MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

Basic Financial Statements

For the Fiscal Year Ended
June 30, 2025

Julian & Grube
Serving Ohio Local Governments

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

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

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Accountant's Compilation Report

To the Margaretta Local School District Board of Education
Castalia, Ohio

Management is responsible for the accompanying basic financial statements of the Margaretta Local School District, which comprise the statements listed in the table of contents as of June 30, 2025 and for the fiscal year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, the schedules of net pension and other post-employment benefit assets and liabilities, and pension and other post-employment contributions, and the notes to the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Julian & Grube, Inc.

Westerville, Ohio
November 13, 2025

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(SEE ACCOUNTANT'S COMPILATION REPORT)

The management's discussion and analysis of Margaretta Local School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the 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 District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- Net position of governmental activities decreased $16,109,542 which represents a 80.68% decrease from the June 30, 2024 restated net position.

- General revenues accounted for $16,725,383 in revenue or 82.30% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $3,598,189 or 17.70% of total revenues of $20,323,572.

- The District had $19,654,405 in expenses related to governmental activities; only $3,598,189 of these expenses was offset by program specific charges for services, grants, or contributions. The District also recorded a special item for ($16,778,709) loss on tax settlement. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $16,725,383 were adequate to provide for these programs.

- The District's major governmental fund is the general fund, building fund and capital projects fund. The general fund had $24,320,431 in revenues and other financing sources and $24,899,158 in expenditures and other financing uses. During fiscal year 2025, the general fund's fund balance decreased $578,711 from a deficit of $199,154 to a deficit of $777,865.

- The building fund had $57,099,649 in revenues and other financing sources and $4,180,897 in expenditures. During fiscal year 2025, the building fund's fund balance increased $52,918,752 from $0 to $52,918,752.

- The capital projects fund had $8,181,241 in revenues and other financing sources and $1,604,280 in expenditures and other financing uses. During fiscal year 2025, the capital projects fund's fund balance increased $6,576,961 from $3,903,714 to $10,480,675.

Using the Basic Financial Statements (BFS)

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 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 District, presenting both an aggregate view of the 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 District's most significant funds with all other nonmajor funds presented in total in one column. The general fund, building fund and capital projects fund are the governmental funds reported as major.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2025?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB asset/liability.

The District as a Whole

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

Net Position

	Governmental Activities 2025	Governmental Activities 2024
Assets		
Current and other assets	$ 81,860,629	$ 43,721,899
Capital assets, net	15,674,289	11,429,299
Total assets	97,534,918	55,151,198
Deferred Outflows of Resources		
Pensions	2,660,970	3,022,415
OPEB	619,586	809,088
Total deferred outflows of resources	3,280,556	3,831,503
Liabilities		
Current liabilities	6,840,503	1,979,289
Long-term liabilities:		
Due within one year	714,125	362,511
Due in more than one year:		
Net pension liability	12,533,742	14,407,558
Net OPEB liability	713,404	1,250,592
Other amounts	62,107,229	2,002,438
Total liabilities	82,909,003	20,002,388
Deferred Inflows of Resources		
Property taxes levied for next year	10,053,605	13,656,214
Leases	14,716	186
Pensions	2,097,497	1,398,596
OPEB	1,868,355	1,925,247
Total deferred inflows of resources	14,034,173	16,980,243
Net Position		
Net investment in capital assets	6,208,180	10,016,096
Restricted	1,520,292	2,215,359
Unrestricted (deficit)	(3,871,189)	9,768,416
Total net position	$ 3,857,283	$ 21,999,871

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the 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 the net OPEB asset.

GASB 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 to equal the 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 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. 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 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, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2025, the District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by $3,857,283.

Current and other assets increased $42,383,720 due to a large increase in equity in pooled cash due to a sale of certificates of participation (COPs) in the building fund. See Note 10 for detail.

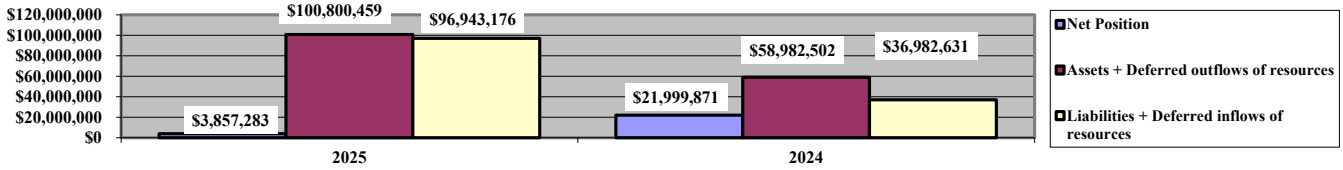
Total assets include a net OPEB asset reported by STRS. See Note 14 for more detail.

At year-end, capital assets represented 16.07% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, intangible right-to-use assets relating to equipment and Subscription Based Information Technology Arrangements (SBITAs). Net investment in capital assets at June 30, 2025, was $6,208,180. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, $1,520,292, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted (deficit) net position of ($3,871,189).

The graph below illustrates the governmental activities assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, and net position at June 30, 2025 and June 30, 2024.

Governmental Activities



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The table below shows the change in net position for fiscal years 2025 and 2024. The net position as of June 30, 2024, was restated as described in Note 3.

Change in Net Position

	Governmental Activities 2025	Governmental Activities 2024
Revenues		
Program revenues:		
Charges for services and sales	$ 1,940,448	$ 2,049,117
Operating grants and contributions	1,657,741	2,016,645
General revenues:		
Property taxes	10,202,739	15,371,390
Grants and entitlements	5,419,355	5,125,249
Investment earnings	724,661	174,941
Other	378,628	437,903
Total revenues	20,323,572	25,175,245
Expenses		
Program expenses:		
Instruction:		
Regular	5,424,766	5,570,278
Special	3,287,929	3,238,170
Vocational	280,220	406,258
Other	68,561	116,574
Support services:		
Pupil	967,805	1,047,261
Instructional staff	487,855	496,571
Board of education	765,490	474,147
Administration	1,429,048	1,440,613
Fiscal	623,285	482,242
Operations and maintenance	1,675,020	1,360,285
Pupil transportation	1,238,266	1,585,374
Central	132,203	159,430
Operation of non-instructional services:		
Food service operations	681,152	657,988
Other non-instructional services	148,512	152,303
Extracurricular activities	833,909	854,615
Interest	1,610,384	63,414
Total expenses	19,654,405	18,105,523
Special item - loss on tax settlement	(16,778,709)	-
Change in net position	(16,109,542)	7,069,722
Net position as previously reported	21,999,871	14,930,149
Restatement - change in accounting principle	(2,033,046)	-
Net position at beginning of year (restated)	19,966,825	14,930,149
Net position at end of year	$ 3,857,283	$ 21,999,871

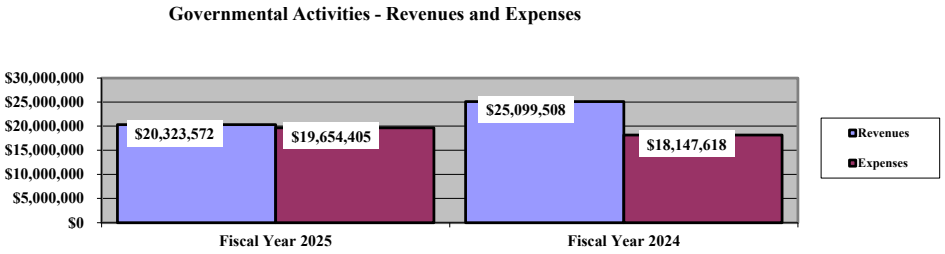
Governmental Activities

Net position of the District's governmental activities decreased $16,109,542. Total governmental expenses of $19,654,405 were offset by program revenues of $3,598,189 and general revenues of $16,725,383. Program revenues supported 18.31% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements from the State. These revenues account for 76.87% of total governmental revenue. This decrease in property tax revenue was the result of the Nexus pipeline settlement being settled. The increase on earnings on investments was due to more favorable market conditions and better interest rates.

During fiscal year 2025, the District reported a special item of ($16,778,709) relating to the settlement with the Nexus pipeline that goes through the District.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2025 and 2024.



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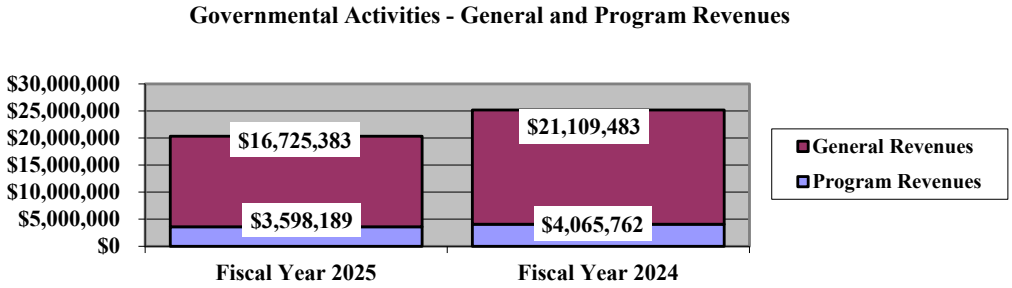
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported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

Governmental Activities

	Total Cost of Services 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
Program expenses				
Instruction:				
Regular	$ 5,424,766	$ 4,635,515	$ 5,570,278	$ 4,632,019
Special	3,287,929	2,034,968	3,238,170	1,808,267
Vocational	280,220	246,714	406,258	366,419
Other	68,561	65,518	116,574	116,574
Support services:				
Pupil	967,805	830,992	1,047,261	846,256
Instructional staff	487,855	435,899	496,571	409,160
Board of education	765,490	765,490	474,147	474,147
Administration	1,429,048	1,429,048	1,440,613	1,440,613
Fiscal	623,285	623,285	482,242	482,242
Operations and maintenance	1,675,020	1,660,085	1,360,285	1,351,827
Pupil transportation	1,238,266	1,089,225	1,585,374	1,435,894
Central	132,203	128,712	159,430	145,709
Operation of non-instructional services:				
Food service operations	681,152	65,967	657,988	55,958
Other non-instructional services	148,512	67,781	152,303	59,305
Extracurricular activities	833,909	366,633	854,615	351,957
Interest	1,610,384	1,610,384	63,414	63,414
Total expenses	$ 19,654,405	$ 16,056,216	$ 18,105,523	$ 14,039,761

The dependence upon tax and other general revenues for governmental activities is apparent, 77.06% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.69%. The District's taxpayers and grants and entitlements not restricted to specific programs, as a whole, are by far the primary support for District's students.

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



The District's Funds

The District's governmental funds reported a combined fund balance of $64,179,431, which is more than last year's balance of $4,424,120. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2025 and June 30, 2024.

	Fund Balance (Deficit) June 30, 2025	Fund Balances, (Deficit) Adjusted June 30, 2025	Adjustment Changes in Major Funds	Fund Balance (Deficit) as Previously Reported June 30, 2024	Change
General	$ (777,865)	$ (199,154)	$ -	$ (199,154)	$ (578,711)
Building fund	52,891,752	-	-	-	52,891,752
Capital projects fund	10,480,675	3,903,714	3,903,714	-	6,576,961
Non-major governmental	1,584,869	719,560	(3,903,714)	4,623,274	865,309
Total	$ 64,179,431	$ 4,424,120	$ -	$ 4,424,120	$ 59,755,311

General Fund

The District's general fund balance decreased $578,711 in fiscal year 2025.

The table that follows assists in illustrating the financial activities and change in fund balance of the general fund.

	2025 Amount	2024 Amount	Change	Percentage Change
Revenues				
Property taxes	$ 15,516,767	$ 8,666,823	$ 6,849,944	79.04 %
Tuition	759,361	881,582	(122,221)	(13.86) %
Earnings on investments	71,294	174,941	(103,647)	(59.25) %
Other revenues	926,865	926,643	222	0.02 %
Intergovernmental	5,971,145	5,756,230	214,915	3.73 %
Total	$ 23,245,432	$ 16,406,219	$ 6,839,213	41.69 %
Expenditures				
Instruction	$ 9,039,190	$ 8,586,923	$ 452,267	5.27 %
Support services	7,228,401	6,737,251	491,150	7.29 %
Operation of non-instructional services	94,395	109,576	(15,181)	(13.85) %
Extracurricular activities	376,087	364,331	11,756	3.23 %
Debt service	244,203	244,246	(43)	(0.02) %
Total	$ 16,982,276	$ 16,042,327	$ 939,949	5.86 %

Total revenues of the general fund increased $6,839,213 or 41.69%. The District received more property tax revenue during the current fiscal year compared to the prior fiscal year because of the Nexus pipeline being settled. Tuition decreased due to a change in foundation formula and how tuition is reported by Districts. Earnings on investments decreased due to a decrease in the performance of the District's investments. The increase in intergovernmental revenue is primarily due to an increase in revenues received from the State.

Total expenditures of the general fund increased $939,949 or 5.86%. Support services expenditures increased due to current year fluctuations in employee salaries and benefits. All other expenses are comparable to the prior year.

Building Fund

The building fund had $57,099,649 in revenues and other financing sources and $4,180,897 in expenditures. During fiscal year 2025, the building fund's fund balance increased $52,918,752 from $0 to $52,918,752.

Capital Projects Fund

The capital projects fund had $8,181,241 in revenues and other financing sources and $1,604,280 in expenditures and other financing uses. During fiscal year 2025, the capital projects fund's fund balance increased $6,576,961 from $3,903,714 to $10,480,675.

General Fund Budgeting Highlights

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

For the general fund, original and final budgeted revenues were $21,963,292 and $23,882,350 respectively. Actual revenues and other financing sources for fiscal year 2025 were $23,955,434, which is $73,084 more than the final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of $18,344,647 were increased to $24,628,898 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2025 totaled $24,627,918, which is $980 lower than the final budget. The variance between the final budget and actual is primarily a result of the District budgeting for a "worst case scenario" to account for unexpected increases in the actual costs of its programs.

Capital Assets

At the end of fiscal year 2025, the District had $15,674,289 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right-to-use assets. This entire amount is reported in governmental activities. The following table shows capital assets, net of accumulated depreciation, at June 30, 2025 and June 30, 2024:

Capital Assets at June 30
(Net of Depreciation/Amortization)

	Governmental Activities	
	2025	2024
Land	$ 174,892	$ 174,892
Construction in progress	9,286,709	4,666,737
Land improvements	718,862	784,697
Buildings and improvements	4,311,487	4,517,243
Furniture and equipment	204,146	230,707
Vehicles	897,262	927,759
Intangible right-to-use: equipment	80,420	122,660
Intangible right-to-use: SBITAs	511	4,604
Total	$ 15,674,289	$ 11,429,299

Capital asset additions in fiscal year 2025 were $4,754,572 and disposals, net of accumulated depreciation/amortization, totaled $0. Depreciation/amortization expense for the year amounted to $509,582.

See Note 8 in the notes to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2025, the District had $57,930,611 in note payable - finance purchase obligations, tax anticipation notes, leases and certificates of participation. Of this amount, $292,232 is due within one year and $57,638,379 is due in more than one year. Principal payments amounted to $279,392.

The following table summarizes the debt outstanding at June 30, 2025 and June 30, 2024.

Outstanding Debt, at Year End

	Governmental Activities 2025	Governmental Activities 2024
Notes payable - Finance Purchase	$ 715,000	$ 877,000
Tax Anticipation Note	330,000	405,000
Leases payable	85,611	128,003
Certificates of participation	56,800,000	-
Total	$ 57,930,611	$ 1,410,003

See Note 10 in the notes to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District experienced a Fiscal Year (FY) where General Fund revenues exceeded the expenditures in FY2025. This was primarily due to not transferring as much to the New Facility Reserve, which was established with the excess incremental Nexus pipeline tax revenue that began collection in FY20. The District had four years of deficit spending for FY2017, FY2018, FY2019, and FY2022 and four years of positive revenue over expenses in FY2020, FY2021, FY2023 and this year of FY2024. The district deficit spent in FY2025. The general fund's cash balance was decreased by $672,483 during the fiscal year. The General Fund retained a cash balance of $530,919 at the end of the fiscal year.

On a cash basis, operating revenues increased by (31.6)% when compared with fiscal year 2024 operating revenues. Local operating revenues increased by (56.2)% from $10,707,557 to $16,728,886. The primary sources of the local operating revenues were local real estate taxes and contributions received from Townsend Community School (TCS). Local revenue saw a spike in FY2025 due to Nexus Natural Gas Pipeline tax revenues. Nexus paid the district in full for all tender payments made over the previous five years. The district received back payments of $5,543,195. The State operating revenue increased by (3.1)% from $5,779,242 to $5,959,746.

Operating expenditures have increased by (6.19)% in fiscal year 2025. Areas of operating expenditures that experienced increases were salaries by (5.8)%, benefits by (10.6)% and material and supplies went down by 16.8%. Salaries were a net increase in FY2025 due primarily to negotiated wage increases for all employees. In addition, the increase of $(388,263) in employee benefits was primarily due to the healthcare premium increase of approximately 9% in FY24 versus FY23.

Townsend Community School (TCS) enrollment at the end of the FY2025 as of June 2025 was 450 compared to FY2022 was 479 versus FY2021 was 618 due to the TCS/Margaretta and ODE agreement to reduce the student population down to the 6 contiguous counties surrounding TCS (Erie County). Now that the TCS building is paid off, we are down to just receiving $450 per month in land lease payments. Margaretta received and/or accrued $126,015 in shared services in the 2024-2025 school year. In addition, Margaretta accrued $115,516 for sponsorship fee statutory 3% of Townsend's State determined Enrollment funding.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Keegan Hall, Treasurer, Margaretta Local School District, 305 S. Washington Street, Castalia, Ohio 44824.

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2025
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	$ 69,771,602
Receivables:	
Property taxes	10,863,315
Accounts	66,239
Accrued interest	140,105
Intergovernmental	66,881
Leases	15,015
Prepayments	28,913
Materials and supplies inventory	2,694
Inventory held for resale	3,138
Net OPEB asset	887,712
Capital assets:	
Nondepreciable capital assets	9,461,601
Depreciable capital assets, net	6,212,688
Capital assets, net	15,674,289
Total assets	97,519,903
Deferred outflows of resources:	
Pension	2,660,970
OPEB	619,586
Total deferred outflows of resources	3,280,556
Liabilities:	
Accounts payable	114,109
Contracts payable	4,029,630
Retainage payable	151,619
Accrued wages and benefits payable	1,698,454
Compensated absences payable	90,613
Intergovernmental payable	75,094
Pension and postemployment benefits payable	271,040
Accrued interest payable	409,944
Long-term liabilities:	
Due within one year	714,125
Due in more than one year:	
Net pension liability	12,533,742
Net OPEB liability	713,404
Other amounts due in more than one year	62,107,229
Total liabilities	82,909,003
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	10,053,605
Leases	14,716
Pension	2,097,497
OPEB	1,868,355
Total deferred inflows of resources	14,034,173
Net position:	
Net investment in capital assets	6,208,180
Restricted for:	
OPEB	887,712
State funded programs	4,740
Federally funded programs	1,067
Extracurricular programs	105,059
Other purposes	521,714
Unrestricted (deficit)	(3,871,189)
Total net position	$ 3,857,283

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:				
Instruction:				
Regular	$ 5,424,766	$ 784,626	$ 4,625	$ (4,635,515)
Special	3,287,929	435,182	817,779	(2,034,968)
Vocational	280,220	-	33,506	(246,714)
Other	68,561	-	3,043	(65,518)
Support services:				
Pupil	967,805	-	136,813	(830,992)
Instructional staff	487,855	-	51,956	(435,899)
Board of education	765,490	-	-	(765,490)
Administration	1,429,048	-	-	(1,429,048)
Fiscal	623,285	-	-	(623,285)
Operations and maintenance	1,675,020	6,967	7,968	(1,660,085)
Pupil transportation	1,238,266	-	149,041	(1,089,225)
Central	132,203	1,390	2,101	(128,712)
Operation of non-instructional services:				
Food service operations	681,152	245,007	370,178	(65,967)
Other non-instructional services	148,512	-	80,731	(67,781)
Extracurricular activities	833,909	467,276	-	(366,633)
Interest	1,610,384	-	-	(1,610,384)
Totals	$ 19,654,405	$ 1,940,448	$ 1,657,741	(16,056,216)

General revenues:	
Property taxes levied for:	
General purposes	9,937,982
Capital projects	264,757
Grants and entitlements not restricted to specific programs	5,419,355
Investment earnings	724,661
Miscellaneous	378,628
Total general revenues	16,725,383
Special item - loss on tax settlement	(16,778,709)
Change in net position	(16,109,542)
Net position at beginning of year, as previously reported	21,999,871
Restatement - change in accounting principle	(2,033,046)
Net position at beginning of year, restated	19,966,825
Net position at end of year	$ 3,857,283

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	Building	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	$ 597,149	$ 57,048,584	$ 10,480,675	$ 1,645,194	$ 69,771,602
Receivables:					
Property taxes	10,589,266	-	-	274,049	10,863,315
Accounts	66,239	-	-	-	66,239
Accrued interest	1,917	138,188	-	-	140,105
Interfund loans	4,792	-	-	-	4,792
Intergovernmental	62,089	-	-	4,792	66,881
Leases	15,015	-	-	-	15,015
Prepayments	27,363	-	-	1,550	28,913
Materials and supplies inventory	-	-	-	2,694	2,694
Inventory held for resale	-	-	-	3,138	3,138
Total assets	$ 11,363,830	$ 57,186,772	$ 10,480,675	$ 1,931,417	$ 80,962,694
Liabilities:					
Accounts payable	$ 73,172	$ 26,648	$ -	$ 14,289	$ 114,109
Contracts payable	-	4,029,630	-	-	4,029,630
Retainage payable	-	151,619	-	-	151,619
Accrued wages and benefits payable	1,642,649	-	-	55,805	1,698,454
Compensated absences payable	90,613	-	-	-	90,613
Intergovernmental payable	74,641	-	-	453	75,094
Pension and postemployment benefits payable	258,021	-	-	13,019	271,040
Interfund loans payable	-	-	-	4,792	4,792
Total liabilities	2,139,096	4,207,897	-	88,358	6,435,351
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	9,800,073	-	-	253,532	10,053,605
Delinquent property tax revenue not available	178,880	-	-	4,658	183,538
Accrued interest not available	1,917	87,123	-	-	89,040
Miscellaneous revenue not available	7,013	-	-	-	7,013
Leases	14,716	-	-	-	14,716
Total deferred inflows of resources	10,002,599	87,123	-	258,190	10,347,912
Fund balances:					
Nonspendable:					
Materials and supplies inventory	-	-	-	2,694	2,694
Prepaids	27,363	-	-	1,550	28,913
Restricted:					
Debt service	-	-	-	988,863	988,863
Capital projects	-	52,891,752	-	-	52,891,752
State funded programs	-	-	-	4,740	4,740
Extracurricular programs	-	-	-	105,059	105,059
Other purposes	-	-	-	521,714	521,714
Committed:					
Capital projects	-	-	10,480,675	-	10,480,675
Assigned:					
Student and staff support	61,156	-	-	-	61,156
Unassigned (deficit)	(866,384)	-	-	(39,751)	(906,135)
Total fund balances (deficits)	(777,865)	52,891,752	10,480,675	1,584,869	64,179,431
Total liabilities, deferred inflows and fund balances	$ 11,363,830	$ 57,186,772	$ 10,480,675	$ 1,931,417	$ 80,962,694

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2025
(SEE ACCOUNTANT'S COMPILATION REPORT)

Total governmental fund balances			$ 64,179,431
Amounts reported for governmental activities on 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.			15,674,289
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	$ 183,538		
Accounts receivable	7,013		
Accrued interest receivable	89,040		
Total			279,591
Unamortized premiums on bonds issued are not recognized in the funds.			(2,156,969)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(409,944)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension	2,660,970		
Deferred inflows - pension	(2,097,497)		
Net pension liability	(12,533,742)		
Deferred outflows - OPEB	619,586		
Deferred inflows - OPEB	(1,868,355)		
Net OPEB asset	887,712		
Net OPEB liability	(713,404)		
Total			(13,044,730)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Notes payable - finance purchase obligations	(715,000)		
Compensated absences	(2,733,774)		
Certificates of participation	(56,800,000)		
Leases payable	(85,611)		
Notes payable	(330,000)		
Total			(60,664,385)
Net position of governmental activities			$ 3,857,283

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	Building	*(Formerly Nonmajor)* Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Property taxes	$ 15,516,767	$ -	$ -	$ 406,081	$ 15,922,848
Intergovernmental	5,971,145	-	-	978,874	6,950,019
Investment earnings	71,294	299,649	264,733	12,552	648,228
Tuition and fees	759,361	-	-	-	759,361
Extracurricular	65,577	-	-	401,699	467,276
Rental income	4,831	-	-	-	4,831
Charges for services	477,829	-	-	248,534	726,363
Contributions and donations	11,803	-	-	41,579	53,382
Miscellaneous	366,825	-	-	72,890	439,715
Total revenues	23,245,432	299,649	264,733	2,162,209	25,972,023
Expenditures:					
Current:					
Instruction:					
Regular	5,685,777	-	-	16,314	5,702,091
Special	2,961,571	-	-	541,463	3,503,034
Vocational	325,965	-	-	4,958	330,923
Other	65,877	-	-	3,043	68,920
Support services:					
Pupil	1,021,382	-	-	9,870	1,031,252
Instructional staff	437,061	-	-	50,296	487,357
Board of education	644,612	26,648	90,557	5,381	767,198
Administration	1,616,178	-	-	-	1,616,178
Fiscal	639,903	-	-	5,945	645,848
Operations and maintenance	1,446,890	-	-	195,487	1,642,377
Pupil transportation	1,290,088	-	-	134,660	1,424,748
Central	132,287	-	-	6,776	139,063
Operation of non-instructional services:					
Food service operations	-	-	-	690,089	690,089
Other non-instructional services	94,395	-	-	55,096	149,491
Extracurricular activities	376,087	-	-	413,334	789,421
Facilities acquisition and construction	-	4,181,249	438,723	78,988	4,698,960
Debt service:					
Principal retirement	204,392	-	-	75,000	279,392
Interest	39,811	-	-	12,679	52,490
Issuance costs	-	-	-	1,164,449	1,164,449
Total expenditures	16,982,276	4,207,897	529,280	3,463,828	25,183,281
Excess (deficiency) of revenues over (under) expenditures	6,263,156	(3,908,248)	(264,547)	(1,301,619)	788,742
Other financing sources (uses):					
Premium on COPs	-	-	-	2,169,259	2,169,259
Issuance of COPs	-	56,800,000	-	-	56,800,000
Transfers in	1,075,015	-	7,916,508	373	8,991,896
Transfers (out)	(7,916,882)	-	(1,075,000)	(14)	(8,991,896)
Total other financing sources (uses)	(6,841,867)	56,800,000	6,841,508	2,169,618	58,969,259
Net change in fund balances	(578,711)	52,891,752	6,576,961	867,999	59,758,001
Fund balances as previously reported	(199,154)	-	-	4,623,274	4,424,120
Adjustment - changes in major funds	-	-	3,903,714	(3,903,714)	-
Fund balances (deficit) at beginning of year, as adjusted	(199,154)	-	3,903,714	719,560	4,424,120
Change in reserve for inventory	-	-	-	(2,690)	(2,690)
Fund balances (deficit) at end of year	$ (777,865)	$ 52,891,752	$ 10,480,675	$ 1,584,869	$ 64,179,431

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(SEE ACCOUNTANT'S COMPILATION REPORT)

Net change in fund balances - total governmental funds		$	59,758,001
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.			
Capital asset additions	$ 4,754,572		
Current year depreciation/amortization	(509,582)		
Total			4,244,990
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.			(2,690)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Property taxes	(5,720,109)		
Contract services	(17,382)		
Earnings on investments	89,040		
Total			(5,648,451)
In the statement of activities, a special item is reported for a loss on a tax settlement.			(16,778,709)
Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.			279,392
Issuance of COPs are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.			(56,800,000)
Premiums on COPs are amortized over the life of the issuance in the statement of activities			(2,169,259)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in more interest being reported in the statement of activities:			
Change in accrued interest payable	(405,735)		
Amortization of premiums	12,290		
Total			(393,445)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.			
Pension	1,371,243		
OPEB	51,575		
Total			1,422,818
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.			
Pension	(557,773)		
OPEB	307,178		
Total			(250,595)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			228,406
Change in net position of governmental activities		$	(16,109,542)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Margaretta Local School District ("District") operates under a locally-elected five-member Board form of government and provides educational services mandated by State and/or federal agencies. Located in Erie County, the District serves the Village of Castalia and surrounding townships.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws there is no authority for a District to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District currently operates 1 elementary school and 1 high school. It employs 59 non-certified employees and 92 certified (including administrative) employees to provide services to approximately 1,052 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District's significant accounting policies are described below.

A. Reporting Entity

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

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Bay Area Council of Governments

The Bay Area Council of Governments (BACG) is a jointly governed organization. Members of the BACG consist of 26 school districts representing 7 counties (Ottawa, Sandusky, Seneca, Erie, Huron, Wood, and Crawford). The BACG was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through the council of governments are natural gas and insurance. The only cost to the District is an administrative charge if it participates in purchasing through the BACG. The membership of BACG consists of the superintendent of each participating school district. The Board of Directors of the BACG consists of one elected representative of each county, the superintendent of the fiscal agent and two non-voting members (administrator and fiscal agent). Members of the Board serve staggered two-year terms. During 2025, the District paid $49,926 for goods and services provided by BACG. Financial information can be obtained by contacting the North Point Educational Service Center, which serves as fiscal agent, at 4918 Milan Road, Sandusky, Ohio 44870.

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization, which is a computer consortium. NOECA is an association of 41 public school districts formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts. During 2025, the District paid $16,470 to NOECA. The NOECA Board of Directors consists of two representatives from each county in which participating school districts are located, the chairman of each of the operating committees, and a representative from the fiscal agent. Financial information can be obtained from NOECA, 4918 Milan Road, Sandusky, Ohio 44870.

PUBLIC ENTITY RISK POOLS

Workers' Compensation Group Rating Program

The District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP). The GRP is sponsored by OSBA and administered by CompManagement, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

Schools of Ohio Risk Sharing Authority

The District participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine member Board of directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the District's property and persons. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

Huron-Erie School Employees Insurance Association

The Huron-Erie School Employees Insurance Association (Association) is a public entity risk pool comprised of several districts. The Association assembly consists of a superintendent or designated representative from each participating district and the program administrator. The Association is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating district is limited to its representation on the Board. Financial information can be obtained by contacting the program administrator at the Huron-Erie School Employees Insurance Association, located at 4918 Milan Road, Sandusky, Ohio 44870.

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Building fund - The building fund is used to account for financial resources received and spent constructing new school facilities or renovating existing ones.

Capital projects fund - The capital projects fund is used to account and manage financial resources for the acquisition, construction, or improvement of major capital assets and facilities for the District.

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

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

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds at June 30, 2025.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District had no fiduciary funds at June 30, 2025.

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

C. Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements included the financial activities of the primary government.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

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

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current 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 a reconciliation 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.

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

Nonexchange transactions, in which the 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).

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will 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. See Notes 13 and 14 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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. Deferred inflows of resources include property taxes 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 of resources 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. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

See Notes 13 and 14 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the 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 control has been established by the Board of Education at the object level for the General fund and the fund level for all other funds.

Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

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 purpose of this budget document is to reflect the need for an existing (or increased) tax rate. By no later than January 20, the Board-adopted budget is filed with Erie County Budget Commission for rate determination.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the 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 District Treasurer. The amounts reported in the budgetary schedules reflect the amounts in the original and final certificates of estimated resources issued during the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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

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

Lapsing of Appropriations:

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of control.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability.

F. Cash and Investments

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

The District invested in Federal Home Loan Bank (FHLB) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, U.S. Treasury Bills, U.S. Treasury Notes, Municipal bonds relating to Dayton Metro Library, City of Forest Park, and Village of Obetz, commercial paper, U.S Government money market mutual fund, and 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 District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. 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 amounted to $71,294, which includes $55,262 assigned from other District funds.

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

An analysis of the District's investment account at fiscal year end is provided in Note 4.

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

G. Inventory

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide financial statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepayments 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 in which services are consumed.

I. Capital Assets

General capital assets are those assets specifically related to activities reported in the governmental funds. 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 in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of $5,000. The 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. Interest incurred during the construction of proprietary fund capital assets is also capitalized. In addition, assets having an estimated useful life of more than one year that are below the capitalization threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

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

Description	Governmental Activities Estimated Lives
Land improvements	5 - 25 years
Buildings and improvements	10 - 50 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	8 years
Intangible right-to-use assets	5 years

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

The District is reporting intangible right-to-use assets related to leased equipment and Subscription Based Information Technology Arrangements (SBITAs). The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

J. Interfund Balances

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

K. Compensated Absences

The District recognizes a liability for compensated absences for leave time 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 (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences - vacation, sick leave and personal time. The liability for compensated absences is reported as 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 District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave
The District 's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the District and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

Personal Time
The District's policy permits employees to accumulate earned but unused personal time, which are eligible for payment at the employee's current pay rate upon separation from employment.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide 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, compensated absences and claims and judgments 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. 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.

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

M. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or are legally 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 in the general fund.

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

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

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

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

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

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

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes includes amounts restricted for special trust and other grant operations.

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

O. Estimates

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

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

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

R. Extraordinary and Special Items

Extraordinary items are significant transactions or events that are both unusual in nature and infrequent in occurrence. Special items are significant transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

In fiscal year 2025, the Ohio Supreme Court reached a final settlement with Nexus Gas Transmission in result to an appeal of the property tax valuation of Nexus's pipeline. As a result of the decision, the District is reporting a special item on the statement of activities of $16,778,709 for the loss on the difference in the previous delinquent property taxes that are no longer collectible to the District and the final settlement that Nexus agreed to pay in property taxes to the District.

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

S. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

T. Issuance Costs/Unamortized Bond Premium

On the government-wide financial statements, issuance costs are expensed in the year they occur.

COPs premiums are deferred and amortized over the term of the COPs. COPs premiums are presented as an addition to the face amount of the COPs.

For COP refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred outflow of resources on the statement of net position.

On the fund financial statements, issuance costs, and COP premiums are recognized in the current period.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

B. Deficit Fund Balance

Fund balance at June 30, 2025 included the following individual fund deficit:

Nonmajor governmental fund	Deficit
Food service	$ 36,574

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Change within the Financial Reporting Entity

For fiscal year 2025, the District's building fund and capital projects fund presentation were adjusted from nonmajor to major due to now meeting the qualitative threshold for a major fund. This change is separately displayed in the financial statements.

D. Restatement of Net Position

During fiscal year 2025, there was a change in accounting principle related to the implementation of GASB Statement No. 101, "*Compensated Absences*". The effect of changing the accounting principle is to decrease net position as previously reported. This is displayed where applicable in the financial statements as "restatement - change in accounting principle".

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, the State Treasury Asset Reserve of Ohio (STAR Ohio);

8. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,

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

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

A. Deposits with Financial Institutions

At June 30, 2025, the carrying amount of all District deposits, was $1382,404, as of June 30, 2025, $367,987 of the District's bank balance of $1,513,615 was exposed to custodial risk as discussed below, while $1,145,628 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. Financial institutions which have received an extension (the "grace period") from the Ohio Treasurer of State to participate in the OPCS beyond June 30, 2023 may also pledge a single pool of eligible securities to secure the repayment of all public moneys deposited in the institution and not otherwise secured pursuant to law, provided that at all times the total fair value of the securities so pledged is at least equal to 105% of the total amount of all public deposits to be secured by the pooled securities that are not covered by any federal deposit insurance.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

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

		Investment Maturities			
Measurement/Investment type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
Fair value:					
Commercial paper	$ 21,998,485	$ 9,815,410	$ 12,183,075	$ -	$ -
FFCB	2,888,357	-	-	2,888,357	-
FHLB	9,098,062	-	3,175,413	4,493,637	1,429,012
FHLMC	3,452,218	-	936,405	1,084,847	1,430,966
FNMA	1,433,905	-	-	1,433,905	-
U.S. Government MM	259,732	259,732	-	-	-
U.S. Treasury Bills	645,459	645,459	-	-	-
U.S. Treasury Notes	15,230,980	2,978,994	5,726,205	5,523,437	1,002,344
Municipal Bonds	3,050,885	490,684	2,560,201	-	-
STAR Ohio	10,331,115	10,331,115	-	-	-
Total	$ 68,389,198	$ 24,521,394	$ 24,581,299	$ 15,424,183	$ 3,862,322

The weighted average maturity of investments is 0.72 years.

The District's investments in U.S. government money market are valued using quoted market prices (Level 1 inputs). The District's investments in federal agency securities, U.S. Treasury Notes, U.S. Treasury Bills, municipal bonds, and commercial paper are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned its STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute. The District's investments in federal agency securities and U.S. Treasury Notes and bills were rated AA+ and Aa1 by Standard & Poor's and Moody's Investor Services, respectively. The municipal bonds (Dayton Metro Library, City of Forest Park, and Village of Obetz) were rated Aa1, SP1+, and A+ respectively by Standard & Poor's. The District's investment in U.S. Government money market funds was rated AAAm by Standard & Poor's.

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Measurement/Investment type	Measurement Value	% of total
Fair value:		
Commercial paper	$ 21,998,485	32.17
FFCB	2,888,357	4.22
FHLB	9,098,062	13.30
FHLMC	3,452,218	5.05
FNMA	1,433,905	2.10
U.S. Government MM	259,732	0.38
U.S. Treasury Bills	645,459	0.94
U.S. Treasury Notes	15,230,980	22.27
Municipal Bonds	3,050,885	4.46
STAR Ohio	10,331,115	15.11
Total	$ 68,389,198	100.00

C. Reconciliation of Cash and Investments to the Statement of Net Position

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

Cash and investments per note	
Carrying amount of deposits	$ 1,382,404
Investments	68,389,198
Total	$ 69,771,602
Cash and cash equivalents per statement of net position	
Governmental activities	$ 69,771,602

NOTE 5 - INTERFUND TRANSACTIONS

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

Transfers from the general fund to:	Amount
Capital projects fund	$ 7,916,509
Nonmajor governmental funds	373
Transfers from the nonmajor governmental funds to:	
General fund	14
Transfers from the capital projects fund to:	
General fund	1,075,000
Total	$ 8,991,896

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers from the general fund to the capital projects fund were to create a reserve to build a new Pk-12 school using Nexus pipeline tax revenue. In turn transfers back from the capital projects fund to the general fund was to help alleviate a negative general fund balance caused by the unevenness of property taxes from the Nexus Pipeline. The $14 transfer from the student managed activity fund (a nonmajor governmental fund) to the general fund was for a FCS balance transfer.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

B. Interfund balances at June 30, 2025 as reported on the fund statements, consist of the following interfund loans receivables and payable:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental fund	$ 4,792

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2025 are reported on the statement of net position.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed values as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually.

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

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Erie County and Sandusky County. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2025, are available to finance fiscal year 2025 operations. The amount available as an advance at June 30, 2025 and 2024 were:

	June 30, 2025	June 30, 2024
Major governmental funds:		
General fund	$ 610,297	$ 371,176
Nonmajor governmental fund:		
Permanent improvement fund	15,875	11,031

The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

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

	2024 Second Half Collections		2025 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 211,943,380	59.75	$ 277,622,110	75.69
Public utility personal	142,778,060	40.25	89,166,390	24.31
Total	$ 354,721,440	100.00	$ 366,788,500	100.00
Tax rate per $1,000 of assessed valuation	$60.25		$60.09	

NOTE 7 – RECEIVABLES

A. Other Receivables

Receivables at June 30, 2025 consisted of property taxes, accounts, accrued interest, leases, and intergovernmental grants and entitlements. 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.

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

NOTE 7 – RECEIVABLES - (Continued)

B. Leases Receivable

The District is reporting leases receivable of $15,015 in the general fund. For fiscal year 2025, the District recognized lease revenue of $4,905, which is reported in rental income and interest revenue of $855.

The District has entered into a lease agreement for land as follows:

Lease	Lease Commencement Date (fiscal year)	Years	Lease End Date (fiscal year)	Payment Method
Land Lease	2024	4	2028	Monthly

Fiscal Year	Principal	Interest	Total
2026	$ 4,757	$ 643	$ 5,400
2027	5,001	399	5,400
2028	5,257	143	5,400
Total	$ 15,015	$ 1,185	$ 16,200

NOTE 8 - CAPITAL ASSETS

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

Governmental activities:	Balance 06/30/2024	Additions	Deductions	Balance 06/30/2025
Capital assets, not being depreciated/amortized:				
Land	$ 174,892	$ -	$ -	$ 174,892
Construction in progress	4,666,737	4,619,972	-	9,286,709
Total capital assets, non being depreciated/amortized	4,841,629	4,619,972	-	9,461,601
Capital assets, being depreciated/amortized:				
Land improvements	2,252,401	-	-	2,252,401
Building and improvements	10,994,513	-	-	10,994,513
Furniture and equipment	1,123,924	-	-	1,123,924
Vehicles	2,113,286	134,600	(84,871)	2,163,015
Intangible right-to-use: equipment	211,198	-	-	211,198
Intangible right-to-use: SBITAs	12,449	-	-	12,449
Total capital assets, being depreciated/amortized	16,707,771	134,600	(84,871)	16,757,500
Less: accumulated depreciation/amortization:				
Land improvements	(1,467,704)	(65,835)	-	(1,533,539)
Building and improvements	(6,477,270)	(205,756)	-	(6,683,026)
Furniture and equipment	(893,217)	(26,561)	-	(919,778)
Vehicles	(1,185,527)	(165,097)	84,871	(1,265,753)
Intangible right-to-use: equipment	(88,538)	(42,240)	-	(130,778)
Intangible right-to-use: SBITAs	(7,845)	(4,093)	-	(11,938)
Total accumulated depreciation/amortization	(10,120,101)	(509,582)	84,871	(10,544,812)
Governmental activities capital assets, net	$ 11,429,299	$ 4,244,990	$ -	$ 15,674,289

Depreciation/amortization expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 174,842
Support services:	
Instructional staff	41,593
Administration	665
Fiscal	647
Operations and maintenance	51,234
Pupil transportation	152,059
Operation of non-instructional services:	
Extracurricular	83,234
Food service operations	5,308
Total depreciation/amortization expense	$ 509,582

NOTE 9 - NOTES PAYABLE - FINANCE PURCHASES

During a prior fiscal year, the District entered into a notes payable - finance purchase agreement with Columbus Regional Airport Authority to finance the construction of 4 classrooms, a gymnasium, computer lab, and a library to the Bogart Elementary School Building and improvements to the central office located in that building. This agreement transfers benefits and risks of ownership to the District. These are direct borrowings that are collateralized by the related equipment and buildings.

Capital assets acquired by the notes payable - finance purchase agreements have been capitalized in the amount of $2,764,450. Accumulated depreciation at June 30, 2025 was $919,180 leaving a book value of $1,845,270. Principal payments have been reflected as debt service expenditures in the general fund. There was $162,000 in principal payments in fiscal year 2025.

The following is a schedule of the future long-term minimum finance purchase payments required under the notes payable - finance purchase agreement and the present value of the minimum finance purchase payments as of June 30, 2025.

Fiscal Year Ending June 30,	Total
2026	$ 194,728
2027	194,491
2028	383,958
Total minimum finance purchase payments	773,177
Less: amount representing interest	(58,177)
Present value of minimum finance purchase payments	$ 715,000

NOTE 10 - LONG-TERM OBLIGATIONS

A. Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the District has restated compensated absences as of June 30, 2024 which is reflected in the schedule below. The District's long-term obligations during the year consist of the following.

	Restated Balance Outstanding 06/30/2024	Additions	Reductions	Balance Outstanding 06/30/2025	Amounts Due in One Year
Notes payable - finance purchase obligation	$ 877,000	$ -	$ (162,000)	$ 715,000	$ 168,000
2018 Tax anticipation note	405,000	-	(75,000)	330,000	80,000
Series 2025 COPs	-	56,800,000	-	56,800,000	-
Premiums on Series 2025 COPs	-	2,169,259	(12,290)	2,156,969	-
Leases payable	128,003	-	(42,392)	85,611	44,232
Net pension liability	14,407,558	-	(1,873,816)	12,533,742	-
Net OPEB liability	1,250,592	-	(537,188)	713,404	-
Compensated absences*	2,987,992	-	(254,218)	2,733,774	421,893
Total governmental activities	$ 20,056,145	$ 58,969,259	$ (2,956,904)	$ 76,068,500	$ 714,125

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

*The change in compensated absences liability is presented as a net change.

Notes Payable – Finance Purchase Obligation: See Note 9 for detail on the District's notes payable – finance purchase agreements.

Net Pension Liability: See Note 13 for details. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset: See Note 14 for details. The District pays obligations related to employee compensation from the fund benefitting from their service.

Tax Anticipation Notes, Series 2018: On May 21, 2018, the District issued tax anticipation notes for the purpose of general construction. These notes are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net position.

The notes were issued in the amount of $750,000 and mature on December 1, 2028. The stated interest rate of the notes is 3.45% and interest payments are due on June 1 and December 1 of each year. Principal and interest payments are made from the permanent improvement fund (a nonmajor governmental fund).

The following is a summary of the future debt service requirements to maturity for the tax anticipation notes:

Fiscal	Tax Anticipation Note		
Year Ended	Principal	Interest	Total
2026	$ 80,000	$ 10,006	$ 90,006
2027	80,000	7,246	87,246
2028	85,000	4,399	89,399
2029	85,000	1,466	86,466
Total	$ 330,000	$ 23,117	$ 353,117

Series 2025 Certificates of Participation: On May 7, 2025, the District issued certificates of participation for the purpose of general construction. These certificates are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net position.

The certificates were issued in the amount of $56,800,000 and mature on October 1, 2054. The stated interest rate of the certificates is 5.50% and interest payments are due on April 1 and October 1 of each year. Principal and interest payments are made from the building fund. At June 30, 2025, there was $52,645,751 in unspent bond proceeds.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity for the certificates of participation:

Fiscal Year Ended	Current Interest Bonds Principal	Interest	Total
2026	$ -	$ 2,749,027	$ 2,749,027
2027	485,000	3,041,137	3,526,137
2028	500,000	3,014,050	3,514,050
2029	935,000	2,974,587	3,909,587
2030	985,000	2,921,788	3,906,788
2031-2035	5,885,000	13,701,710	19,586,710
2036-2040	7,760,000	11,833,775	19,593,775
2041-2045	10,045,000	9,398,514	19,443,514
2046-5050	13,215,000	6,220,339	19,435,339
2051-2055	16,990,000	2,209,713	19,199,713
Total	$ 56,800,000	$ 58,064,640	$ 114,864,640

Leases Payable: The District has entered into lease agreements for the user of intangible right-to-use equipment. Due to the implementation of GASB Statement No. 87, the District will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

The District has entered into lease agreements for copier machines and postage machines with multiple companies at varying years and terms as follows:

Lease	Lease Commencement Date (fiscal year)	Years	Lease End Date (fiscal year)	Payment Method
Copier Lease	2022	5	2027	Monthly
Postage Lease	2022	5	2027	Monthly

Lease payments will be paid from the general fund. The following is a schedule of future lease payments under the lease agreements:

Fiscal Year	Principal	Interest	Total
2026	$ 44,232	$ 2,699	$ 46,931
2027	41,379	832	42,211
Total	$ 85,611	$ 3,531	$ 89,142

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid from.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District.

The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2025, are a voted debt margin of $33,010,965 and an unvoted debt margin of $366,789.

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for thirty-three percent of the total sick leave accumulation, up to a maximum accumulation allowed by labor contracts. An employee receiving such payment must meet the retirement provisions set by STRS and SERS.

B. Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance in the amount of $150,000 to the Superintendent, $75,000 to Administrators, Supervisors and Treasurer, $50,000 to certified staff members and $10,000 to $20,000 to all other classified employees.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

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

Limits of Coverage	Carrier	Coverage
General liability:		
Per occurrence/	SORSA Insurance	$15,000,000
Aggregate		17,000,000
Fleet:		
Comprehensive	SORSA Insurance	15,000,000
Collision		
Building and contents	SORSA Insurance	53,012,139

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

B. Huron-Erie School Employees Insurance Association

The District has contracted with the Huron-Erie School Employees Insurance Association (Association) to provide medical/surgical, prescription drug and dental insurance benefits for its employees and their covered dependents. The Association is a shared risk pool comprised of several school districts that provide public education within Erie and Huron Counties. The Districts pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees of participating school districts and their covered dependents. Claims are paid for all participants regardless of claims flow.

In the event of withdrawal, the District shall assume and be responsible for payment of all claims of its eligible employees, families, and dependents from the effective date of withdrawal, regardless of when such claims were incurred, processed, or presented to the Association, insurance provider, insurance consultant, or any other appropriate or authorized person or representative; provided further, any such claims, which are paid after the effective date of withdrawal by the Association insurance provider or insurance consultant, or charged to such parties, shall be reimbursed in full by any withdrawing member upon demand of the Association.

Post-employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

C. OSBA Workers' Compensation Group Rating Plan

For fiscal year 2025, the District participated in the Ohio School Boards Association Workers' Compensation Group Retrospective Plan (the "Plan"), an insurance purchasing pool (Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. 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 Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan.

NOTE 12 - RISK MANAGEMENT - (Continued)

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Comp Management provides administrative, cost control and actuarial services to the Plan.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. 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%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5% cost-of-living adjustment (COLA) for calendar year 2024.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was $423,374 for fiscal year 2025. Of this amount, $58,973 is reported as pension and postemployment benefits payable.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective 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% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The District's contractually required contribution to STRS was $947,869 for fiscal year 2025. Of this amount, $160,492 is reported as pension and postemployment benefits payable.

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

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.073671800%	0.048000180%	
Proportion of the net pension liability current measurement date	0.068977600%	0.046800270%	
Change in proportionate share	-0.004694200%	-0.001199910%	
Proportionate share of the net pension liability	$ 3,528,614	$ 9,005,128	$ 12,533,742
Pension expense	$ 333,750	$ 224,023	$ 557,773

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2025, the 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	$ 134,719	$ 567,087	$ 701,806
Changes of assumptions	31,567	415,005	446,572
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	91,735	49,614	141,349
Contributions subsequent to the measurement date	423,374	947,869	1,371,243
Total deferred outflows of resources	$ 681,395	$ 1,979,575	$ 2,660,970

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 4,933	$ 4,933
Net difference between projected and actual earnings on pension plan investments	220,713	774,257	994,970
Changes of assumptions	-	312,380	312,380
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	188,381	596,833	785,214
Total deferred inflows of resources	$ 409,094	$ 1,688,403	$ 2,097,497

$1,371,243 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	$ (185,901)	$ (742,369)	$ (928,270)
2027	188,230	688,733	876,963
2028	(88,500)	(366,376)	(454,876)
2029	(64,902)	(236,685)	(301,587)
Total	$ (151,073)	$ (656,697)	$ (807,770)

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

In 2024, mortality rates were based on the following:

Service Retirement: PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Disabled Retirement: PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

As of June 30, 2024:

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

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 5,398,293	$ 3,528,614	$ 1,954,448

Actuarial Assumptions - STRS

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

	June 30, 2024	June 30, 2023
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%, effective July 1, 2017	0.00%, effective July 1, 2017

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

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target 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 %	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 14,526,850	$ 9,005,128	$ 4,334,700

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

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

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2025, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was $30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was $51,575.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $51,575 for fiscal year 2025. Of this amount, $51,575 is reported as pension and postemployment benefits payable.

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.075911000%	0.048000180%	
Proportion of the net OPEB liability/asset current measurement date	0.070044900%	0.046800270%	
Change in proportionate share	-0.005866100%	-0.001199910%	
Proportionate share of the net OPEB liability	$ 713,404	$ -	$ 713,404
Proportionate share of the net OPEB asset	$ -	$ (887,712)	$ (887,712)
OPEB expense	$ (117,087)	$ (190,091)	$ (307,178)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2025, the 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	$ -	$ 38,590	$ 38,590
Net difference between projected and actual earnings on OPEB plan investments	3,482	-	3,482
Changes of assumptions	306,198	109,270	415,468
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	95,003	15,468	110,471
Contributions subsequent to the measurement date	51,575	-	51,575
Total deferred outflows of resources	$ 456,258	$ 163,328	$ 619,586

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 769,233	$ 95,668	$ 864,901
Net difference between projected and actual earnings on OPEB plan investments	-	38,117	38,117
Changes of assumptions	327,712	400,356	728,068
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	236,005	1,264	237,269
Total deferred inflows of resources	$ 1,332,950	$ 535,405	$ 1,868,355

$51,575 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/asset in the fiscal 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	$ (261,501)	$ (134,147)	$ (395,648)
2027	(159,228)	(57,610)	(216,838)
2028	(110,082)	(74,012)	(184,094)
2029	(100,110)	(68,765)	(168,875)
2030	(99,062)	(55,218)	(154,280)
Thereafter	(198,284)	17,675	(180,609)
Total	$ (928,267)	$ (372,077)	$ (1,300,344)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

	June 30, 2024	June 30, 2023
Inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
Investment rate of return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Actuarial cost method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Fiduciary net position is projected to be depleted	2059	2048
Municipal bond index rate	3.93%	3.86%
Single equivalent interest rate, net of plan investment expense, including price inflation	4.88%	4.27%
Medical trend assumption	7.00 to 4.40%	6.75 to 4.40%

In 2024, the following mortality assumptions were used:

Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

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

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

In the prior measurement date, the following mortality assumptions were used:

Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

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

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

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

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

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

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

As of June 30, 2024:

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the proportionate share of the net OPEB liability, what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what the proportionate share of the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 951,299	$ 713,404	$ 524,364

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 482,234	$ 713,404	$ 1,017,258

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Asset Class	Target 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 %	

* Final target weights reflected at October 1, 2022.
**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 721,768	$ 887,712	$ 1,032,119

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 1,041,873	$ 887,712	$ 702,312

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is not party to legal proceedings which, in the opinion of District management, will have a material effect, if any, on the financial condition of the District.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODEW has not finalized the impact of enrollment adjustments to the June 30, 2025 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODEW and management believe this will result in either a receivable to or liability of the District.

NOTE 16 - SET-ASIDES

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

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

	Capital Improvements
Set-aside balance June 30, 2024	$ -
Current year set-aside requirement	236,920
Current year offsets	(421,862)
Total	$ (184,942)
Balance carried forward to fiscal year 2026	$ -
Set-aside balance June 30, 2025	$ -

The District issued $750,000 in tax anticipation notes for capital improvements. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from debt proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to $0. The District is responsible for tracking the amount of debt proceeds that may be used as an offset in future periods, which was $729,279 at June 30, 2025.

NOTE 17 - OTHER COMMITMENTS

A. Other Commitments

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

Fund	Year-End Encumbrances
Building Fund	$ 48,293,065
Total	$ 48,293,065

B. Contractual Commitments

As of June 30, 2025, the District had the following contractual commitments outstanding:

Vendor	Total Contract	Amount Paid	Remaining Commitment June 30, 2024
Mosser Construction	$ 52,285,667	$ (8,239,956)	$ 44,045,711
Total	$ 52,285,667	$ (8,239,956)	$ 44,045,711

REQUIRED SUPPLEMENTARY INFORMATION

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under) Actual Amounts
	Original	Final		
Budgetary revenues and other financing sources	$ 21,963,292	$ 23,882,350	$ 23,955,434	$ 73,084
Budgetary expenditures and other financing uses:				
Salaries and wages	8,908,757	9,122,857	9,122,843	(14)
Fringe benefits	4,281,268	4,053,268	4,052,544	(724)
Purchased services	1,687,883	2,187,183	2,187,110	(73)
Materials and supplies	603,395	598,495	598,407	(88)
Capital outlay	83,467	1,367	1,343	(24)
Other	261,408	546,758	546,714	(44)
Transfers and advances out	2,321,186	7,921,686	7,921,673	(13)
Debt service:				
Principal retirement	162,000	162,000	162,000	-
Interest	35,283	35,284	35,284	-
Total budgetary expenditures and other financing uses	18,344,647	24,628,898	24,627,918	(980)
Net change in fund balance	3,618,645	(746,548)	(672,484)	74,064
Budgetary fund balance at beginning of year	1,203,402	1,203,402	1,203,402	-
Budgetary fund balance at end of year	$ 4,822,047	$ 456,854	$ 530,918	$ 74,064

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.068977600%	$ 3,528,614	$ 2,860,171	123.37%	78.52%
2024	0.073671800%	4,070,749	3,083,214	132.03%	76.06%
2023	0.070349200%	3,805,032	2,707,150	140.55%	75.82%
2022	0.068776800%	2,537,664	2,418,400	104.93%	82.86%
2021	0.065507700%	4,332,817	2,039,593	212.44%	68.55%
2020	0.073501000%	4,397,694	2,483,341	177.09%	70.85%
2019	0.084583600%	4,844,259	3,096,904	156.42%	71.36%
2018	0.080729900%	4,823,433	2,640,457	182.67%	69.50%
2017	0.074759900%	5,471,735	2,346,193	233.22%	62.98%
2016	0.074867200%	4,271,995	2,253,892	189.54%	69.16%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 423,374	$ (423,374)	$ -	$ 3,024,100	14.00%
2024	400,424	(400,424)	-	2,860,171	14.00%
2023	431,650	(431,650)	-	3,083,214	14.00%
2022	379,001	(379,001)	-	2,707,150	14.00%
2021	338,576	(338,576)	-	2,418,400	14.00%
2020	285,543	(285,543)	-	2,039,593	14.00%
2019	335,251	(335,251)	-	2,483,341	13.50%
2018	418,082	(418,082)	-	3,096,904	13.50%
2017	369,664	(369,664)	-	2,640,457	14.00%
2016	328,467	(328,467)	-	2,346,193	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.046800270%	$ 9,005,128	$ 6,521,471	138.08%	82.55%
2024	0.048000180%	10,336,809	6,504,793	158.91%	80.02%
2023	0.049643150%	11,035,735	6,343,386	173.97%	78.88%
2022	0.052117421%	6,663,681	6,592,664	101.08%	87.78%
2021	0.050903630%	12,316,867	6,115,071	201.42%	75.48%
2020	0.052249350%	11,554,630	6,101,164	189.38%	77.40%
2019	0.052911780%	11,634,112	6,121,464	190.05%	77.31%
2018	0.052140280%	12,386,035	5,806,614	213.31%	75.30%
2017	0.050105910%	16,771,958	5,277,221	317.82%	66.80%
2016	0.048765220%	13,477,280	5,087,836	264.89%	72.10%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 947,869	$ (947,869)	$ -	$ 6,770,493	14.00%
2024	913,006	(913,006)	-	6,521,471	14.00%
2023	910,671	(910,671)	-	6,504,793	14.00%
2022	888,074	(888,074)	-	6,343,386	14.00%
2021	922,973	(922,973)	-	6,592,664	14.00%
2020	856,110	(856,110)	-	6,115,071	14.00%
2019	854,163	(854,163)	-	6,101,164	14.00%
2018	857,005	(857,005)	-	6,121,464	14.00%
2017	812,926	(812,926)	-	5,806,614	14.00%
2016	738,811	(738,811)	-	5,277,221	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY AND
DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST NINE AND TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.070049000%	$ 713,404	$ 2,860,171	24.94%	44.50%
2024	0.075911000%	1,250,592	3,083,214	40.56%	30.02%
2023	0.072046600%	1,011,542	2,707,150	37.37%	30.34%
2022	0.070764000%	1,339,267	2,418,400	55.38%	24.08%
2021	0.067329800%	1,463,297	2,039,593	71.74%	18.17%
2020	0.075228300%	1,891,834	2,483,341	76.18%	15.57%
2019	0.085278400%	2,365,853	3,096,904	76.39%	13.57%
2018	0.081993500%	2,200,490	2,640,457	83.34%	12.46%
2017	0.075867200%	2,162,496	2,346,193	92.17%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 51,575	$ (51,575)	$ -	$ 3,024,100	2.00%
2024	48,957	(48,957)	-	2,860,171	1.71%
2023	56,045	(56,045)	-	3,083,214	1.82%
2022	47,633	(47,633)	-	2,707,150	1.76%
2021	44,749	(44,749)	-	2,418,400	1.85%
2020	42,108	(42,108)	-	2,039,593	2.06%
2019	57,885	(57,885)	-	2,483,341	2.33%
2018	59,195	(59,195)	-	3,096,904	1.91%
2017	45,018	(45,018)	-	2,640,457	1.70%
2016	38,845	(38,845)	-	2,346,193	1.66%

(1) Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.
(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET) AND
DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST NINE AND TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability/(Asset)	District's Proportionate Share of the Net OPEB Liability/(Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2025	0.046800270%	$ (887,712)	$ 6,521,471	13.61%	158.01%
2024	0.048000180%	(933,537)	6,504,793	14.35%	168.52%
2023	0.049643150%	(1,285,426)	6,343,386	20.26%	230.73%
2022	0.052117421%	(1,098,853)	6,592,664	16.67%	174.73%
2021	0.050903630%	(894,631)	6,115,071	14.63%	182.10%
2020	0.052249350%	(865,374)	6,101,164	14.18%	174.74%
2019	0.052911780%	(850,238)	6,121,464	13.89%	176.00%
2018	0.052140280%	2,034,321	5,806,614	35.03%	47.10%
2017	0.050105910%	2,679,677	5,277,221	50.78%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ -	$ -	$ -	$ 6,770,493	0.00%
2024	-	-	-	6,521,471	0.00%
2023	-	-	-	6,504,793	0.00%
2022	-	-	-	6,343,386	0.00%
2021	-	-	-	6,592,664	0.00%
2020	-	-	-	6,115,071	0.00%
2019	-	-	-	6,101,164	0.00%
2018	-	-	-	6,121,464	0.00%
2017	-	-	-	5,806,614	0.00%
2016	-	-	-	5,277,221	0.00%

(1) Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.
(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 1 - BUDGETARY PROCESS

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented 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 budget basis and the GAAP basis are that:

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and

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

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis is as follows:

Net Change in Fund Balance

	General fund
Budget basis	$ (672,484)
Net adjustment for revenue accruals	292,844
Net adjustment for expenditure accruals	(190,075)
Net adjustment for other sources/uses	(421)
Funds budgeted elsewhere	(8,575)
GAAP Basis	$ (578,711)

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the public school support fund.

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and 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.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- For fiscal year 2023, SERS changed from a Cost of Living Adjustment (COLA) of 2.0% to 2.5%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- 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, (g) mortality among disabled members 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 and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50% - 18.20% to 3.25% - 13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2025.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- 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 following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

Change in assumptions:

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) 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 the following: 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, (g) mortality among disabled members was updated to the following: 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.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) 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 the following: 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, (g) mortality among disabled members was updated to the following: 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) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50% - 5.00% to a range of 5.375% - 4.75% and Pre-Medicare were changed from a range of 7.50% - 5.00% to a range of 7.25% - 4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375% - 4.75% to a range of 5.25% - 4.75% and Pre-Medicare were changed from a range of 7.25% - 4.75% to a range of 7.00% - 4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50% - 18.20% to 3.25% - 13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.
- For fiscal year 2025, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.86% to 3.93%, (b) single equivalent interest rate when from 4.27% to 4.88% and (c) medical trend assumptions went from 6.75% to 4.40% to 7.00% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% 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 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the non-Medicare subsidy percentage from 1.944% to 1.984% 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, 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.

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (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 were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2025.

Change in assumptions:

- 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 following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*," (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*" and (b) decrease in health care cost trend rates from 6.00% - 11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate; and prescription drug Medicare from (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to - 6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from - 6.69% initial - 4.00% ultimate down to - 16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from - 16.18% initial - 4.00% ultimate to - 68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to - 5.47% initial - 3.94% ultimate.

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- 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: medical 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; and prescription drug 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.