPEB Liability/asset Current Measurement Date	0.0137380%	0.02510178%	
Change in Proportionate Share	-0.0013729%	-0.00081360%	
Proportionate Share of the Net OPEB Liability	$ 139,921	$ -	$ 139,921
Proportionate Share of the Net OPEB (Asset)	$ -	$ (476,134)	$ (476,134)
OPEB Expense	$ (27,962)	$ (92,257)	$ (120,219)

NOTE 12: **DEFINED BENEFIT OPEB PLAN** (Continued)

D. **OPEB Liabilities, OPEB Asset, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

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	$ -	$ 20,698	$ 20,698
Changes of assumptions	60,051	58,610	118,661
Net difference between projected and actual earnings on OPEB plan investments	682	-	682
Changes in proportion and differences between contributions and proportionate share of contributions	33,465	4,685	38,150
School District contributions subsequent to the measurement date	9,978	-	9,978
Total Deferred Outflows of Resources	$ 104,176	$ 83,993	$ 188,169
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 150,873	$ 51,309	$ 202,182
Changes of assumptions	64,274	214,733	279,007
Net difference between projected and actual earnings on OPEB plan investments	-	20,444	20,444
Changes in proportion and differences between contributions and proportionate share of contributions	71,597	5,917	77,514
Total Deferred Inflows of Resources	$ 286,744	$ 292,403	$ 579,147

$9,978 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	$ (52,179)	$ (74,111)	$ (126,290)
2027	(37,867)	(32,825)	(70,692)
2028	(24,253)	(41,302)	(65,555)
2029	(16,159)	(38,087)	(54,246)
2030	(15,955)	(30,811)	(46,766)
Thereafter	(46,133)	8,726	(37,407)
Total	$ (192,546)	$ (208,410)	$ (400,956)

NOTE 12: **DEFINED BENEFIT OPEB PLAN** (Continued)

E. **Actuarial Assumptions - SERS**

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

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

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

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

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent

Base Mortality: Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 12: **DEFINED BENEFIT OPEB PLAN** (Continued)

E. **Actuarial Assumptions – SERS** (Continued)

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 in 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 log-normal distribution analysis in which best-estimate ranges of expected future real rates of return 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 capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. 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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	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/Real Assets	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86

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 state statute contribution rate of 1.50 percent of projected covered employee 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 for the SEIR 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 is 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

NOTE 12: **DEFINED BENEFIT OPEB PLAN** (Continued)

E. **Actuarial Assumptions – SERS** (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the 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 (7.00% decreasing to 4.40%).

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	$ 186,580	$ 139,921	$ 102,844

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$ 94,581	$ 139,921	$ 199,516

F. **Actuarial Assumptions – STRS**

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

Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Discount Rate of Return	7.00 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	7.50 percent	3.94 percent
Medicare	-112.22 percent	3.94 percent
Prescription Drug		
Pre-Medicare	8.00 percent	3.94 percent
Medicare	-15.14 percent	3.94 percent

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 12: **DEFINED BENEFIT OPEB PLAN** (Continued)

F. **Actuarial Assumptions – STRS** (Continued)

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

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

Actuarial assumptions used in the June 30, 2024; valuations are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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 on the following page:

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

* Final Target weights reflected at October 1, 2022

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB asset was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes STRS Ohio 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. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure that total OPEB liability as of June 30, 2024.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 12: **DEFINED BENEFIT OPEB PLAN** (Continued)

F. **Actuarial Assumptions – STRS** (Continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	$ (387,127)	$ (476,134)	$ (553,587)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	$ (558,819)	$ (476,134)	$ (376,692)

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 13: **LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the School District during fiscal year 2025 were as follows:

	Restated Balance as of 6/30/2024	Additions	Reductions	Balance as of 6/30/2025	Amounts Due In One Year
Governmental Activities Long-Term Obligations					
Long-term Debt Obligations					
General Obligation Bonds					
Classroom Facilities and School Improvement Bonds, Series 2022:					
Serial Bonds - $645,000 - 10.00%	$ 605,000	$ -	$ (45,000)	$ 560,000	$ 50,000
Term Bonds - $4,355,000 - 4.00-4.75%	4,355,000	-	-	4,355,000	-
Premium on Bonds	265,639	-	(7,989)	257,650	-
Total General Obligations	5,225,639	-	(52,989)	5,172,650	50,000
Leases Payable	78,058	-	(22,901)	55,157	23,876
Total Long-term Debt Obligations	5,303,697	-	(75,890)	5,227,807	73,876
Other General Obligations					
Compensated Absences*	1,631,146	-	(30,292)	1,600,854	429,884
Net Pension Liability:					
STRS	5,580,862	-	(750,873)	4,829,989	-
SERS	810,377	-	(116,333)	694,044	-
Total Net Pension Liability	6,391,239	-	(867,206)	5,524,033	-
Net OPEB Liability:					
SERS	248,944	-	(109,023)	139,921	-
Total Net OPEB Liability	248,944	-	(109,023)	139,921	-
Total Other General Obligations	8,271,329	-	(1,006,521)	7,264,808	429,884
Total Governmental Activities' Long-Term Obligations	$ 13,575,026	$ -	$ (1,082,411)	$ 12,492,615	$ 503,760

* - The change in Compensated Absences above is the net change for the year.

General Obligation Bonds – In previous years the School District issued $5,000,000 in voted general obligation bonds which comprised of serial and term bonds in the amount of $645,000 and $4,355,000, respectively. The bonds were issued for the purpose of building a new pre-k through 12th grade school. The bonds were issued with a thirty-five-year period with final maturity on December 1, 2057. The Bond Retirement Fund will fund the annual debt service requirements on these bonds.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 13: **LONG-TERM OBLIGATIONS** (Continued)

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2025 are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds Principal	Interest	Total
2026	$ 50,000	$ 240,944	$ 290,944
2027	55,000	235,694	290,694
2028	60,000	229,944	289,944
2029	65,000	223,694	288,694
2030	70,000	216,944	286,944
2031-2035	475,000	967,625	1,442,625
2036-2040	610,000	817,275	1,427,275
2041-2045	740,000	679,444	1,419,444
2046-2050	905,000	512,619	1,417,619
2051-2055	1,105,000	301,444	1,406,444
2056-2058	780,000	53,550	833,550
	$ 4,915,000	$ 4,479,176	$ 9,394,176

Leases Payable – The School District entered into a copier equipment lease with Com Doc, Inc. on March 3, 2022 for a 60-month term commencing on October 1, 2022. An initial lease liability was recorded in the amount of $116,309. Payments are made on a monthly basis in the amount of $2,144 with an implied interest rate of 4.18 percent. As of June 30, 2025, the value of the lease liability is $55,157. The value of the right to use lease equipment as of June 30, 2025 of $116,309 with accumulated depreciation of $63,970.

The following is a summary of the future annual requirements to maturity for leases payables:

Fiscal Year Ending June 30,	Lease Payable Principal	Interest	Total
2026	$ 23,876	$ 1,852	$ 25,728
2027	24,894	834	25,728
2028	6,387	45	6,432
	$ 55,157	$ 2,731	$ 57,888

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Note 11 and 12. The District pays obligations related to employee compensation from the fund benefitting from their service.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 14: **FUND BALANCE**

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

Fund Balances	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Unclaimed Funds	$ 1,822	$ -	$ -	$ 1,822
Prepaid Items	5,022	-	-	5,022
Total Nonspendable	6,844	-	-	6,844
Restricted for				
Debt Service	-	-	301,851	301,851
Capital Improvements	-	3,465,089	1,170,717	4,635,806
Scholarships	-	-	13,747	13,747
Endowment	-	-	10,000	10,000
Classroom Facilities Maintenance	-	-	81,112	81,112
Student Activities	-	-	67,136	67,136
Other Purposes	-	-	12,716	12,716
Total Restricted	-	3,465,089	1,657,279	5,122,368
Committed to				
Capital Improvements	-	-	1,594,158	1,594,158
Healthcare Payments	8,800	-	-	8,800
Total Committed	8,800	-	1,594,158	1,602,958
Assigned to				
FY2026 Appropriations	1,815,513		-	1,815,513
Student Instruction	52,497	-	-	52,497
Student and Staff Support	129,907	-	-	129,907
Public School Support	7,751	-	-	7,751
Extracurricular Activities	700	-	-	700
Total Assigned	2,006,368	-	-	2,006,368
Unassigned (Deficit)	3,763,447	-	(37,758)	3,725,689
Total Fund Balances	$ 5,785,459	$ 3,465,089	$ 3,213,679	$ 12,464,227

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 15: CONSTRUCTION AND OTHER COMMITMENTS

A. Construction Commitments

The School District is undertaking a school building construction project relating to a project agreement with the Ohio Facilities Construction Commission. Below is a listing of significant outstanding contractual commitments at fiscal year-end:

	Contract Amount	Amount Expended	Balance 6/30/2025
Pre-K through 12th grade Building	$ 50,431,742	$ (28,944,879)	$ 21,486,863

B. Other Commitments

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

	Outstanding Encumbrances
General Fund	$ 183,104
Classroom Facilities	705,075
Other Governmental Funds	26,122
	$ 914,301

NOTE 16: 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 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, based on prior experience, management believes the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2025, would be immaterial.

B. Litigation

As of June 30, 2025, the School District was not party to any legal proceedings.

C. State Foundation Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional DEW adjustments for fiscal year 2025 are finalized.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 17: **SET-ASIDE REQUIREMENTS**

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years.

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

	Capital Improvement
Set-aside balances as of June 30, 2024	$ 318,893
Current year set-aside requirements	139,116
Qualifying disbursements	(147,792)
Total	$ 310,217
Set aside balance as of June 30, 2025, and carried forward to future fiscal years	$ 310,217

The School District did not have enough qualifying disbursements and offsets during the fiscal year that reduced the capital improvements set-aside amounts below zero.

NOTE 18: **JOINTLY GOVERNED ORGANIZATIONS**

NEOnet (Northeast Ohio Network for Educational Technology) - NEOnet (Northeast Ohio Network for Educational Technology) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS, and other applications to its 65-member school districts. The school district contributed $60,285 to NEOnet in fiscal year 2025. The Executive Committee (Governing Board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating district is limited to its representation on the Governing Board. NOEnet's continued existence is not dependent on the School District's continued participation. NEOnet is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burde3n on the School District. Financial information can be obtained by contacting the Fiscal Officer at NEOnet, who serves as fiscal agent, at 700 Graham Rd, Cuyahoga Falls, OH 44221.

Auburn Vocational School District - The Auburn Vocational School District is a joint vocational school operated by ten School Districts. Each participating School District appoints one board member to the Auburn Vocational School District's Board of Education. The students of each participating School District may attend classes offered at the vocational facility. Each participant control over the operation of the Auburn Vocational School District is limited to representation on the board. The Auburn Vocational School District receives 1.5 mills of School District property taxes which is paid to the Auburn Vocational School District directly by Lake County. Continued existence of the Auburn Vocational School District is not dependent on the School District's continued participation. Financial information can be obtained from the Auburn Vocational School District, 8221 Auburn Road, Concord Township, Ohio 44077.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 18: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

Ohio Schools Council - The Ohio Schools Council (Council) is a jointly governed organization representing over 300 school districts. The jointly governed organization was created by School Districts for the purpose of saving money through volume purchases. Each School District supports the Council by paying an annual participation fee. Each School District member superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September through June.

The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. The degree of control exercised by any School District is limited to its representation on the Board. In fiscal year 2025, the School District paid $21,375 to the Council. Financial information can be obtained by contacting William J. Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

The School District participates in the Council's natural gas program. The Council provides participating School Districts the ability to purchase natural gas at reduced rates, if the School Districts will commit to participating for a twelve-year period. There are currently over 180 School Districts in the Program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). School Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and School Districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

NOTE 19: **CLAIMS SERVICING POOL**

The School District participates in the Lake County School Council (LCSC) Self Insurance Program, a claims servicing pool comprised of ten Lake County School Districts and one Cuyahoga County School District. Each School District has a representative on the assembly (usually the superintendent or Treasurer). Each member pays an administrative fee to the pool. The plan's business and affairs are conducted by a five-member Board of Directors elected by the LCSC's assembly. The assembly elects officers for one year terms to serve on the Board of Directors. Financial information can be obtained by writing Jennifer Capo, Treasurer for the Health Care Benefits Program of Lake County Schools Council, Perry Local School District, 4325 Manchester Ave., Perry, OH 44081.

NOTE 20: **RELATED ORGANIZATION**

The Fairport Harbor Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Fairport Harbor Exempted Village School District's Board of Education. The Board of Trustees possess its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Fairport Harbor Public Library, Joanne Clapp, Fiscal Officer, at 335 Vine Street, Fairport Harbor, Ohio, 44077.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025 (Continued)

NOTE 21: **INSURANCE PURCHASING POOL**

The School District participates in the Ohio Schools Council (OSC) Workers' Compensation Group 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 OSBA. The Director of OSBA, or his designee, serves as 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.

Required
Supplementary Information

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	0.0135672%	0.0146661%	0.0147096%	0.0128490%
School District's Proportionate Share of the Net Pension Liability	$ 694,044	$ 810,377	$ 795,610	$ 474,091
School District's Covered Payroll	$ 568,579	$ 581,850	$ 549,486	$ 443,514
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	122.07%	139.28%	144.79%	106.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.52%	76.06%	75.82%	82.86%

Amounts presented as of the School District's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.0146544%	0.0160802%	0.0162024%	0.0152402%	0.0163864%	0.0183884%
$ 969,272	$ 962,107	$ 927,943	$ 910,568	$ 1,199,333	$ 1,049,260
$ 513,821	$ 533,756	$ 559,222	$ 259,064	$ 508,900	$ 614,067
188.64%	180.25%	165.93%	351.48%	235.67%	170.87%
68.55%	70.85%	71.36%	69.50%	62.98%	69.16%

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	0.02510178%	0.02591538%	0.02530273%	0.02396883%
School District's Proportionate Share of the Net Pension Liability	$ 4,829,989	$ 5,580,862	$ 5,624,828	$ 3,064,631
School District's Covered Payroll	$ 3,484,000	$ 3,500,350	$ 3,289,479	$ 2,901,593
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	138.63%	159.44%	170.99%	105.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.00%	78.90%	87.80%

Amounts presented as of the School District's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.02822373%	0.03029561%	0.03089722%	0.02873385%	0.02534370%	0.02343299%
$ 6,829,138	$ 6,699,692	$ 6,793,605	$ 6,825,788	$ 8,483,300	$ 6,476,193
$ 2,748,371	$ 3,570,243	$ 3,540,721	$ 3,042,657	$ 2,706,757	$ 2,304,750
248.48%	187.65%	191.87%	224.34%	313.41%	280.99%
75.50%	77.40%	77.31%	75.29%	66.80%	72.10%

Required Supplementary Information
Schedule of the School District's Contributions - Pension
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
Contractually Required Contribution	$ 89,453	$ 79,601	$ 81,459	$ 76,928
Contributions in Relation to the Contractually Required Contribution	(89,453)	(79,601)	(81,459)	(76,928)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District Covered Payroll	$ 638,950	$ 568,579	$ 581,850	$ 549,486
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
$ 62,092	$ 71,935	$ 72,057	$ 75,495	$ 36,269	$ 71,246
(62,092)	(71,935)	(72,057)	(75,495)	(36,269)	(71,246)
$ -	$ -	$ -	$ -	$ -	$ -
$ 443,514	$ 513,821	$ 533,756	$ 559,222	$ 259,064	$ 508,900
14.00%	14.00%	13.50%	13.50%	14.00%	14.00%

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

	2025	2024	2023	2022
Contractually Required Contribution	$ 526,915	$ 487,760	$ 490,049	$ 460,527
Contributions in Relation to the Contractually Required Contribution	(526,915)	(487,760)	(490,049)	(460,527)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District Covered Payroll	$ 3,763,679	$ 3,484,000	$ 3,500,350	$ 3,289,479
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
$ 406,223	$ 384,772	$ 499,834	$ 495,701	$ 425,972	$ 378,946
(406,223)	(384,772)	(499,834)	(495,701)	(425,972)	(378,946)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,901,593	$ 2,748,371	$ 3,570,243	$ 3,540,721	$ 3,042,657	$ 2,706,757
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

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

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Liability	0.0137380%	0.0151109%	0.0151011%	0.0132909%
School District's Proportionate Share of the Net OPEB Liability	$ 139,921	$ 248,944	$ 212,022	$ 251,542
School District's Covered Payroll	$ 568,579	$ 581,850	$ 549,486	$ 443,514
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	24.61%	42.78%	38.59%	56.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.50%	30.02%	30.34%	24.08%

(1) Information prior to 2018 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented 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
0.0152784%	0.0164490%	0.0163944%	0.0154504%
$ 332,051	$ 413,658	$ 454,825	$ 414,649
$ 513,821	$ 533,756	$ 559,222	$ 259,064
64.62%	77.50%	81.33%	160.06%
18.17%	15.57%	13.57%	12.46%

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability/Asset
State Teachers Retirement System of Ohio
Last Eight Fiscal Years (1)

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Liability/Asset	0.02510178%	0.02591538%	0.02530273%	0.02396883%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	$ (476,134)	$ (504,018)	$ (655,172)	$ (505,364)
School District's Covered Payroll	$ 3,484,000	$ 3,500,350	$ 3,289,479	$ 2,901,593
School District's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-13.67%	-14.40%	-19.92%	-17.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	158.01%	168.52%	230.73%	174.73%

(1) Information prior to 2018 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented 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
0.02822373%	0.03029561%	0.03089722%	0.02873385%
$ (496,032)	$ (501,768)	$ (496,486)	$ 1,121,089
$ 2,748,371	$ 3,570,243	$ 3,540,721	$ 3,042,657
-18.05%	-14.05%	-14.02%	36.85%
182.13%	174.74%	176.00%	47.11%

Required Supplementary Information
Schedule of the School District's Contributions - OPEB
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
Contractually Required Contribution (1)	$ 9,978	$ 9,376	$ 11,151	$ 10,171
Contributions in Relation to the Contractually Required Contribution	(9,978)	(9,376)	(11,151)	(10,171)
Contribution Deficiency (Excess)	-	-	-	-
School District Covered Payroll	$ 638,950	$ 568,579	$ 581,850	$ 549,486
OPEB Contributions as a Percentage of Covered Payroll (1)	1.56%	1.65%	1.92%	1.85%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
$ 8,732	$ 10,154	$ 12,568	$ 8,666	$ 8,352	$ 8,471
(8,732)	(10,154)	(12,568)	(8,666)	(8,352)	(8,471)
-	-	-	-	-	-
$ 443,514	$ 513,821	$ 533,756	$ 559,222	$ 259,064	$ 508,900
1.97%	1.98%	2.35%	1.55%	3.22%	1.66%

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

	2025	2024	2023	2022
Contractually Required Contribution	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District Covered Payroll	$ 3,763,679	$ 3,484,000	$ 3,500,350	$ 3,289,479
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,901,593	$ 2,748,371	$ 3,570,243	$ 3,540,721	$ 3,042,657	$ 2,706,757
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2025 (Continued)

Net Pension Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2016-2017, 2020-2021, and 2024-2025.

For fiscal year 2018, the Cost-of-Living Adjustment (COLA) was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0%.

For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

For fiscal year 2022, SERS changed from a COLA of 2.5% to 2.0%.

For fiscal year 2023, SERS changed from a COLA of 2.0% to 2.5%.

Changes in assumptions- SERS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2016, 2018-2021, and 2023-2025.

For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement (h) change in discount rate from 7.75% to 7.5%.

For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.00% to 2.40%, (b) assumed real wage growth was reduced from 0.% to 0.85%, (c) Cost-of-Living-Adjustments was reduced from 2.50% to 2.00% (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality amount active members, service retirees and beneficiaries, and disabled members were updated (i) change in discount rate from 7.50% to 7.00%. For fiscal year 2023, Cost-of-Living-Adjustments were increased from 2.00% to 2.50%.

Changes in benefit terms – STRS

There were no changes in benefit terms from the amounts reported for fiscal years 2016-2017 and 2019-2025.

For fiscal year 2018, STRS decreased the Cost-of Living Adjustment (COLA) to zero.

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2025 (Continued)

Changes in assumptions – STRS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2016-2017, 2019-2021, and 2024-2025.

For fiscal year 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) inflation assumption lowered from 2.75% to 2.50%, (b) investment return assumption lowered from 7.75% to 7.45%, (c) total salary increases rates lowered by decreasing the merit component of the individual salary increases, as well as by 0.25% due to lower inflation, (d) payroll growth assumption lowered to 3.00%, (e) updated the healthy and disable mortality assumption to the "RP-2014" mortality tables with generational improvement scale MP-2016, (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) investment return assumption lowered from 7.45% to 7.00%, (b) discount rate of return reduced from 7.45% to 7.00%.

For fiscal year 2023, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) projected salary increases changed from, 12.50% at age 20 to 2.50% at age 65, to, varies by service from 2.50% to 8.50% (b) 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.

Net OPEB Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2017-2025.

Changes in Assumptions – SERS

Amounts reported for fiscal years 2017-2025 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

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2025 (Continued)

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
Medicare Trend Assumption	
Medicare	
Fiscal year 2025	7.00 percent decreasing to 4.40 percent
Fiscal year 2024	6.75 percent decreasing to 4.40 percent
Fiscal year 2023	7.00 percent decreasing to 4.40 percent
Fiscal year 2022	5.125 percent decreasing to 4.40 percent
Fiscal year 2020	5.25 percent decreasing to 4.75 percent
Fiscal year 2019	5.375 percent decreasing to 4.75 percent
Fiscal year 2018	5.50 percent decreasing to 5.00 percent
Pre – Medicare	
Fiscal year 2025	7.00 percent decreasing to 4.40 percent
Fiscal year 2024	7.00 percent decreasing to 4.40 percent
Fiscal year 2023	7.00 percent decreasing to 4.40 percent
Fiscal year 2022	6.75 percent decreasing to 4.40 percent
Fiscal year 2020	7.00 percent decreasing to 4.75 percent
Fiscal year 2019	7.25 percent decreasing to 4.75 percent
Fiscal year 2018	7.50 percent decreasing to 5.00 percent

Changes in Assumptions – STRS

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

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

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2025 (Continued)

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 years 2020 and 2021, the health care cost trend rates were modified.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to 7.00 percent. The health care cost trend rates modified.

For fiscal year 2023, projected salary increases changed from, 12.50% at age to 2.50% at age 65, to, varies by service from 2.50% to 8.50%. The health care cost trend rates were modified.

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

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

Changes in Benefit Terms – STRS

There were no changes in benefit terms from the amounts reported for fiscal year 2017.
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, claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984 per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1,2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2025 (Continued)

For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

There was no benefit term changes from the amounts reported for fiscal year 2023-2025.

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Fairport Harbor Exempted Village School District
Lake County
329 Vine Street
Fairport Harbor, Ohio 44077

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairport Harbor Exempted Village School District, Lake County, Ohio (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 3, 2026, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement 101, *Compensated Absences.*

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

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

February 3, 2026

FAIRPORT HARBOR EXEMPTED VILLAGE SCHOOL DISTRICT

LAKE 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 2/17/2026