



OHIO AUDITOR OF STATE  
**KEITH FABER**





**TALAWANDA SCHOOL DISTRICT  
BUTLER COUNTY  
JUNE 30, 2025**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor’s Report .....	1
Prepared by Management:	
Management’s Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet	
Governmental Funds .....	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Notes to the Basic Financial Statements .....	23
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	56
Schedules of School District’s Proportionate Share of the Net Pension Liability and School District Pension Contributions (School Employees Retirement System of Ohio) .....	57
Schedules of School District’s Proportionate Share of the Net Pension Liability and School District Pension Contributions (State Teachers Retirement System of Ohio).....	58
Schedules of School District’s Proportionate Share of the Net OPEB Liability and School District OPEB Contributions (School Employees Retirement System of Ohio) .....	59
Schedules of School District’s Proportionate Share of the Net OPEB Liability/(Asset) and School District OPEB Contributions (State Teachers Retirement System of Ohio).....	60

**TALAWANDA SCHOOL DISTRICT  
BUTLER COUNTY  
JUNE 30, 2025**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Notes to Required Supplementary Information .....	61
Notes to Required Supplementary Information School Employees Retirement System of Ohio .....	64
Notes to Required Supplementary Information State Teachers Retirement System of Ohio .....	66
Schedule of Expenditures of Federal Awards .....	69
Notes to the Schedule of Expenditures of Federal Awards .....	70
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	71
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	73
Schedule of Findings .....	77

# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Talawanda School District  
Butler County  
131 West Chestnut Street  
Oxford, Ohio 45056

To the Board of Education:

### Report on the Audit of the Financial Statements

#### **Opinions**

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

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

#### **Basis for Opinions**

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

#### **Emphasis of Matter**

As discussed in Note 18 to the financial statements, during 2025, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### **Required Supplementary Information**

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

### **Supplementary information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2026, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

KEITH FABER  
Ohio Auditor of State



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

March 17, 2026

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## TALAWANDA SCHOOL DISTRICT, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Year Ended June 30, 2025

This discussion and analysis provides key information from management highlighting the overall financial performance of the Talawanda School District for the year ended June 30, 2025. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

#### Financial Highlights

Major financial highlights for fiscal year 2025 are listed below:

- ✓ The assets and deferred outflows of resources of the School District exceeded its liabilities and deferred inflows of resources at year-end by \$58,170,588.
- ✓ In total, net position increased by \$12,805,863.
- ✓ The School District had \$44,571,450 in expenses related to governmental activities; only \$4,675,427 of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$52,701,886 made up primarily of property and income taxes as well as State Foundation payments, was used to provide for these programs.
- ✓ The General Fund's ending fund balance decreased by \$4,491,970 from \$25,840,002 at June 30, 2024 to \$21,348,032 at June 30, 2025.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, administration, operation and maintenance of plant, and extracurricular activities. The School District has no business-type activities.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2025**  
**Unaudited**

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**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District are reported as governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The School District accounts for its activities using many individual governmental funds. The most significant funds, known as major funds, are reported in separate columns in the governmental fund financial statements. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the School District as a whole. The School District has three major funds: the General Fund, the Debt Service Fund and the Permanent Improvement Fund. Data for the other governmental funds is combined into a single aggregated presentation.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the budget for the General Fund and required pension and other postemployment benefit information.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2025**  
**Unaudited**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**A. Net position at year-end**

The following table presents a condensed summary of the School District's overall financial position at June 30, 2025 and 2024:

	<b>Governmental Activities</b>	
	<u><b>FY25</b></u>	<u><b>FY24</b></u>
Current and other assets	\$ 84,170,512	\$ 76,149,215
Capital assets	<u>72,776,742</u>	<u>74,459,320</u>
Total assets	<u>156,947,254</u>	<u>150,608,535</u>
Deferred outflows of resources	<u>7,698,993</u>	<u>8,925,854</u>
Long-term liabilities:		
Net pension liability	30,839,414	37,013,171
Net OPEB liability	1,277,006	2,285,150
Other long-term amounts	31,489,304	34,399,455
Other liabilities	<u>5,480,394</u>	<u>4,876,523</u>
Total liabilities	<u>69,086,118</u>	<u>78,574,299</u>
Deferred inflows of resources	<u>37,389,541</u>	<u>35,073,403</u>
Net position:		
Net investment in capital assets	45,165,528	42,983,751
Restricted:		
For capital projects	5,216,371	4,852,123
For debt service	3,819,802	3,636,319
For other purposes	7,779,602	7,658,395
Unrestricted (deficit)	<u>(3,810,715)</u>	<u>(13,243,901)</u>
Total net position	<u>\$ 58,170,588</u>	<u>\$ 45,886,687</u>

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2025**  
**Unaudited**

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The net pension liability is reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, and the net other postemployment benefits (OPEB) asset and liability are reported pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board (GASB) standards are national and apply to all government financial reports prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Prior accounting for pensions (GASB Statement No. 27) and OPEB (GASB Statement No. 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 Statement Nos. 68 and 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio statewide pension and OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

As required by GASB Statement Nos. 68 and 75, the required net pension liability and the net OPEB liability/(asset) equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension and 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. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. 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 health care 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 systems are responsible for the administration of the pension and OPEB plans.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2025**  
**Unaudited**

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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 or net OPEB liabilities. 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 and net OPEB liabilities are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

The largest portion of the School District's positive net position is in net investment in capital assets. The School District uses these capital assets to provide educational services to its students. Accordingly, these assets are not available for future spending. An additional portion of the School District's net position (\$16,815,775) represents resources that are subject to external restrictions on how they may be used.

The unrestricted net position (deficit) at June 30, 2025 was (\$3,810,715). However, if the components of recording the net pension and OPEB liabilities and net OPEB asset are removed from the Statement of Net Position, the School District's unrestricted net position would be a positive \$30,895,669. We feel this is important to mention as the management of the School District has no control over the management of the State-wide retirement plans or the benefits offered; both of which control the net pension and OPEB liabilities and net OPEB asset that significantly impact the School District's financial statements.

As of June 30, 2025, the School District reported an increase in total assets of approximately \$6.3 million, representing a 4% growth. This gain was primarily attributable to higher cash and investment balances resulting from favorable operating outcomes. The overall increase was partially offset by a reduction in capital assets due to recognized depreciation expense.

Total liabilities fell by about \$9.5 million (12%), mainly due to lower net pension and OPEB liabilities from statewide retirement systems' strong investment returns. Other long-term liabilities dropped as the School District met annual debt service on bonds, certificates of participation, and lease-purchase agreements.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2025**  
**Unaudited**

**B. Governmental Activities during fiscal year 2025**

The following table presents a condensed summary of the School District's activities during fiscal year 2025 and 2024 and the resulting change in net position:

	<u>FY25</u>	<u>FY24</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services and sales	\$ 2,089,257	\$ 2,008,930
Operating grants and contributions	2,586,170	4,166,334
Total program revenues	<u>4,675,427</u>	<u>6,175,264</u>
General revenues:		
Taxes	37,886,465	35,335,442
Grants and entitlements	11,877,835	12,945,679
Investment earnings	2,020,339	1,831,446
Miscellaneous	917,247	1,300,053
Total general revenues	<u>52,701,886</u>	<u>51,412,620</u>
<b>Total revenues</b>	<u>57,377,313</u>	<u>57,587,884</u>
<b>Expenses:</b>		
Instruction	25,244,340	26,712,434
Support services	16,113,054	14,877,245
Non-instructional services	1,077,009	925,645
Interest on long-term debt	666,918	811,417
Food services	1,470,129	1,370,575
<b>Total expenses</b>	<u>44,571,450</u>	<u>44,697,316</u>
Change in net position	12,805,863	12,890,568
Net position beginning of year, as <i>previously presented</i>	45,886,687	32,996,119
Change in accounting principle	(521,962)	-
Net position beginning of year, <i>as restated</i>	<u>45,364,725</u>	<u>32,996,119</u>
<b>Net position end of year</b>	<u>\$ 58,170,588</u>	<u>\$ 45,886,687</u>

Of the total governmental activities revenue of \$57,377,313, \$4,675,427 is from program revenue. This means that the School District relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, \$37,886,465 (72%) comes from property and income taxes and \$11,877,835 (23%) is from state funding. The School District's operations are reliant upon its property tax levy, income taxes and the state's foundation program.

In total, revenues decreased by approximately \$211,000, less than 1%.

Total expenses decreased by approximately \$126,000, or less than 1%, primarily due to a decrease in pension expenses associated with the decrease in the net pension liabilities.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2025**  
**Unaudited**

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**Governmental Activities**

The following table presents the total cost of each of the School District's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 10% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$25,244,340 but program revenue contributed to fund 11% of those costs. Thus, general revenues of \$22,572,973 were used to support the remainder of the instruction costs.

	<b>Governmental Activities</b>		<b>Revenues</b>	<b>Net Cost</b>
	<b>Total Cost</b>	<b>Program</b>	<b>as a % of</b>	<b>of Services</b>
	<b>of Services</b>	<b>Revenue</b>	<b>Total Costs</b>	<b>of Services</b>
Instruction	\$ 25,244,340	\$ 2,671,367	11%	\$ 22,572,973
Support services	16,113,054	245,551	2%	15,867,503
Non-instructional services	1,077,009	235,962	22%	841,047
Food service	1,470,129	1,522,547	104%	(52,418)
Interest on long-term debt	666,918	-	0%	666,918
<b>Total</b>	<b>\$ 44,571,450</b>	<b>\$ 4,675,427</b>	<b>10%</b>	<b>\$ 39,896,023</b>

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS**

**Governmental funds**

The School District has three major governmental funds: the General Fund, the Debt Service Fund and the Permanent Improvement Fund. Assets of these funds comprise \$73,513,135 (90%) of the total \$81,985,071 governmental funds' assets.

**General Fund.** Fund balance at June 30, 2025 was \$21,348,032, including \$19,330,527 of unassigned balance, which represents 47% of expenditures for fiscal year 2025. The General Fund balance decreased by 17%. Total revenue rose by 10%, primarily due to increased property taxes from higher valuations. Total expenditures went up 8%, reflecting inflationary pressures. Additionally, the School District transferred \$11.9 million into the Permanent Improvement Fund to support the recently approved Capital Improvement Plan.

**Debt Service Fund.** The Debt Service Fund had a fund balance at June 30, 2025 of \$3,741,513, an increase of \$399,026 from the prior fiscal year. The Debt Service Fund is used to accumulate resources to retire the School District's general obligation bonds. All required bond payments were made as scheduled during the current fiscal year.

**Permanent Improvement Fund.** The Permanent Improvement Fund is used to account for permanent improvement tax levies restricted for capital improvements and repayment of capital improvement debt. Activity during the fiscal year included continued spending on capital projects, including the high school turf replacement project, as well as debt service for lease-purchases and certificates of participation. Towards the end of the fiscal year, the School District transferred \$11.9 million from the General Fund to provide funding for the recently approved Capital Improvement Plan.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2025**  
**Unaudited**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

The schedule comparing the School District's original and final budgets and actual results is included in the required supplementary information. The final revenue budget was increased by 7.2% to account for better tax collections and increased investment earnings. The final expenditures budget was reduced by 1.7% from the original budget, due to conservative estimates for regular instruction. Actual expenditures came in less than budgeted by \$232,286, due to conservative budgeting.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** At June 30, 2025, the School District had \$72,776,742 invested in a broad range of capital assets, including land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Activity during the fiscal year primarily consisted of acquisition of furniture and equipment and the high school turf replacement project expected to be complete in fiscal year 2026. See Note 5 to the financial statements for more detail.

**Governmental Activities**  
**Capital Assets at Year-End**  
**(Net of Depreciation)**

	<b>FY25</b>	<b>FY24</b>	
Land	\$ 2,473,497	\$ 2,473,497	
Construction in progress	543,455	-	
Land improvements	534,275	536,279	
Buildings and improvements	68,760,390	70,618,157	
Furniture and equipment	454,598	813,379	
Vehicles	10,527	18,008	
Total	\$ 72,776,742	\$ 74,459,320	

**Debt.** As of June 30, 2025, the School District had \$25,060,000 outstanding in general obligation school improvement bonds and certificates of participation after making its scheduled principal payments, with \$3,300,000 due in fiscal year 2026. See Note 10 to the financial statements.

**ECONOMIC FACTORS**

In November 2004, the School District passed a 1% School District Income Tax that has generated over \$8 million annually, reaching \$9.8 million (cash basis) in fiscal year 2025. The School District continues working hard to maintain a positive general fund cash balance through the 2032 school year.

The School District began taking certain cost reduction measures beginning in fiscal year 2008 that has continued through fiscal year 2025. These measures include attrition, increased class sizes and plan design changes for the School District's medical/dental plan consortium (called Butler Health Plan). To counteract the deficit spending that started to occur in fiscal year 2019, and the erosion of our ending cash balance, the Board of Education attempted to put a 5.7 mill levy on the November 2022 election ballot. This levy would have generated approximately \$4.8 million dollars annually and would have allowed the School District to maintain its wide variety of educational programs that it has been known for. Alas, the levy failed, and the School District was forced to put together a three-year cost savings plan reducing some of the educational programs, being more in line with State minimums.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2025**  
**Unaudited**

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Due to the recent triennial update within Butler County, the School District saw a 34% increase in property valuation. Realizing this increase in tax revenue, the Board of Education voted not to proceed with years two and three of the cost savings plan. Also, while Butler Health Plan has experienced market funding/loss ratios which allowed their Board of Trustees to have relatively low premium inflation compared to the prior years; in calendar year 2023, we saw a 17% jump in premium rates and an additional 6% in calendar year 2024; which also saw the addition of a new Custom Design Plan (True Cost) being offered to consortium members.

In December 2013, the Board of Education and the Ohio Facilities Construction Commission (OFCC) executed an agreement to construct a new 70,000 square foot elementary school in Oxford, OH. This new elementary replaced the School District's existing Kramer Elementary (at the same site). The cost of the new Kramer Elementary was \$17.1 million and the State paid \$11.5 million (or 67%) of this cost based on credits the School District previously earned through the State's Expedited Local Partnership Program. The balance was funded by the School District with \$3.82 million in Certificates of Participation (COPs), issued in August 2014; proceeds from disposition of its old high school site to Miami University; and additional locally funded initiatives for \$709,000, approved by the Board of Education in July 2015.

The debt service for the Kramer COPs is being paid from the School District's existing and ongoing permanent improvement fund and not the general fund nor a bond issue.

The new Kramer building (called Phase I) was completed on-time in December 2016 and the students, faculty and staff took occupancy of the new facility in January 2017 after the holiday break. Phase II of the project (consisting mostly of a new parking lot and certain other site work) continued through fiscal year 2018. The project was officially closed-out with the OFCC in fiscal year 2024, returning \$1.6M to the district to be utilized to complete the Districts Master Plan (Talawanda Middle School renovation) sometime in the future.

In September 2017, the Board of Education unanimously approved a resolution to participate in a Segment-Two as part of OFCC's Construction Facilities Assistance Program. This segment will replace the School District's Marshall Elementary with a new facility at the existing site. This is a 47,666 square foot project with a state and local share of \$3.4 million and \$7.5 million, respectively. Similar to Kramer, the School District's local share for the Marshall project will be funded internally using \$8 million in COPs that were issued in January 2018.

The Commission unanimously approved the Marshall project at its meeting on October 26, 2017. The official funding request was approved by the Ohio's Controlling Board on December 4, 2017. The official Project Agreement between the Commission and the School District's Board was fully executed on July 13, 2018. The project has completed its GMP phase, received the results of the contractor bids, and broke ground in March 2020. Students and staff started the 2021/2022 school year in the building, having received its official occupancy; while the School District and construction company continue to work through getting the building commissioned and the closeout process started with OFCC.

COVID-19 created some uncertainty on the School District's operations. The School District closed schools on March 16, 2020 based on Governor's orders. In May 2020, the State cut school foundation program funds to school districts by \$300 million, leading to a \$752,000 cut for the School District. The School District has received assistance from the Federal CARES Act and ESSER funds to help offset some funding cuts, and the Fair School Funding Plan is in its 4th year of execution, and while we are not seeing much of an increase in State funding, we are not losing any as well due to the district being on the 'guarantee'.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2025**  
**Unaudited**

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Rockies Express Pipeline LLC had filed an appeal of its property valuation with the Ohio Department of Taxation in the fourth quarter of 2021; disputing tax year 2021 and ultimately tax year 2022, with the School District potentially losing 10M in public utility valuation. While this was being resolved, the School District had been receiving 50% of the original values for these tax years. The School District learned from the Butler County Auditor's office at the end of fiscal year 2024 that the settlement is coming in at 88% of its original values and this valuation has been locked into place for fifteen years. The School District received a true-up for these tax years of 38% of its unpaid taxes and was received in fiscal year 2025.

Of grave concern to Talawanda's financial future is the current legislation's focus on property tax (either the elimination of it, reducing inside millage collected, changing the 20-mill floor composition).

HB96 brought 67 line-item vetoes by Governor DeWine, with the House and Senate overruling one in early October 2025 (reducing the levy avenues that public entities utilize to generate the local share of its annual revenue) with promises to overrule even more in the coming months. In addition, there are over ten individual House and Senate Bills that would either have school districts losing current tax revenue, or making it impossible to generate new tax revenue to support the education of our students, with zero plans or ideas on how public entities would generate this much needed revenue to educate our public school students.

**REQUESTS FOR ADDITIONAL INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at the Talawanda School District, 131 West Chestnut Street, Oxford, Ohio 45056.

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# TALAWANDA SCHOOL DISTRICT, OHIO

Statement of Net Position

June 30, 2025

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and investments	\$ 47,477,896
Receivables:	
Taxes	33,402,115
Accounts	25,026
Intergovernmental	483,599
Interest	88,208
Supplies inventory	11,473
Prepaid items	264,498
Net OPEB asset	2,417,697
Nondepreciable capital assets	3,016,952
Depreciable capital assets, net	<u>69,759,790</u>
<b>Total assets</b>	<u>156,947,254</u>
<b>Deferred Outflows of Resources:</b>	
Pension	6,370,845
OPEB	<u>1,328,148</u>
<b>Total deferred outflows of resources</b>	<u>7,698,993</u>
<b>Liabilities:</b>	
Accounts payable	569,252
Accrued wages and benefits	4,239,148
Intergovernmental payable	537,808
Accrued interest payable	91,650
Unearned revenue	42,536
Noncurrent liabilities:	
Due within one year	4,653,897
Due more than one year:	
Net pension liability	30,839,414
Net OPEB liability	1,277,006
Other amounts due more than one year	<u>26,835,407</u>
<b>Total liabilities</b>	<u>69,086,118</u>
<b>Deferred Inflows of Resources:</b>	
Taxes levied for next fiscal year	26,936,318
Deferred charges on refunding	164,266
Pension	6,236,738
OPEB	<u>4,052,219</u>
<b>Total deferred inflows of resources</b>	<u>37,389,541</u>
<b>Net Position:</b>	
Net investment in capital assets	45,165,528
Restricted for:	
Capital projects	5,216,371
Debt service	3,819,802
Other purposes	7,779,602
Unrestricted (deficit)	<u>(3,810,715)</u>
<b>Total net position</b>	<u>\$ 58,170,588</u>

See accompanying notes to the basic financial statements.

# TALAWANDA SCHOOL DISTRICT, OHIO

Statement of Activities  
Year Ended June 30, 2025

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$ 19,389,838	\$ 1,253,475	\$ 347,918	\$ (17,788,445)
Special education	5,232,903	-	1,069,953	(4,162,950)
Other instruction	621,599	-	21	(621,578)
Support services:				
Pupil	2,893,112	-	6,029	(2,887,083)
Instructional staff	1,257,054	-	193,354	(1,063,700)
Board of Education	123,191	-	-	(123,191)
Administration	2,744,765	-	-	(2,744,765)
Fiscal	1,604,202	-	-	(1,604,202)
Business	23,095	-	-	(23,095)
Operation and maintenance of plant	4,113,608	-	46,168	(4,067,440)
Pupil transportation	3,009,488	-	-	(3,009,488)
Central	344,539	-	-	(344,539)
Non-instructional services:				
Extracurricular activities	1,040,486	214,466	-	(826,020)
Community service	36,523	-	21,496	(15,027)
Food service	1,470,129	621,316	901,231	52,418
Interest on long-term debt	666,918	-	-	(666,918)
<b>Total Governmental Activities</b>	<b>\$ 44,571,450</b>	<b>\$ 2,089,257</b>	<b>\$ 2,586,170</b>	<b>(39,896,023)</b>

## General Revenues:

Property taxes, levied for general purposes	22,193,523
Property taxes, levied for debt service	3,421,975
Property taxes, levied for capital projects	2,021,209
Income taxes	10,249,758
Grants and entitlements not restricted to specific programs	11,877,835
Investment earnings	2,020,339
Miscellaneous	917,247
<b>Total general revenues</b>	<b>52,701,886</b>
Change in net position	12,805,863
Net position beginning of year, <i>as previously presented</i>	45,886,687
Change in accounting principle	(521,962)
Net position beginning of year, <i>as restated</i>	45,364,725
Net position end of year	<b>\$ 58,170,588</b>

See accompanying notes to the basic financial statements.

**TALAWANDA SCHOOL DISTRICT, OHIC**

Balance Sheet

Governmental Funds

June 30, 2025

	General	Debt Service Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in pooled cash and investments	\$ 21,151,124	\$ 3,649,111	\$ 15,041,223	\$ 7,636,438	\$ 47,477,896
Receivables:					
Taxes	27,501,410	3,780,048	1,782,398	338,259	33,402,115
Accounts	24,280	-	-	746	25,026
Accrued interest	88,208	-	-	-	88,208
Intergovernmental	-	-	-	483,599	483,599
Prepaid items	263,077	-	-	1,421	264,498
Supplies inventory	-	-	-	11,473	11,473
Interfund receivable	232,256	-	-	-	232,256
<b>Total assets</b>	<b>\$ 49,260,355</b>	<b>\$ 7,429,159</b>	<b>\$ 16,823,621</b>	<b>\$ 8,471,936</b>	<b>\$ 81,985,071</b>
<b>Liabilities:</b>					
Accounts payable	\$ 290,649	\$ -	\$ 272,728	\$ 5,875	\$ 569,252
Accrued wages and benefits	3,956,645	-	-	282,503	4,239,148
Intergovernmental payable	513,136	-	-	24,672	537,808
Interfund payable	-	-	-	232,256	232,256
Unearned revenue	-	-	-	42,536	42,536
Compensated absences payable	-	-	-	4,625	4,625
<b>Total liabilities</b>	<b>4,760,430</b>	<b>-</b>	<b>272,728</b>	<b>592,467</b>	<b>5,625,625</b>
<b>Deferred Inflows of Resources:</b>					
Taxes levied for next fiscal year	21,430,886	3,517,707	1,649,466	338,259	26,936,318
Unavailable revenue	1,721,007	169,939	80,131	191,490	2,162,567
<b>Total deferred inflows of resources</b>	<b>23,151,893</b>	<b>3,687,646</b>	<b>1,729,597</b>	<b>529,749</b>	<b>29,098,885</b>
<b>Fund Balances:</b>					
Nonspendable	291,799	-	-	12,894	304,693
Restricted	-	3,741,513	2,917,316	7,528,190	14,187,019
Committed	1,398,513	-	11,903,980	-	13,302,493
Assigned	327,193	-	-	-	327,193
Unassigned	19,330,527	-	-	(191,364)	19,139,163
<b>Total fund balances</b>	<b>21,348,032</b>	<b>3,741,513</b>	<b>14,821,296</b>	<b>7,349,720</b>	<b>47,260,561</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 49,260,355</b>	<b>\$ 7,429,159</b>	<b>\$ 16,823,621</b>	<b>\$ 8,471,936</b>	<b>\$ 81,985,071</b>

See accompanying notes to the basic financial statements.

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

<b>Total Governmental Fund Balances</b>		\$ 47,260,561
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		72,776,742
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds.		2,162,567
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
GO bonds and COPS	(25,060,000)	
Unamortized premiums	(2,334,693)	
Deferred charges	(164,266)	
Compensated absences	(3,885,986)	
Lease-purchase agreement	(204,000)	
Accrued interest payable	<u>(91,650)</u>	
Total		(31,740,595)
The net pension and OPEB liabilities are not due and payable in the current period. The net OPEB asset is not available to pay current period expenditures. Therefore, the asset, liabilities and related deferred outflows and inflows of resources are not reported in the governmental funds:		
Deferred outflows - pensions	6,370,845	
Deferred inflows - pensions	(6,236,738)	
Net pension liability	(30,839,414)	
Deferred outflows - OPEB	1,328,148	
Deferred inflows - OPEB	(4,052,219)	
Net OPEB asset	2,417,697	
Net OPEB liability	<u>(1,277,006)</u>	
Total		<u>(32,288,687)</u>
<b>Net Position of Governmental Activities</b>		<b>\$ <u>58,170,588</u></b>

See accompanying notes to the basic financial statements.

**TALAWANDA SCHOOL DISTRICT, OHIO**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2025

	General	Debt Service Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 23,071,851	\$ 3,649,838	\$ 1,747,363	\$ 338,259	\$ 28,807,311
Income taxes	10,184,246	-	-	-	10,184,246
Tuition and fees	1,148,605	-	-	-	1,148,605
Interest	2,020,113	-	-	246	2,020,359
Charges for services	104,870	-	-	692,603	797,473
Intergovernmental	11,255,693	395,965	226,177	2,540,031	14,417,866
Other local revenues	732,778	-	-	330,697	1,063,475
<b>Total revenues</b>	<u>48,518,156</u>	<u>4,045,803</u>	<u>1,973,540</u>	<u>3,901,836</u>	<u>58,439,335</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	18,929,570	-	-	137,595	19,067,165
Special education	4,559,309	-	-	1,082,420	5,641,729
Other instruction	661,044	-	-	397	661,441
Support services:					
Pupil	2,990,065	-	-	117,190	3,107,255
Instructional staff	1,134,279	-	-	193,396	1,327,675
Board of Education	124,246	-	-	-	124,246
Administration	2,953,742	-	-	-	2,953,742
Fiscal	1,574,052	43,702	24,972	-	1,642,726
Business	23,095	-	-	-	23,095
Operation and maintenance of plant	3,814,643	-	31,071	83,948	3,929,662
Pupil transportation	3,000,876	-	-	-	3,000,876
Central	371,978	-	-	-	371,978
Non-instructional services:					
Extracurricular activities	922,482	-	-	215,090	1,137,572
Community service	1,233	-	-	29,048	30,281
Food service	-	-	-	1,517,984	1,517,984
Capital outlay	45,532	-	547,556	988	594,076
Debt Service:					
Principal	-	2,745,000	599,000	-	3,344,000
Interest and fiscal charges	-	858,075	341,518	-	1,199,593
<b>Total expenditures</b>	<u>41,106,146</u>	<u>3,646,777</u>	<u>1,544,117</u>	<u>3,378,056</u>	<u>49,675,096</u>
Excess of revenues over expenditures	<u>7,412,010</u>	<u>399,026</u>	<u>429,423</u>	<u>523,780</u>	<u>8,764,239</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	11,903,980	-	11,903,980
Transfers out	(11,903,980)	-	-	-	(11,903,980)
<b>Total other financing sources (uses)</b>	<u>(11,903,980)</u>	<u>-</u>	<u>11,903,980</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(4,491,970)	399,026	12,333,403	523,780	8,764,239
Fund balance, beginning of year, <i>as previously presented</i>	25,840,002	3,342,487	-	9,313,833	38,496,322
Change in reporting entity - nonmajor to major	-	-	2,487,893	(2,487,893)	-
Fund balance, beginning of year, <i>as restated</i>	<u>25,840,002</u>	<u>3,342,487</u>	<u>2,487,893</u>	<u>6,825,940</u>	<u>38,496,322</u>
Fund balance, end of year	<u>\$ 21,348,032</u>	<u>\$ 3,741,513</u>	<u>\$ 14,821,296</u>	<u>\$ 7,349,720</u>	<u>\$ 47,260,561</u>

See accompanying notes to the basic financial statements.

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

**Net Change in Fund Balances - Total Governmental Funds** \$ 8,764,239

*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 expense:

Capital asset additions	807,305
Depreciation expense	(2,486,834)

In the statement of activities, only the gain or loss on the sale of capital assets is reported, while only proceeds from the sale of assets are reported in the funds.	(3,049)
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Principal paid on long-term debt is recorded as an expenditure in the governmental funds, but is recorded as a reduction of the long-term liability on the statement net position.	3,344,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated absences	(393,282)
Amortization of premiums	483,792
Accrued interest	12,320
Deferred charges	36,563

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,058,973)
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Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of activities report these amounts as deferred outflows:

Pension	3,398,560
OPEB	101,400

Except for amounts reported as deferred outflows or inflows of resources, changes in the net pension and OPEB asset and liabilities are reported as pension and negative OPEB expenses in the statement of activities:

Pension	(925,658)
OPEB	725,480

**Change in Net Position of Governmental Activities** \$ 12,805,863

See accompanying notes to the basic financial statements.

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**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Talawanda School District, Ohio (the "School District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity**

The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected Board of Education (five members) and is responsible for the education of the residents of the School District.

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities. Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District is associated with five organizations, two of which are defined as jointly governed organizations and three as insurance purchasing pools. These organizations include Southwest Ohio Computer Association, Butler Technology and Career Development Schools, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan, the Ohio School Plan, and the Butler Health Plan. These organizations are presented in Notes 12 and 13.

During the fiscal year, the School District reported a change in reporting entity, with the Permanent Improvement Fund satisfying the criteria to be presented as a major governmental fund.

**B. Basis of Presentation**

**Government-wide Financial Statements** display information about the School District as a whole. The statement of net position and the statement of activities include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District has no business-type activities or fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued***

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

**Fund Financial Statements** report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows of resources are generally included on the balance sheet. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

**C. Fund Accounting**

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The School District only has governmental funds.

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

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

**Debt Service Fund** – The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

**Permanent Improvement Fund** – The permanent improvement fund accounts for the accumulation of property taxes levied for permanent improvements and other resources restricted for capital improvements and debt service on long-term obligations used to finance capital improvements.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued***

**D. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made.

The modified accrual basis of accounting is used by the governmental funds. On a modified accrual basis, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, income taxes, interest, tuition, student fees, and grants.

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 except for unmatured principal and interest on general long-term debt which is recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

***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.

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

***Deferred Inflows of Resources.*** In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, deferred charges on refunding, unavailable revenue, pension and other postemployment benefits (OPEB). Receivables for property taxes represent amounts that are measurable as of June 30, 2025, but are intended to finance 2026 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Unavailable revenue is reported only on the governmental fund financial statements and represents receivables that will not be collected within the available period (sixty days after fiscal year-end). Deferred inflows of resources from pension and OPEB are reported on the government-wide statement of net position (see Notes 7 and 8).

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued***

***Deferred Outflows of Resources.*** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources from pension and OPEB are reported on the government-wide statement of net position (see Notes 7 and 8).

**E. Cash and Investments**

To improve cash management, all cash received by the School District is pooled in central bank accounts. Monies for all funds are maintained in these accounts or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the balance sheet. During fiscal year 2025, the School District's investments were limited to U.S. money market funds, U.S. Government Agency notes, brokered certificates of deposit, commercial paper, municipal bonds, U.S. Treasury notes and the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that 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 GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Investments in STAR Ohio are valued at the net asset value per share provided by STAR Ohio on an amortized cost basis at June 30, 2025, which approximates fair value.

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

The Governmental Accounting Standards Board Statement No. 72 (GASB 72), *Fair Value Measurement and Application*, requires that investments, with certain exceptions, be recorded at their fair value and that changes in the fair value be reported in the operating statement. The School District recorded investments held at June 30, 2025 at fair value.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to custodial funds, certain trust funds, and those other funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balance.

**F. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and governmental fund financial statements.

**G. Inventory**

Inventories of governmental funds are stated at cost, determined on a first-in, first-out basis and recorded as expenditures in the governmental funds when consumed.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued***

**H. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. The School District defines capital assets as those with an individual cost of more than \$1,000 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated acquisition values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

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

Buildings	30-50 years
Land improvements	10-20 years
Building improvements	10-40 years
Equipment and furniture	5-20 years
Vehicles	5-10 years

**I. Compensated Absences**

The School District recognizes a liability for compensated absences for leave time that is (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave.

A liability for compensated absences is recorded as incurred in the government-wide financial statements of net position. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

**J. 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 that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension and OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued***

**K. Pension and OPEB**

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

**L. Fund Balances**

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

***Nonspendable*** – The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. The “not in a spendable form” criterion includes items that are not expected to be converted to cash.

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

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

***Assigned*** – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

***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 used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued***

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

**M. Unearned Revenue**

Unearned revenue represents amounts received prior to being earned. For the School District, unearned revenue was reported for State and Federal grants received in excess of project expenditures/expenses.

**N. Net Position**

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

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

**O. Estimates**

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

**2. DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current two-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 that 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 pass book accounts.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**2. DEPOSITS AND INVESTMENTS—*continued***

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution, or by the Ohio Pooled Collateral System, to secure the repayment of all public monies deposited with the institution. Interim monies are permitted to 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 or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the 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 market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances, for a period not to exceed one hundred and eighty days, and commercial paper notes, for a period not to exceed two hundred and seventy days, in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, *Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements*, and amended by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

**2. DEPOSITS AND INVESTMENTS—continued**

Deposits

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a custodial credit risk policy. At year-end, \$19,547,881 of the School District's bank balance of \$19,797,881 was exposed to custodial credit risk since it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

Investments

The School District's investments at June 30, 2025 are summarized as follows:

	Balance at 6/30/25	Average Maturity (Years)	Concentration of Credit Risk	Moody's/ S&P Ratings
<u>Amortized Cost</u>				
STAR Ohio	\$ 231,840	0.08	0.79%	AAAm
U.S. Money Market Funds	1,977,204	0.13	6.70%	AAAm
<u>Fair Value - Level 1</u>				
U.S. Treasury Notes	3,027,738	3.69	10.26%	n/a
<u>Fair Value - Level 2</u>				
U.S. Government Agency Notes	5,067,107	1.75	17.16%	AA+
Municipal Bonds	2,059,393	1.64	6.98%	AA - AAA
Brokered CD's	5,382,466	2.33	18.23%	n/a
Commercial Paper	11,776,515	0.26	39.89%	A-1 - A-1+
	<u>\$ 29,522,263</u>		<u>100.00%</u>	

*Credit Risk.* It is the School District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations.

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a failure of a counter party, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment securities are registered in the name of the School District.

*Interest Rate Risk.* In accordance with the investment policy, the School District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years.

*Fair Value Measurement.* The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs based on pricing data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. STAR Ohio is reported at its net asset value per share and U.S. money market funds are valued at amortized cost.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**3. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar-year basis. Distributions from the second half of the calendar year occur in a subsequent fiscal year and are intended to finance the operations of that year, except monies available to be advanced against such distributions which may be appropriated and used in the current fiscal year. Property taxes include amounts levied against all real and public property located in the School District.

Real property taxes and public utility taxes are levied after April against the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised value.

Public utility property taxes are assessed on tangible personal property as well as land and improvements. Real property is assessed at 35% of true value and tangible personal property is currently assessed at varying percentages of true value. These taxes attach as a lien against local and inter-exchange telephone companies and are levied January 1 of the current year. Tangible personal property tax on business inventory, manufacturing machinery, and equipment is no longer levied and collected.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2025. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amounts available as advances at June 30, 2025, were \$528,103 in the General Fund, \$92,402 in the Debt Service Fund, and \$52,801 in the Permanent Improvement Fund.

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

		<u>2024 Second- Half Collections</u>		<u>2025 First- Half Collections</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$	1,074,922,480	95.12%	1,085,390,560	95.04%
Public Utility Property		<u>55,111,650</u>	4.88%	<u>56,674,940</u>	4.96%
 Total Assessed Value	 \$	 <u>1,130,034,130</u>	 100.00%	 <u>1,142,065,500</u>	 100.00%
 Tax rate per \$1,000 of assessed valuation		 \$53.80		 \$53.80	

**4. INCOME TAXES**

In November 2004, the voters of the School District passed a 1% school income tax on wages earned by residents of the School District. The taxes are collected by the State Department of Taxation in the same manner as the state income tax. In the fiscal year ended June 30, 2025, the School District recorded income tax revenue of \$10,249,758 in the entity-wide financials and a receivable as of June 30, 2025 of \$4,508,740.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

**5. CAPITAL ASSETS**

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

	Balance 7/1/2024	Additions	Disposals	Balance 6/30/2025
<b>Governmental Activities</b>				
<b>Nondepreciable:</b>				
Land	\$ 2,473,497	\$ -	\$ -	\$ 2,473,497
Construction in progress	-	543,455	-	543,455
	<u>2,473,497</u>	<u>543,455</u>	<u>-</u>	<u>3,016,952</u>
<b>Depreciable:</b>				
Land improvements	2,241,316	19,791	-	2,261,107
Buildings and improvements	103,509,783	49,748	-	103,559,531
Vehicles	539,352	-	-	539,352
Equipment and furniture	14,786,529	194,311	(45,534)	14,935,306
Educational media	1,253,844	-	-	1,253,844
Subtotal	<u>122,330,824</u>	<u>263,850</u>	<u>(45,534)</u>	<u>122,549,140</u>
Totals at historical cost	<u>124,804,321</u>	<u>807,305</u>	<u>(45,534)</u>	<u>125,566,092</u>
Less accumulated depreciation:				
Land improvements	1,705,037	21,795	-	1,726,832
Buildings and improvements	32,891,626	1,907,515	-	34,799,141
Vehicles	521,344	7,481	-	528,825
Equipment and furniture	13,973,150	550,043	(42,485)	14,480,708
Educational media	1,253,844	-	-	1,253,844
Total accumulated depreciation	<u>50,345,001</u>	<u>2,486,834</u>	<u>(42,485)</u>	<u>52,789,350</u>
Capital assets, net	<u>\$ 74,459,320</u>	<u>\$ (1,679,529)</u>	<u>\$ (3,049)</u>	<u>\$ 72,776,742</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 2,021,512
Special education	9,537
Other instruction	4,000
Support services:	
Pupil	6,358
Instructional staff	3,222
Administration	3,117
Fiscal	1,374
Operation and maintenance of plant	402,408
Pupil transportation	8,612
Community service	9,707
Extracurricular activities	13,149
Food service	<u>3,838</u>
Total depreciation expense	<u>\$ 2,486,834</u>

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**6. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2025, the School District participated in the Ohio School Plan, a risk sharing pool (Note 14) for liability, property, auto, and crime insurance to address these various types of risk. Settled claims have not exceeded coverage in any of the past three years. There has been no significant reduction in the coverage from last year.

**7. DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

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

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

**7. DEFINED BENEFIT PENSION PLANS—continued**

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2% for the first 30 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.

**Funding Policy** – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% 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% for plan members and 14% 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, and Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund and Medicare B Fund).

The School District’s contractually required contribution to SERS was \$815,578 for fiscal year 2025.

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

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. For members who were eligible to retire on July 1, 2015, the annual benefit is the greater of the benefit amount calculated upon retirement under the new benefit formula or the frozen benefit amount as of July 1, 2015. Effective August 1, 2021 to July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective August 1, 2023 to May 31, 2025, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit at age 65. Retirement eligibility for reduced benefits is 29 years of service credit at any age; or 5 years of service credit and age 60. Effective June 1, 2025 to July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age or 5 years of service credit and age 65.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**7. DEFINED BENEFIT PENSION PLANS—continued**

Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 29 years of service credit at any age or 5 years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liabilities. 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 CO Plan offers features of both the DB Plan and the DC Plan. In the CO 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 CO Plan payment is payable to a member on or after age 60 with 5 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.

New members who choose the DC Plan or CO 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 Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CO Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DB or CO 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 10 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. For the fiscal year ended June 30, 2025, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2025 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$2,582,982 for fiscal year 2025. Of this amount, \$436,408 is reported as an intergovernmental payable.

**Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions**

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

**7. DEFINED BENEFIT PENSION PLANS—continued**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 6,313,808	\$ 24,525,606	\$ 30,839,414
Proportion of the Net Pension Liability	0.1234%	0.1275%	
Change in Proportion	-0.0113%	-0.0098%	
Pension Expense	\$ 544,092	\$ 381,566	\$ 925,658

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 241,056	\$ 1,544,472	\$ 1,785,528
Change in assumptions	56,482	1,130,275	1,186,757
School District's contributions subsequent to the measurement date	<u>815,578</u>	<u>2,582,982</u>	<u>3,398,560</u>
Total Deferred Outflows of Resources	<u>\$ 1,113,116</u>	<u>\$ 5,257,729</u>	<u>\$ 6,370,845</u>

<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ -	\$ 13,430	\$ 13,430
Net difference between projected and actual earnings on pension plan investments	394,925	2,108,703	2,503,628
Change in assumptions	-	850,772	850,772
Change in School District's proportionate share and difference in employer contributions	<u>482,766</u>	<u>2,386,142</u>	<u>2,868,908</u>
Total Deferred Inflows of Resources	<u>\$ 877,691</u>	<u>\$ 5,359,047</u>	<u>\$ 6,236,738</u>

\$3,398,560 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2026	\$ (490,543)	\$ (2,257,692)	\$ (2,748,235)
2027	215,282	1,657,038	1,872,320
2028	(188,763)	(1,216,570)	(1,405,333)
2029	<u>(116,129)</u>	<u>(867,076)</u>	<u>(983,205)</u>
	<u>\$ (580,153)</u>	<u>\$ (2,684,300)</u>	<u>\$ (3,264,453)</u>

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**7. DEFINED BENEFIT PENSION PLANS—continued**

**Actuarial Assumptions – SERS**

The total pension liability is determined by SERS' 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 are presented below:

Valuation Date	June 30, 2024 (the measurement date)
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Experience Study Date	Period of 5 years ended June 30, 2020
Investment Rate of Return	7.00%, net of investment expenses, including inflation
COLA or "Ad Hoc" COLA	2.00%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Future Salary Increases, including Inflation	3.25% - 13.58%
Inflation	2.40%

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health 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. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighed 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. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

**7. DEFINED BENEFIT PENSION PLANS—continued**

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

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

**Discount Rate** – Total pension liability was calculated using the discount rate of 7.0%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.0%). 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.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.0%, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%), or one percentage point higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net pension liability	\$9,659,251	\$6,313,808	\$3,497,124

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**7. DEFINED BENEFIT PENSION PLANS—continued**

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Varies by service from 2.5% to 8.5%
Payroll increases	3.00%
Investment rate of return	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%
Cost-of-living adjustments (COLA)	0%

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 Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

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

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

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

Assumption and benefit changes since the prior measurement date include: retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages, and demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.0% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**7. DEFINED BENEFIT PENSION PLANS—continued**

Therefore, the long-term expected rate of return on pension plan investments of 7.0% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2024.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.0%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.0%) or one-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net pension liability	\$39,564,099	\$24,525,606	\$11,805,623

**Social Security System**

All employees not covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2025, one of the members of the Board of Education has elected social security. The Board's liability is 6.2% of wages paid.

**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

**Net OPEB Liability (Asset)**

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

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued***

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

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

*Health Care Plan Description*—SERS' Health Care program provides health care 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.

*Funding Policy*—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. SERS' 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, SERS shall manage the Health Care Fund on a pay-as-you-go basis.

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 fiscal year 2025, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, the minimum compensation amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$101,400.

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

*Plan Description*— The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing, multiple-employer health care plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS Board to offer this plan.

Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—continued**

*Funding Policy*—Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2025, no employer allocation was made to the health care fund.

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

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

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

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,277,006	\$ (2,417,697)	\$ (1,140,691)
Proportion of the Net OPEB Liability (Asset)	0.1254%	0.1275%	
Change in Proportion	-0.0133%	-0.0099%	
(Negative) OPEB Expense	\$ (229,341)	\$ (496,139)	\$ (725,480)

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

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ -	\$ 105,102	\$ 105,102
Net difference between projected and actual earnings on OPEB plan investments	6,235	-	6,235
Change in assumptions	548,092	297,585	845,677
Change in School District's proportionate share and difference in employer contributions	186,589	83,145	269,734
School District's contributions subsequent to the measurement date	101,400	-	101,400
Total Deferred Outflows of Resources	\$ 842,316	\$ 485,832	\$ 1,328,148
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 1,376,944	\$ 260,544	\$ 1,637,488
Net difference between projected and actual earnings on OPEB plan investments	-	103,810	103,810
Change in assumptions	586,609	1,090,366	1,676,975
Change in School District's proportionate share and difference in employer contributions	633,941	5	633,946
Total Deferred Inflows of Resources	\$ 2,597,494	\$ 1,454,725	\$ 4,052,219

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued***

\$101,400 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or addition to the net OPEB asset in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2026	\$ (435,912)	\$ (354,820)	\$ (790,732)
2027	(348,309)	(150,374)	(498,683)
2028	(261,376)	(196,321)	(457,697)
2029	(186,290)	(181,778)	(368,068)
2030	(184,413)	(144,876)	(329,289)
2031-2034	(440,278)	59,276	(381,002)
	<u>\$ (1,856,578)</u>	<u>\$ (968,893)</u>	<u>\$ (2,825,471)</u>

***Actuarial Assumptions – SERS***

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will consider the employee's entire career with the employer and 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 are presented below:

Valuation Date	June 30, 2024 (the measurement date)
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Experience Study Date	Period of 5 years ended June 30, 2020
Investment Rate of Return	7.00%, net of investment expenses, including inflation
Municipal Bond Index Rate:	
Prior Measurement Date	3.86%
Current Measurement Date	3.93%
Year Fiduciary Net Position is Projected to be Depleted	2059

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued***

Prior Measurement Date	4.27%
Current Measurement Date	4.88%
Future Salary Increases, including Inflation	3.25% - 13.58%
Inflation	2.40%
Health Care Cost Trend Rate	7.00% - 4.40%

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health 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. Mortality among contingent survivors were based upon the 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. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

**8. OTHER POSTEMPLOYMENT BENEFITS (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 SERS at the state statute contribution rate of 1.5% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be depleted in 2059 by SERS’ actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023 and the June 30, 2024 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates** – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability calculated using the discount rate of 4.88%, as well as what the School District’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.88%) and one percentage point higher (5.88%) than the current rate.

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$1,702,842	\$1,277,006	\$938,622

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the School District’s net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.00% decreasing to 3.40%) and one percentage point higher (8.00% decreasing to 5.40%) than the current rates.

	1% Decrease 6.00% decreasing to 3.40%)	Current Cost Trend Rate 7.00% decreasing to 4.40%)	1% Increase 8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$863,208	\$1,277,006	\$1,820,909

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—continued**

**Actuarial Assumptions - STRS**

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	Varies by service from 2.5% to 8.5%	
Payroll increases	3.0%	
Investment rate of return	7.0%, net of investment expenses, including inflation	
Discount rate of return	7.0%	
Health care cost trends	<u>Initial</u>	<u>Ultimate</u>
Medical		
Pre-Medicare	7.50%	3.94%
Medicare	-112.22%	3.94%
Prescription Drug		
Pre-Medicare	8.00%	3.94%
Medicare	-15.14%	3.94%

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 Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

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

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

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued***

Benefit term changes since the prior measurement date include 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.

**Discount Rate** – The discount rate used to measure the total OPEB liability was 7.0% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on OPEB plan assets of 7.0% was applied to all periods of projected health care costs to determine the total OPEB liability as of as of June 30, 2024.

**Sensitivity of the School District's Proportionate Share of the Net OPEB (Asset) to Changes in the Discount Rate and the Health Care Cost Trend Rates** – The following table presents the School District's proportionate share of the net OPEB (asset) calculated using the current period discount rate assumption of 7.0%, as well as what the School District's proportionate share of the net OPEB (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.0%) and one percentage point higher (8.0%) than the current rate. Also shown is the net OPEB (asset) as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net OPEB (asset)	(\$1,965,747)	(\$2,417,697)	(\$2,810,991)
	1% Decrease	Current Cost Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$2,837,558)	(\$2,417,697)	(\$1,912,759)

**9. EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Non-certified employees earn five to twenty-five days of vacation per fiscal year, depending upon length of service while administrators receive twenty days of vacation per year. Accumulated, unused vacation time is paid to non-certified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and non-certified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to maximum of 260 days for administrators and 188 days for teachers and classified staff. Upon retirement, payment is made for twenty-five percent of the employee’s accumulated sick leave.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

**10. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2025 were as follows:

	<i>Restated</i> Principal Outstanding 7/1/24	Additions	Reductions	Principal Outstanding 6/30/25	Amounts Due in One Year
<b>Governmental Activities:</b>					
Series 2014 Certificates of Participation:					
Serial bonds	\$ 2,590,000	\$ -	\$ (150,000)	\$ 2,440,000	\$ 155,000
Unamortized premiums	11,325	-	(804)	10,521	-
Series 2017 GO Refunding Bonds:					
Serial and term certificates	3,285,000	-	(410,000)	2,875,000	430,000
Unamortized premiums	250,353	-	(38,516)	211,837	-
Series 2018 Certificates of Participation:					
Serial bonds	6,470,000	-	(255,000)	6,215,000	265,000
Unamortized premiums	163,641	-	(9,351)	154,290	-
Series 2019 GO Refunding Bonds:					
Serial bonds	15,865,000	-	(2,335,000)	13,530,000	2,450,000
Unamortized premiums	2,393,166	-	(435,121)	1,958,045	-
Direct borrowing:					
Lease-purchase agreements	398,000	-	(194,000)	204,000	204,000
Compensated absences*	3,494,932	395,679	-	3,890,611	1,149,897
<b>Total</b>	<b>\$ 34,921,417</b>	<b>\$ 395,679</b>	<b>\$ (3,827,792)</b>	<b>\$ 31,489,304</b>	<b>\$ 4,653,897</b>

\* The change in compensated absences is a net change.

*General Obligation School Improvement Bonds*

The School District issued \$4,530,000 in Series 2017 general obligation refunding bonds to currently refund \$4,940,000 of the Series 2007 general obligation refunding bonds. The bonds pay interest at rates ranging from 1.50% to 4.00% and mature on December 1, 2030.

The School District issued \$24,300,000 in Series 2019 general obligation refunding bonds to currently refund \$28,275,000 of the Series 2009 general obligation school improvement bonds originally issued to finance the construction of a new high school. The refunded bonds pay interest at rates ranging from 3.00% to 5.00% and mature on December 1, 2029.

*Certificates of Participation*

The School District issued \$3,820,000 in Series 2014 Certificates of Participation that will, in combination with additional funding from the School District and funding from the Ohio Classroom Facilities Assistance Program, finance construction of a new Kramer Elementary School. The certificates pay interest at rates ranging from 2% to 3.75% and will fully mature on June 1, 2038.

The School District issued \$8,000,000 in Series 2018 certificates of participation that, in combination with funding from the Ohio Classroom Facilities Assistance Program, will finance renovations to Marshall Elementary School. The certificates pay interest at rates ranging from 3.00% to 4.00% and will fully mature on June 1, 2042.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

**10. LONG-TERM OBLIGATIONS—continued**

Principal and interest requirements to retire the general obligations bonds and certificates of participation outstanding at June 30, 2025 are as follows:

General Obligation Bonds and Certificates of Participation			
Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 3,300,000	\$ 1,159,233	\$ 4,459,233
2027	3,460,000	980,064	4,440,064
2028	3,615,000	792,545	4,407,545
2029	3,785,000	595,389	4,380,389
2030	3,970,000	388,126	4,358,126
2031-2035	3,245,000	945,517	4,190,517
2036-2040	2,750,000	409,565	3,159,565
2041-2042	935,000	45,825	980,825
Total	\$ 25,060,000	\$ 5,316,261	\$ 30,376,261

*Direct Borrowing – Lease-purchase Agreement*

During 2006, the Board authorized financing in the amount of \$2,593,000 for the construction of a new elementary school with a direct borrowing lease-purchase agreement through the Ohio Association of School Business Official's Expanded Asset Pooled Financing Program.

The future minimum payments for the lease-purchase agreement as of June 30, 2025 were as follows:

Direct Borrowing Lease-Purchase Agreement			
Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 204,000	\$ 5,783	\$ 209,783

All general obligation debt and certificates of participation are supported by the full faith and credit of the School District. The general obligation bonds were paid from the debt service fund. The certificates of participation and lease-purchase agreement were paid from the nonmajor governmental permanent improvement fund.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

**11. FUND BALANCES**

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

Fund Balances	General Fund	Debt Service Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b><i>Nonspendable</i></b>					
Inventory	\$ -	\$ -	\$ -	\$ 11,473	\$ 11,473
Prepaid items	263,077	-	-	1,421	264,498
Unclaimed funds	<u>28,722</u>	-	-	-	<u>28,722</u>
<b><i>Total Nonspendable</i></b>	<b>291,799</b>	<b>-</b>	<b>-</b>	<b>12,894</b>	<b>304,693</b>
<b><i>Restricted for</i></b>					
Food Service Operations	-	-	-	655,317	655,317
Scholarships	-	-	-	233,348	233,348
Classroom Maintenance	-	-	-	3,976,846	3,976,846
Student Activities	-	-	-	97,878	97,878
Athletics	-	-	-	190,639	190,639
Other Purposes	-	-	-	3,493	3,493
Debt Service Payments	-	3,741,513	-	-	3,741,513
Capital Improvements	-	-	<u>2,917,316</u>	<u>2,370,669</u>	<u>5,287,985</u>
<b><i>Total Restricted</i></b>	<b>-</b>	<b>3,741,513</b>	<b>2,917,316</b>	<b>7,528,190</b>	<b>14,187,019</b>
<b><i>Committed to</i></b>					
Capital Improvement Plan	-	-	11,903,980	-	11,903,980
Termination Benefits	<u>1,398,513</u>	-	-	-	<u>1,398,513</u>
<b><i>Total Committed</i></b>	<b>1,398,513</b>	<b>-</b>	<b>11,903,980</b>	<b>-</b>	<b>13,302,493</b>
<b><i>Assigned to</i></b>					
Public School Support	301,986	-	-	-	301,986
Purchases on Order	<u>25,207</u>	-	-	-	<u>25,207</u>
<b><i>Total Assigned</i></b>	<b>327,193</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>327,193</b>
<b><i>Unassigned</i></b>	<b><u>19,330,527</u></b>	<b>-</b>	<b>-</b>	<b>(191,364)</b>	<b>19,139,163</b>
<b><i>Total Fund Balance</i></b>	<b><u>\$ 21,348,032</u></b>	<b><u>\$3,741,513</u></b>	<b><u>\$14,821,296</u></b>	<b><u>\$ 7,349,720</u></b>	<b><u>\$47,260,561</u></b>

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

Other Governmental Funds:	
IDEA, Part B Special Education Fund	\$ 113,146
Title I Grant Fund	63,648
IDEA Early Childhood Special Education Fund	1,450
Title II-A Supporting Effective Instruction Fund	13,120

The deficit fund balances were created by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**12. JOINTLY GOVERNED ORGANIZATIONS**

*Butler Technology and Career Development Schools*

The Butler Technology and Career Development Schools (Butler Tech), a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school districts' elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Butler Tech was formed for the purpose of providing vocational education opportunities to the students of the member school districts which includes the students of the School District. The School District has no ongoing financial interest in nor responsibility for Butler Tech. To obtain financial information, write to Butler Tech, at 3603 Hamilton-Middletown, Hamilton, Ohio 45011.

*Southwest Ohio Computer Association*

The Southwest Ohio Computer Association (SWOCA) was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the member schools of the three-county consortium supports SWOCA based upon per pupil charge dependent upon the software package utilized. SWOCA is governed by a board of directors consisting of the superintendents and treasurers of member school districts. The degree of control exercised by any participating School District is limited to its representation on the Board. To obtain financial information, write to SWOCA, at 3603 Hamilton-Middletown, Hamilton, Ohio 45011.

**13. INSURANCE PURCHASING POOLS**

*Butler Health Plan*

The School District participates in the Butler Health Plan (BHP), an insurance purchasing pool, formed to provide affordable and desirable dental, life, medical, and other disability group insurance for member's employees, eligible dependents and designated beneficiaries. The Board of Directors consists of one representative from each of the participating members and is elected by the vote of a majority of the member school districts. Financial information can be obtained from BHP at 400 North Erie Boulevard, Suite B, Hamilton, OH 45011.

*Ohio School Plan*

The Ohio School Plan (OSP) is an insurance purchasing pool among school districts in Ohio formed for the purpose of establishing a group primary and excess insurance/self-insurance and risk management program. Members agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by OSP. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance. The affairs of the corporation are managed by a 13-member Board of Directors made up of school administrators. The School District does not have an equity interest in OSP.

*Ohio Association of School Business Officials Workers' Compensation Group Rating Plan*

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

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

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**14. CONTINGENCIES**

**Federal and State Funding**

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

**Litigation**

The School District is party to legal proceedings. The School District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

**School Foundation Funding**

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (ODEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODEW adjustments for fiscal year 2025 have been finalized and were not significant to the School District.

**15. REQUIRED SET-ASIDES**

The School District is required by State statute to annually set aside in the general fund an amount based on the statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end.

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

	<u>Capital Improvements</u>
Set-aside reserve balance as of June 30, 2024	\$ -
Current year set-aside requirement	677,180
Current year qualifying expenditures	(1,662,087)
Excess qualified expenditures from prior years	-
Total	<u>\$ (984,907)</u>
Set-aside reserve balance as of June 30, 2025	<u><u>\$ -</u></u>

**TALAWANDA SCHOOL DISTRICT, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2025**

**16. COMMITMENTS**

The School District utilizes encumbrance accounting to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2025, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$	295,430
Permanent Improvement Fund		273,598
Other Governmental Funds		<u>64,471</u>
	\$	<u>633,499</u>

**17. INTERFUND TRANSACTIONS**

Interfund transactions for the fiscal year June 30, 2025 consisted of the following:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$ 232,256	\$ -	\$ -	\$ 11,903,980
Permanent Improvement Fund	-	-	11,903,980	-
Other Governmental Funds	<u>-</u>	<u>232,256</u>	<u>-</u>	<u>-</u>
	<u>\$ 232,256</u>	<u>\$ 232,256</u>	<u>\$ 11,903,980</u>	<u>\$ 11,903,980</u>

The interfund loans were made to provide operating capital. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, or (2) use unrestricted revenues collected in the general fund to finance various programs and capital activity accounted for in other funds in accordance with budgetary authorizations.

**18. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLE**

During fiscal year 2025, the School District implemented GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 101 provides updated guidance on accounting for and reporting compensated absences, which includes recognizing a liability for leave that is attributable to service already rendered and is more likely than not to be used or otherwise paid or settled.

The implementation Of GASB Statement No 101 had the following impact on beginning net position:

	Governmental Activities
Net position beginning of year, <i>as previously presented</i>	\$ 45,886,687
Adjustments:	
GASB 101 adjustments	<u>(521,962)</u>
Net position beginning of year, <i>as restated</i>	<u>\$ 45,364,725</u>

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## **Required Supplementary Information**

## TALAWANDA SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balance - Budget and Actual (Non-GAAP Budgetary Basis)

General Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Property taxes	\$ 21,297,906	\$ 23,484,092	\$ 23,028,827	\$ (455,265)
Income taxes	9,599,887	10,014,149	9,820,014	(194,135)
Tuition and fees	1,064,504	1,172,725	1,149,990	(22,735)
Interest	744,000	1,560,899	1,530,639	(30,260)
Intergovernmental	11,670,092	11,505,639	11,282,590	(223,049)
Other local revenues	405,000	289,700	284,084	(5,616)
<b>Total revenues</b>	<u>44,781,389</u>	<u>48,027,204</u>	<u>47,096,144</u>	<u>(931,060)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	19,757,951	18,790,727	18,684,285	106,442
Special education	4,655,651	4,759,193	4,521,432	237,761
Other instruction	661,520	650,195	641,218	8,977
Support services:				
Pupil	3,048,167	2,635,346	2,867,539	(232,193)
Instructional staff	998,702	1,153,590	1,108,113	45,477
Board of Education	111,512	124,712	140,836	(16,124)
Administration	2,597,298	2,891,479	2,855,403	36,076
Fiscal	1,544,773	1,543,861	1,572,170	(28,309)
Business	24,013	24,013	23,095	918
Operation and maintenance of plant	3,914,201	3,757,566	3,867,908	(110,342)
Pupil transportation	3,038,297	3,202,985	2,993,203	209,782
Central	350,636	359,066	355,455	3,611
Non-instructional services:				
Community services	118	1,062	1,233	(171)
Extracurricular activities	796,817	856,641	888,426	(31,785)
Capital outlay	4,300	49,198	47,032	2,166
<b>Total expenditures</b>	<u>41,503,956</u>	<u>40,799,634</u>	<u>40,567,348</u>	<u>232,286</u>
Excess (deficiency) of revenues over (under) expenditures	3,277,433	7,227,571	6,528,797	(698,774)
<b>Other financing sources (uses):</b>				
Transfers out	-	(13,366,086)	(13,366,086)	-
Advances in	75,000	-	13,124	13,124
Advances out	(75,000)	(379,923)	(232,256)	(147,667)
Other financing sources	109,792	-	311,762	311,762
Other financing uses	(20,371)	(3,694)	-	3,694
<b>Total other financing sources (uses)</b>	<u>89,421</u>	<u>(13,749,703)</u>	<u>(13,273,456)</u>	<u>180,913</u>
Net change in fund balance	3,366,854	(6,522,132)	(6,744,659)	\$ (517,861)
Fund balance, beginning of year	24,799,400	24,799,400	24,799,400	
Prior year encumbrances appropriated	156,984	156,984	156,984	
Fund balance, end of year	<u>\$ 28,323,238</u>	<u>\$ 18,434,252</u>	<u>\$ 18,211,725</u>	

See accompanying notes to required supplementary information.

**TALAWANDA SCHOOL DISTRICT**

Required Supplementary Information  
 Schedules of School District's Proportionate Share of the Net Pension Liability  
 and School District Pension Contributions  
 School Employees Retirement System of Ohio

Measurement Date Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School 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
2016	0.1512%	\$ 8,628,925	\$ 3,602,633	239.52%	69.16%
2017	0.1478%	10,819,253	3,481,371	310.78%	62.98%
2018	0.1416%	8,460,703	3,430,079	246.66%	69.50%
2019	0.1398%	8,004,868	2,894,756	276.53%	71.36%
2020	0.1404%	8,398,983	3,571,570	235.16%	70.85%
2021	0.1440%	9,524,056	3,712,186	256.56%	68.55%
2022	0.1271%	4,691,261	3,837,029	122.26%	82.86%
2023	0.1365%	7,381,030	5,097,700	144.79%	75.82%
2024	0.1347%	7,442,881	5,365,971	138.71%	76.06%
2025	0.1234%	6,313,808	5,150,364	122.59%	78.52%

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 487,392	\$ (487,392)	\$ -	\$ 3,481,371	14.00%
2017	480,211	(480,211)	-	3,430,079	14.00%
2018	390,792	(390,792)	-	2,894,756	13.50%
2019	482,162	(482,162)	-	3,571,570	13.50%
2020	519,706	(519,706)	-	3,712,186	14.00%
2021	537,184	(537,184)	-	3,837,029	14.00%
2022	713,678	(713,678)	-	5,097,700	14.00%
2023	751,236	(751,236)	-	5,365,971	14.00%
2024	721,051	(721,051)	-	5,150,364	14.00%
2025	815,578	(815,578)	-	5,825,557	14.00%

See Notes to Required Supplementary Information.

**TALAWANDA SCHOOL DISTRICT**

Required Supplementary Information  
 Schedules of School District's Proportionate Share of the Net Pension Liability  
 and School District Pension Contributions  
 State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School 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
2016	0.1365%	\$ 37,718,135	\$ 13,504,343	279.30%	72.09%
2017	0.1388%	46,446,525	14,325,314	324.23%	66.78%
2018	0.1402%	33,311,526	15,287,314	217.90%	75.30%
2019	0.1429%	31,425,475	16,691,029	188.28%	77.30%
2020	0.1453%	32,126,363	17,668,121	181.83%	77.40%
2021	0.1472%	35,607,725	17,896,264	198.97%	75.50%
2022	0.1471%	18,813,752	17,903,136	105.09%	87.80%
2023	0.1422%	31,616,454	18,489,729	170.99%	78.90%
2024	0.1373%	29,570,290	18,546,657	159.44%	80.00%
2025	0.1275%	24,525,606	17,690,986	138.63%	82.50%

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 2,005,544	\$ (2,005,544)	\$ -	\$ 14,325,314	14.00%
2017	2,140,224	(2,140,224)	-	15,287,314	14.00%
2018	2,336,744	(2,336,744)	-	16,691,029	14.00%
2019	2,473,537	(2,473,537)	-	17,668,121	14.00%
2020	2,505,477	(2,505,477)	-	17,896,264	14.00%
2021	2,506,439	(2,506,439)	-	17,903,136	14.00%
2022	2,588,562	(2,588,562)	-	18,489,729	14.00%
2023	2,596,532	(2,596,532)	-	18,546,657	14.00%
2024	2,476,738	(2,476,738)	-	17,690,986	14.00%
2025	2,582,982	(2,582,982)	-	18,449,871	14.00%

See Notes to Required Supplementary Information.

**TALAWANDA SCHOOL DISTRICT**

Required Supplementary Information  
 Schedules of School District's Proportionate Share of the Net OPEB Liability  
 and School District OPEB Contributions  
 School Employees Retirement System of Ohio

Measurement Date Fiscal Year (1)(2)	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School 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
2017	0.1491%	\$ 4,250,673	\$ 3,481,371	122.10%	11.49%
2018	0.1437%	3,855,224	3,430,079	112.39%	12.46%
2019	0.1419%	3,935,381	2,894,756	135.95%	13.57%
2020	0.1439%	3,619,771	3,571,570	101.35%	15.57%
2021	0.1499%	3,257,788	3,712,186	87.76%	18.17%
2022	0.1313%	2,484,303	3,837,029	64.75%	24.08%
2023	0.1399%	1,964,210	5,097,700	38.53%	30.04%
2024	0.1387%	2,285,150	5,365,971	42.59%	30.02%
2025	0.1254%	1,277,006	5,150,364	24.79%	44.50%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Fiscal Year	Contractually Required Contributions (3)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 72,560	\$ (72,560)	\$ -	\$ 3,481,371	2.08%
2017	156,021	(156,021)	-	3,430,079	4.55%
2018	91,360	(91,360)	-	2,894,756	3.16%
2019	106,095	(106,095)	-	3,571,570	2.97%
2020	98,552	(98,552)	-	3,712,186	2.65%
2021	85,077	(85,077)	-	3,837,029	2.22%
2022	93,226	(93,226)	-	5,097,700	1.83%
2023	101,948	(101,948)	-	5,365,971	1.90%
2024	87,918	(87,918)	-	5,150,364	1.71%
2025	101,400	(101,400)	-	5,825,557	1.74%

(3) Includes Surcharge.

See Notes to Required Supplementary Information.

**TALAWANDA SCHOOL DISTRICT**

Required Supplementary Information

Schedules of School District's Proportionate Share of the Net OPEB Liability/(Asset)  
and School District OPEB Contributions  
State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1)(2)	School District's Proportion of the Net OPEB Liability/(Asset)	School District's Proportionate Share of the Net OPEB Liability/(Asset)	School District's Covered Payroll	School 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
2017	0.1388%	\$ 7,420,820	\$ 14,325,314	51.80%	37.3%
2018	0.1402%	5,471,190	15,287,314	35.79%	47.1%
2019	0.1429%	(2,296,622)	16,691,029	(13.76%)	176.0%
2020	0.1453%	(2,406,079)	17,668,121	(13.62%)	174.7%
2021	0.1472%	(2,586,351)	17,896,264	(14.45%)	182.1%
2022	0.1471%	(3,102,423)	17,903,136	(17.33%)	174.7%
2023	0.1422%	(3,682,640)	18,489,729	(19.92%)	230.7%
2024	0.1373%	(2,670,549)	18,546,657	(14.40%)	168.5%
2025	0.1275%	(2,417,697)	17,690,986	(13.67%)	158.0%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Fiscal Year	Contractually Required Contributions (3)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ -	\$ -	\$ -	14,325,314	0.00%
2017	-	-	-	15,287,314	0.00%
2018	-	-	-	16,691,029	0.00%
2019	-	-	-	17,668,121	0.00%
2020	-	-	-	17,896,264	0.00%
2021	-	-	-	17,903,136	0.00%
2022	-	-	-	18,489,729	0.00%
2023	-	-	-	18,546,657	0.00%
2024	-	-	-	17,690,986	0.00%
2025	-	-	-	18,449,871	0.00%

(3) STRS allocated the entire 14% employer contribution rate towards pension benefits.

See Notes to Required Supplementary Information.

## TALAWANDA SCHOOL DISTRICT, OHIO

Notes to Required Supplementary Information

Year Ended June 30, 2025

### **Note A - Budgetary Process**

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.

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

*Estimated Resources* Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary schedules reflect the amounts in the final amended certificate 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 must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolutions, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures, which appear in the schedules of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions. The Board passed supplemental appropriations during the fiscal year.

## TALAWANDA SCHOOL DISTRICT, OHIO

Notes to Required Supplementary Information - continued  
Year Ended June 30, 2025

### **Note A - Budgetary Process** - continued

*Encumbrances* As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year-end are reported as an assignment of fund balance for subsequent-year expenditures for governmental funds.

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

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

Certain funds accounted for as separate funds internally with legally adopted budgets (budget basis) do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

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

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

Encumbrances are treated as expenditures for all funds (budget basis) rather than as expenditures when liquidated (GAAP basis).

Advances in and advances out are operating transactions (budget basis) rather than as due to/due from other funds (GAAP basis).

**TALAWANDA SCHOOL DISTRICT, OHIO**

Notes to Required Supplementary Information - concluded  
Year Ended June 30, 2025

**Note A - Budgetary Process** - concluded

The following table summarizes the adjustments necessary to reconcile the GAAP statements and the budgetary basis schedule:

	<u>General</u>
Net change in fund balance - GAAP Basis	\$ (4,491,970)
Increase / (decrease):	
Due to inclusion of Uniform School Supply Fund	(39,453)
Due to inclusion of Public School Support Fund	11,608
Due to revenues	(1,143,178)
Due to expenditures	583,240
Due to other sources (uses)	(1,369,476)
Due to encumbrances	<u>(295,430)</u>
Net change in fund balance - Budget Basis	\$ <u>(6,744,659)</u>

## TALAWANDA SCHOOL DISTRICT

Required Supplementary Information

Notes to Required Supplementary Information

School Employees Retirement System of Ohio (SERS)

### Notes to Pension Information

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#### Changes of Benefit and Funding Terms

For measurement period 2017, the cost-of-living adjustment (COLA) was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.50% with a floor of 0.0% beginning January 1, 2018. In addition, with the authority granted to the Board under Ohio House Bill 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

For measurement period 2018, with the authority granted to the Board under Ohio Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

#### Changes of Assumptions

For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement period 2021, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the COLA was reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement periods 2022 through 2024, COLAs were increased from 2.00% to 2.50% in the subsequent calendar years.

### Notes to OPEB Information

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#### Changes of Benefit and Funding Terms

Effective January 1, 2024, the non-Medicare disability health care subsidy amounts were changed to reflect amounts equal to that of service retirees by years of service.

## TALAWANDA SCHOOL DISTRICT

Required Supplementary Information

Notes to Required Supplementary Information

School Employees Retirement System of Ohio (SERS)

### Notes to OPEB Information (continued)

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#### Changes of Assumptions

For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement period 2017, the discount rate was reduced from 2.98% to 3.63%.

For measurement period 2018, the discount rate was increased from 3.63% to 3.70% and health care trend rates were updated.

For measurement period 2019, the discount rate was reduced from 3.70% to 3.22% and health care trend rates were updated.

For measurement period 2020, the discount rate was reduced from 3.22% to 2.63%.

For measurement period 2021, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the COLA was reduced from 2.50% to 2.00%, the discount rate was reduced from 2.63% to 2.27%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement period 2022, the discount rate was increased from 2.27% to 4.08% and health care trend rates were updated.

For measurement period 2023, the discount rate was changed from 4.08% to 4.27%, health care trend rates were updated, assumption for percentage of pre-Medicare eligible retirees who choose the Wraparound plan was increased from 10% to 20%, health care trend assumption on retiree premiums was updated to not apply the trend to the \$35 surcharge, assumption was added to assume that 15% of pre-65 retirees who waive health care will elect coverage upon Medicare eligibility, and morbidity factors were updated based on the Society of Actuaries' June 2013 research report, Health Care Cost—From Birth to Death by Dale Yamamoto, and from the Actuarial Standards of Practice (ASOP) 6 practice note developed by the American Academy of Actuaries.

For measurement period 2024, the discount rate was increased from 4.27% to 4.88% and health care trend rates were updated.

## TALAWANDA SCHOOL DISTRICT

Required Supplementary Information

Notes to Required Supplementary Information

State Teachers Retirement System of Ohio (STRS)

### Notes to Pension Information

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#### Changes of Benefit and Funding Terms

For measurement period 2017, the cost-of-living adjustment (COLA) was reduced to zero.

#### Changes of Assumptions

For measurement period 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and 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. The health and disabled assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For measurement period 2021, the discount rate was adjusted from 7.45% to 7.00%.

For measurement period 2022, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

For measurement period 2024, retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.

### Notes to OPEB Information

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#### Changes of Benefit and Funding Terms

For measurement period 2017, the subsidy multiplier for non-Medicare benefit recipients was reduced 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 1, 2019.

For measurement period 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

**TALAWANDA SCHOOL DISTRICT**

Required Supplementary Information

Notes to Required Supplementary Information

State Teachers Retirement System of Ohio (STRS)

**Notes to OPEB Information (continued)**

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*Changes of Benefit and Funding Terms (continued)*

For measurement period 2019, there was no change to the claims cost process. Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For measurement period 2020, there was no change to the claims cost process. Claims curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. 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.

For measurement period 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10%. 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 calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For measurement period 2022, salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age-based to service-based.

For measurement period 2023, health care trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

For measurement period 2024, health care trends were updated to reflect emerging claims and 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.

**TALAWANDA SCHOOL DISTRICT**  
Required Supplementary Information  
Notes to Required Supplementary Information  
State Teachers Retirement System of Ohio (STRS)

**Notes to OPEB Information (continued)**

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Changes of Assumptions

For measurement period 2017, 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)*, and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trends were modified along with the portion of rebated prescription drug costs.

For measurement period 2018, 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. Valuation year per capita health care costs were updated.

For measurement period 2021, the discount rate was adjusted from 7.45% to 7.00%.

For measurement period 2022, health care trends were updated to reflect emerging claims and recoveries experience.

**TALAWANDA SCHOOL DISTRICT  
BUTLER COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Pass Through Entity Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program: Food Commodities	10.555	3L60	138,246
Cash Assistance:			
School Breakfast Program	10.553	3L70	138,815
National School Lunch Program	10.555	3L60	604,821
Supply Chain Assistance	10.555		34,605
Total Child Nutrition Cluster			<u>916,487</u>
Total U.S. Department of Agriculture			<u>916,487</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies - FY24	84.010	3M00	63,477
Title I Grants to Local Educational Agencies - FY25	84.010	3M00	350,980
Total Title I Grants			<u>414,457</u>
<i>Passed Through Ohio Department of Education and Workforce</i>			
Special Education Cluster (IDEA):			
Special Education-Grants to States (IDEA Part B) - 2024	84.027	3M20	102,297
Special Education-Grants to States (IDEA Part B) - 2025	84.027	3M20	612,590
Special Education-Preschool Grants (IDEA Preschool) - 2024	84.173	3C50	2,071
Special Education-Preschool Grants (IDEA Preschool) - 2025	84.173	3C50	17,253
Total Special Education Cluster			<u>734,211</u>
<i>Passed Through Butler County Educational Service Center</i>			
Title III Immigrant	84.365	3Y70	11,234
Total Title III Immigrant			<u>11,234</u>
<i>Passed Through Ohio Department of Education and Workforce</i>			
Title II-A Supporting Effective Instruction - 2024	84.367	3Y60	18,968
Title II-A Supporting Effective Instruction - 2025	84.367	3Y60	75,781
			<u>94,749</u>
<i>Passed Through Ohio Department of Education and Workforce</i>			
Title IV-A Student Support and Academic Enrichment - 2025	84.424A	3H10	23,910
Stronger Connections	84.424F	3H10	10,494
			<u>34,404</u>
<i>Passed Through Ohio Department of Education and Workforce</i>			
COVID-19 ARP ESSER III	84.425U		116,007
			<u>116,007</u>
Total U.S. Department of Education			<u>1,405,062</u>
<b>Total Federal Awards Expenditures</b>			<u><u>\$2,321,549</u></u>

**TALAWANDA SCHOOL DISTRICT  
BUTLER COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE A – BASIS OF PRESENTATION**

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

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

**NOTE F - MATCHING REQUIREMENTS**

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
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800-282-0370

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

Talawanda School District  
Butler County  
131 West Chestnut Street  
Oxford, Ohio 45056

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Talawanda School District, Butler County, Ohio (the School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 17, 2026, wherein we noted that the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) No 101, Compensated Absences.

### ***Report on Internal Control Over Financial Reporting***

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

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

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


***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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

KEITH FABER  
Ohio Auditor of State



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

March 17, 2026

# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Talawanda School District  
Butler County  
131 West Chestnut Street  
Oxford, Ohio 45056

To the Board of Education:

### Report on Compliance for Each Major Federal Program

#### ***Opinion on Each Major Federal Program***

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

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

#### ***Basis for Opinion on Each Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

Talawanda School District  
Butler County  
Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control Over Compliance  
Required by the Uniform Guidance  
Page 3

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

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

KEITH FABER  
Ohio Auditor of State



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

March 17, 2026

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**TALAWANDA SCHOOL DISTRICT  
BUTLER COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2025**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title I Special Education Cluster
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



# OHIO AUDITOR OF STATE KEITH FABER



**TALAWANDA SCHOOL DISTRICT**

**BUTLER COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/26/2026**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)