



OHIO AUDITOR OF STATE
KEITH FABER



**LEBANON CITY SCHOOL DISTRICT
WARREN COUNTY
JUNE 30, 2025**

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**LEBANON CITY SCHOOL DISTRICT
WARREN COUNTY
JUNE 30, 2025**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Lebanon City School District
Warren County
160 Miller Road
Lebanon, OH 45036

To the Board of Education:

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
General Fund	Unmodified
Debt Service Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion on Governmental Activities

In our opinion, except for the effects of the matter described in the *Basis for Qualified and Unmodified Opinions* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Governmental Activities of the District, as of June 30, 2025, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the General, Debt Service, and the aggregate remaining fund information of the Lebanon City School District, Warren 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 Qualified and Unmodified Opinions

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

Matter Giving Rise to Qualified Opinion on Governmental Activities

We were unable to obtain the necessary assurances regarding the accuracy, completeness, existence, and valuation of the Capital Assets and related accumulated depreciation and depreciation expense reported in the Governmental Activities for the year ended June 30, 2025. Ohio Admin. Code 117.2.02 requires capital asset records include such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location, and tag number. Each local public office should establish a capitalization threshold. The amount by which this departure would affect the assets, deferred inflows of resources, fund balances and revenues of the **governmental activities**, has not been determined.

Emphasis of Matter

As discussed in Note 20 to the financial statements, during 2025, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 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 April 15, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

April 15, 2026

**Lebanon City School District
Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2025
(Unaudited)**

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

Financial Highlights

Key financial highlights for 2025 are as follows:

- Net position of governmental activities increased by \$1,852,226 which represents a 6% increase from 2024.
- General revenues accounted for \$80,055,471 in revenue or 89% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$9,890,768 or 11% of total revenues of \$89,946,239.
- The District had \$88,094,013 in expenses related to governmental activities; \$9,890,768 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$80,055,471 were also used to provide for these programs.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

**Lebanon City School District
Management’s Discussion and Analysis
For The Fiscal Year Ended June 30, 2025
(Unaudited)**

These two statements report the District’s *net position* and changes in the net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District’s property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the District presents:

- **Governmental Activities** – The District’s programs and services are reported here and include instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

The analysis of the District’s major funds is presented in the Fund Financial Statements (see Table of Contents). Fund financial reports provide detailed information about the District’s major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District’s most significant funds.

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

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s own programs.

The District as a Whole

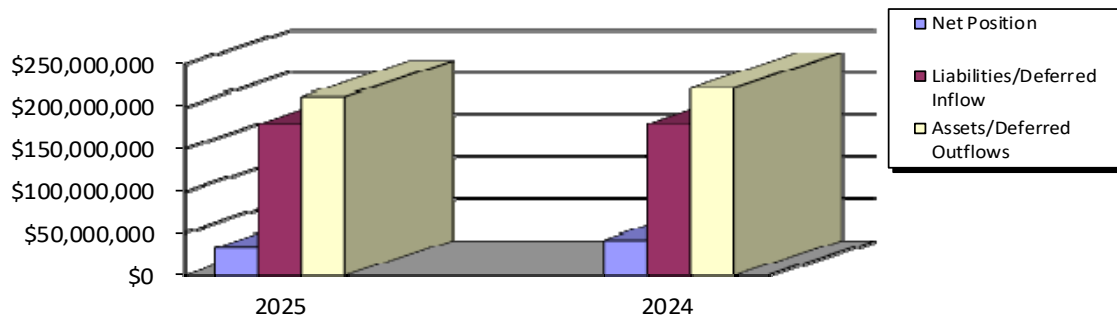
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District’s net position for 2025 compared to 2024:

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**Lebanon City School District
Management’s Discussion and Analysis
For The Fiscal Year Ended June 30, 2025
(Unaudited)**

Table 1
Net Position

	Governmental Activities	
	2025	2024
Assets:		
Current and Other Assets	\$92,162,576	\$93,938,960
Net OPEB Asset	4,234,051	4,282,053
Capital Assets	98,604,375	104,464,500
Total Assets	195,001,002	202,685,513
Deferred Outflows of Resources:		
OPEB	2,632,434	3,214,395
Pension	14,130,731	15,495,641
Total Deferred Outflows of Resources	16,763,165	18,710,036
Liabilities:		
Other Liabilities	8,046,517	9,222,792
Long-Term Liabilities	112,096,428	113,645,221
Total Liabilities	120,142,945	122,868,013
Deferred Inflows of Resources:		
Property Taxes	42,854,583	43,861,118
Revenue in Lieu of Taxes	1,799,702	987,674
OPEB	7,409,923	3,913,472
Pension	6,637,900	7,585,590
Total Deferred Inflows of Resources	58,702,108	56,347,854
Net Position:		
Net Investment in Capital Assets	61,405,375	62,880,854
Restricted	20,563,793	20,004,159
Unrestricted	(49,050,054)	(40,705,331)
Total Net Position	\$32,919,114	\$42,179,682



**Lebanon City School District
Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2025
(Unaudited)**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2025, the District's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$32,919,114.

At year-end, capital assets represented 51% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2025, were \$61,405,375. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$20,563,793 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current and Other Assets decreased mainly due to the decrease in equity in pooled cash and investments in 2025. Long-Term Liabilities decreased mainly due to a decrease in the net pension liability.

Table 2 shows the changes in net position for fiscal years 2025 and 2024.

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**Lebanon City School District
Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2025
(Unaudited)**

Table 2
Changes in Net Position

	Governmental Activities	
	2025	2024
Revenues:		
Program Revenues		
Charges for Services and Sales	\$3,022,853	\$3,345,331
Operating Grants and Contributions	6,867,915	8,483,594
General Revenues:		
Property Taxes	50,367,421	41,144,018
Grants and Entitlements	25,346,102	23,185,363
Other	4,341,948	3,680,828
Total Revenues	<u>89,946,239</u>	<u>79,839,134</u>
Program Expenses:		
Instruction	55,547,685	43,109,088
Support Services:		
Pupil and Instructional Staff	7,721,976	8,187,119
School Administrative, General Administration, Fiscal and Business	7,046,487	6,318,886
Operations and Maintenance	5,073,343	5,062,426
Pupil Transportation	4,525,322	6,490,909
Central	910,184	664,967
Operation of Non-Instructional Services	3,389,861	2,820,121
Extracurricular Activities	2,471,579	2,351,443
Interest and Fiscal Charges	1,407,576	1,547,116
Total Program Expenses	<u>88,094,013</u>	<u>76,552,075</u>
Change in Net Position	1,852,226	3,287,059
Net Position - Beginning of Year, Restated	<u>31,066,888</u>	<u>38,892,623</u>
Net Position - End of Year	<u>\$32,919,114</u>	<u>\$42,179,682</u>

Governmental Activities

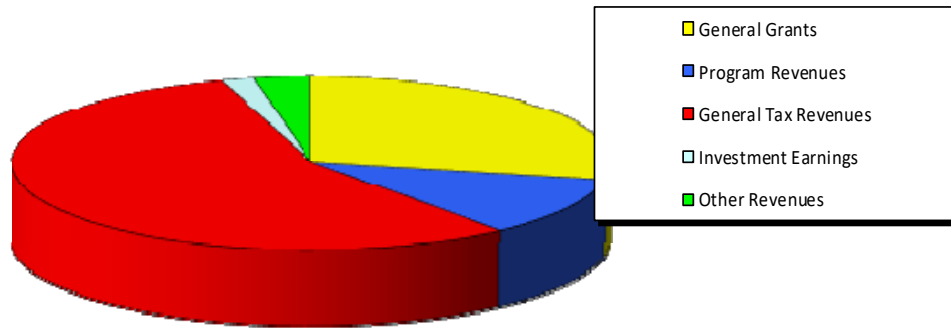
The District revenues came from mainly two sources. Property taxes levied for general purposes, special revenue purposes, debt service purposes, capital projects purposes and grants and entitlements comprised 85% of the District's revenues for governmental activities.

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

**Lebanon City School District
Management’s Discussion and Analysis
For The Fiscal Year Ended June 30, 2025
(Unaudited)**

Thus, Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 56% of revenue for governmental activities for the District in fiscal year 2025. The District’s reliance upon tax revenues is demonstrated in the following graph:

Revenue Sources	2025	Percent of Total
General Grants	\$25,346,102	28.2%
Program Revenues	9,890,768	11.0%
General Tax Revenues	50,367,421	56.0%
Investment Earnings	1,669,913	1.8%
Other Revenues	2,672,035	3.0%
Total Revenues	\$89,946,239	100%



Instruction comprises 63% of governmental program expenses. Support services expenses were 29% of governmental program expenses. All other expenses and interest expense was 8%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Grants and Entitlements increased mainly due to an increase in grant monies received in fiscal year 2025 as compared to fiscal year 2024. Property tax revenues increased mainly due to the timing of advances available from the county auditor. Total expenses increased from the prior year due mainly to an increase in instruction costs.

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

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**Lebanon City School District
Management’s Discussion and Analysis
For The Fiscal Year Ended June 30, 2025
(Unaudited)**

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction	\$55,547,685	\$43,109,088	(\$50,648,749)	(\$36,211,448)
Support Services:				
Pupil and Instructional Staff	7,721,976	8,187,119	(7,275,226)	(7,938,400)
School Administrative, General				
Administration, Fiscal and Business	7,046,487	6,318,886	(6,885,214)	(6,151,771)
Operations and Maintenance	5,073,343	5,062,426	(4,999,664)	(4,703,461)
Pupil Transportation	4,525,322	6,490,909	(3,782,969)	(5,775,159)
Central	910,184	664,967	(900,228)	(664,967)
Operation of Non-Instructional Services	3,389,861	2,820,121	(650,075)	(158,605)
Extracurricular Activities	2,471,579	2,351,443	(1,653,544)	(1,572,223)
Interest and Fiscal Charges	1,407,576	1,547,116	(1,407,576)	(1,547,116)
Total Expenses	<u>\$88,094,013</u>	<u>\$76,552,075</u>	<u>(\$78,203,245)</u>	<u>(\$64,723,150)</u>

The District’s Funds

The District has two major governmental funds: the General Fund and the Debt Service Fund. Assets of the General fund comprised \$70,107,003 (75%) and the Debt Service fund \$13,457,918 (14%) of the total \$93,039,186 governmental funds’ assets.

General Fund: Fund balance at June 30, 2025 was \$22,511,246 including \$13,001,439 of unassigned balance. The primary reason for the increase in fund balance was due to an increase in property tax revenues in 2024 compared to 2025.

Debt Service Fund: Fund balance at June 30, 2025 was \$10,828,216. The primary reason for the increase in fund balance was due to an increase in investment earnings in 2025 compared to 2024.

General Fund Budgeting Highlights

The District’s budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2025, the District amended its general fund budget numerous times. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$73,915,171, compared to original budget estimates of \$71,347,445. The original budgeted amount and the final budgeted amount had a variance of \$2,567,726. Actual budget basis revenues are lower than final budget basis revenues by \$857,089 mainly due to overestimating for taxes and intergovernmental revenue. Final budget basis expenditures exceeded actual budget basis expenditures by \$8,881,046 mainly due to overestimates in instruction expenditures.

The District’s ending unobligated actual fund balance for the General Fund was \$21,102,129.

**Lebanon City School District
Management’s Discussion and Analysis
For The Fiscal Year Ended June 30, 2025
(Unaudited)**

Capital Assets and Debt Administration

Capital Assets

At fiscal year end, the District had \$98,604,375 net of depreciation invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment. Table 4 shows fiscal year 2025 balances compared to fiscal year 2024:

Table 4
Capital Assets at Year End
(Net of Depreciation)

	Governmental Activities	
	2025	2024
Land	\$1,058,563	\$1,058,563
Construction in Progress	0	1,089,790
Land Improvements	7,546,105	8,054,038
Buildings and Improvements	84,893,587	88,528,925
Furniture and Equipment	5,106,120	5,733,184
Total Net Capital Assets	<u>\$98,604,375</u>	<u>\$104,464,500</u>

Overall, capital assets decreased due to current year depreciation expense and disposals exceeding current year additions.

See Note 5 of the Notes to the Basic Financial Statements for further details on the District’s capital assets.

Debt

At fiscal year end, the District had \$37,199,000 in long-term outstanding debt, \$7,211,000 due within one year. Table 5 summarizes bonds and notes outstanding at year end.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2025	2024
Refunding of General Obligation Bonds	\$26,090,000	\$29,430,000
Energy Conservation Bonds:		
Qualified School Construction Bonds	3,015,000	3,015,000
Financed Purchase - Buses	-	361,646
Financed Purchase - Central Office	2,660,000	2,915,000
Financed Purchase - Roof, Paving, Field Turf, Stadium Bleachers	4,167,000	4,420,000
Certificate of Participation	1,267,000	1,442,000
Total Outstanding Debt at Year End	<u>\$ 37,199,000</u>	<u>\$41,583,646</u>

See Note 6 of the Notes to the Basic Financial Statements for further details on the District’s long-term

**Lebanon City School District
Management’s Discussion and Analysis
For The Fiscal Year Ended June 30, 2025
(Unaudited)**

obligations.

The Future of Lebanon City School District

The Lebanon Community has a bright future and continues to grow, fueled by a number of economic development projects that are expected to increase the student population of the Lebanon City School District in the coming years. We are experiencing significant residential expansion that will directly impact school enrollment. Within Turtlecreek Township, developments near Shaker Run—including Greentree Meadows (198 lots), Longtree Meadows (24 lots), Wood View (11 lots), and the long-term Union Village project with more than 4,000 planned homes. Inside the city limits, projects such as the North Broadway Apartment and mixed-use development, Parkside (980 units), Retreat Apartments (248 units by 2027), the next phases of Toll House, Acres, Cedar Woods, and Lebanon Landing (185 homes), and the proposed Rarock Development (539 homes) will add substantial housing options across the community. Collectively, these projects represent the addition of several thousand housing units over the next 10–20 years. Even at conservative estimates of student yield, this growth translates into a significant rise in enrollment that must be factored into future facility, staffing, and financial planning. In addition, regional attractions and investments such as the Warren County Sports Park, Mason Tennis Center, Miami Valley Gaming expansion, and the nearby Amazon Fulfillment Center are expected to contribute to continued residential and commercial growth.

Historically, in 2013, Lebanon voters approved bond and permanent improvement levies to fund a major construction project under the State of Ohio’s Classroom Facilities Assistance Program. The project included renovations and additions to Bowman, Donovan, and Berry schools, a new junior high, and additions to Lebanon High School. Construction was completed at all buildings, and in 2020, the LCS Administrative Office moved into a renovated space within the former junior high. The old Central Office building was demolished in 2022.

In November 2022, voters approved a substitute levy that consolidated and replaced the District’s three existing emergency levies. This change maintained current funding levels—approximately \$12.2 million annually—while allowing for future growth as new properties are developed. In November 2023, voters also approved the renewal of the District’s five-year permanent improvement levy, ensuring continued investment in school facilities and infrastructure. Together, these levies support the long-term financial sustainability of staffing, programming, and facility maintenance through the District.

In the 2024–2025 school year, Lebanon City School District launched a bold new five-year strategic plan—shaped by the voices of our staff, students, and community—to drive our vision forward. A key part of this plan is developing a long-term Facilities Use Plan that evaluates our current spaces, considers future growth, and ensures we are ready to meet the evolving needs of our growing community.

District Contact Information

This financial report is available to all of the citizens, taxpayers, investors and creditors that may have an interest in the finances of the Lebanon City School District. Anyone having questions regarding this report or desiring additional information may contact Karen Ervin, Treasurer/CFO at Lebanon City Schools, 160 Miller Rd, Lebanon, OH 45036, by phone at 513-934-5790 or by email at ervin.karen@lebanonschools.org.

Lebanon City School District
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$39,596,765
Equity in Pooled Cash and Investments with Fiscal Agent	2,866,358
Receivables (Net):	
Taxes	47,047,784
Accounts	42,972
Interest	60,219
Intergovernmental	2,485,317
Prepaid Items	25,426
Inventory	37,735
Nondepreciable Capital Assets	1,058,563
Depreciable Capital Assets, Net	97,545,812
Net OPEB Asset	4,234,051
Total Assets	195,001,002
Deferred Outflows of Resources:	
Pension	14,130,731
OPEB	2,632,434
Total Deferred Outflows of Resources	16,763,165
Liabilities:	
Accounts Payable	804,600
Accrued Wages and Benefits	6,892,045
Contracts Payable	115,579
Accrued Interest Payable	140,258
Unearned Revenue	94,035
Long-Term Liabilities:	
Due Within One Year	10,051,623
Due In More Than One Year	
Net Pension Liability	55,503,581
Net OPEB Liability	2,547,655
Other Amounts	43,993,569
Total Liabilities	120,142,945
Deferred Inflows of Resources:	
Property Taxes	42,854,583
Revenue in Lieu of Taxes	1,799,702
Pension	6,637,900
OPEB	7,409,923
Total Deferred Inflows of Resources	58,702,108
Net Position:	
Net Investment in Capital Assets	61,405,375
Restricted for:	
Debt Service	10,746,516
Capital Projects	3,764,264
Federal and State Grants	9,008
District Managed Activities	224,771
Auxiliary Services	90,740
Food Service	419,577
Net OPEB Asset	4,234,051
Classroom Facilities Maintenance	777,799
Other Purposes	297,067
Unrestricted	(49,050,054)
Total Net Position	\$32,919,114

See accompanying notes to the basic financial statements.

Lebanon City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2025

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$37,656,609	\$1,023,292	\$21,924	(\$36,611,393)
Special	14,405,447	188,219	3,540,191	(10,677,037)
Vocational	64,235	36,716	87,630	60,111
Other	3,421,394	964	0	(3,420,430)
Support Services:				
Pupil	6,757,482	1,291	59,207	(6,696,984)
Instructional Staff	964,494	62	386,190	(578,242)
General Administration	78,503	0	0	(78,503)
School Administration	4,886,142	0	161,259	(4,724,883)
Fiscal	1,575,801	0	14	(1,575,787)
Business	506,041	0	0	(506,041)
Operations and Maintenance	5,073,343	0	73,679	(4,999,664)
Pupil Transportation	4,525,322	36,743	705,610	(3,782,969)
Central	910,184	0	9,956	(900,228)
Operation of Non-Instructional Services	3,389,861	917,531	1,822,255	(650,075)
Extracurricular Activities	2,471,579	818,035	0	(1,653,544)
Interest and Fiscal Charges	1,407,576	0	0	(1,407,576)
Total Governmental Activities	88,094,013	3,022,853	6,867,915	(78,203,245)

General Revenues:	
General Purposes	43,962,707
Special Revenue Purposes	502,368
Debt Service Purposes	4,494,758
Capital Projects Purposes	1,407,588
Grants and Entitlements, Not Restricted	25,346,102
Revenue in Lieu of Taxes	1,700,525
Unrestricted Contributions	89,885
Investment Earnings	1,669,913
Other Revenues	881,625
Total General Revenues	80,055,471
Change in Net Position	1,852,226
Net Position - Beginning of Year, as Previously Reported	42,179,682
Change in Accounting Principle	(11,112,794)
Net Position - Beginning of Year, Restated	31,066,888
Net Position - End of Year	\$32,919,114

See accompanying notes to the basic financial statements.

Lebanon City School District
Balance Sheet
Governmental Funds
June 30, 2025

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$22,463,146	\$10,499,305	\$6,634,314	\$39,596,765
Equity in Pooled Cash and Investments with Fiscal Agent	2,802,922	0	63,436	2,866,358
Receivables (Net):				
Taxes	42,365,861	2,958,613	1,723,310	47,047,784
Accounts	36,818	0	6,154	42,972
Interest	60,219	0	0	60,219
Intergovernmental	1,477,575	0	1,007,742	2,485,317
Interfund	876,610	0	0	876,610
Prepaid Items	23,852	0	1,574	25,426
Inventory	0	0	37,735	37,735
Total Assets	70,107,003	13,457,918	9,474,265	93,039,186
Liabilities:				
Accounts Payable	654,152	0	150,448	804,600
Accrued Wages and Benefits	6,474,514	0	417,531	6,892,045
Compensated Absences	49,484	0	0	49,484
Contracts Payable	0	0	115,579	115,579
Unearned Revenue	0	0	94,035	94,035
Interfund Payable	0	0	876,610	876,610
Total Liabilities	7,178,150	0	1,654,203	8,832,353
Deferred Inflows of Resources:				
Property Taxes	38,919,470	2,629,702	1,594,070	43,143,242
Investment Earnings	50,251	0	0	50,251
Grants	0	0	50,358	50,358
Revenue in Lieu of Taxes	1,447,886	0	351,816	1,799,702
Total Deferred Inflows of Resources	40,417,607	2,629,702	1,996,244	45,043,553
Fund Balances:				
Nonspendable	23,852	0	1,574	25,426
Restricted	0	10,828,216	5,736,347	16,564,563
Committed	0	0	155,435	155,435
Assigned	9,485,955	0	0	9,485,955
Unassigned	13,001,439	0	(69,538)	12,931,901
Total Fund Balances	22,511,246	10,828,216	5,823,818	39,163,280
Total Liabilities, Deferred Inflows and Fund Balances	\$70,107,003	\$13,457,918	\$9,474,265	\$93,039,186

See accompanying notes to the basic financial statements.

Lebanon City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2025

Total Governmental Fund Balance \$39,163,280

Amounts reported for governmental activities in the
 statement of net position are different because:

Capital assets used in governmental activities are not financial
 resources and, therefore, are not reported in the funds.

Capital assets used in the operation of Governmental Funds 98,604,375

Other long-term assets are not available to pay for current-
 period expenditures and, therefore, are deferred in the funds.

Delinquent Property Taxes	288,659	
Interest	50,251	
Intergovernmental	<u>50,358</u>	
		389,268

In the statement of net position interest payable is accrued when
 incurred; whereas, in the governmental funds interest is
 reported as a liability only when it will require the use of
 current financial resources.

(140,258)

Some liabilities reported in the statement of net position do not
 require the use of current financial resources and, therefore,
 are not reported as liabilities in governmental funds.

Compensated Absences (16,796,708)

Deferred outflows and inflows or resources related to pensions and OPEB
 are applicable to future periods and, therefore, are not
 reported in the funds.

Deferred outflows of resources related to pensions	14,130,731	
Deferred inflows of resources related to pensions	(6,637,900)	
Deferred outflows of resources related to OPEB	2,632,434	
Deferred outflows of resources related to OPEB	<u>(7,409,923)</u>	
		2,715,342

Long-term liabilities and net OPEB assets are not available to pay for
 current period expenditures and are not due and payable in the
 current period and, therefore, are not reported in the funds.

Net OPEB Asset	4,234,051	
Net Pension Liability	(55,503,581)	
Net OPEB Liability	(2,547,655)	
Other Amounts	<u>(37,199,000)</u>	
		<u>(91,016,185)</u>

Net Position of Governmental Activities \$32,919,114

See accompanying notes to the basic financial statements.

Lebanon City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Taxes	\$44,729,313	\$4,547,206	\$1,946,622	\$51,223,141
Tuition and Fees	1,165,263	0	0	1,165,263
Investment Earnings	1,144,406	346,984	166,792	1,658,182
Intergovernmental	26,551,010	386,908	5,429,908	32,367,826
Extracurricular Activities	306,488	0	546,645	853,133
Charges for Services	37,810	0	943,267	981,077
Revenue in Lieu of Taxes	1,348,709	0	351,816	1,700,525
Gifts and Donations	78,991	0	60,015	139,006
Other Revenues	343,816	0	512,302	856,118
Total Revenues	75,705,806	5,281,098	9,957,367	90,944,271
Expenditures:				
Current:				
Instruction:				
Regular	29,115,178	0	120,540	29,235,718
Special	11,422,600	0	2,121,642	13,544,242
Vocational	21,391	0	42,844	64,235
Other	4,791,898	0	0	4,791,898
Support Services:				
Pupil	5,714,267	0	149,154	5,863,421
Instructional Staff	2,602,828	0	19,176	2,622,004
General Administration	77,475	0	1,808	79,283
School Administration	4,644,604	0	159,509	4,804,113
Fiscal	1,512,688	21,527	8,749	1,542,964
Business	413,085	0	0	413,085
Operations and Maintenance	5,097,555	0	699,337	5,796,892
Pupil Transportation	6,318,890	0	10,130	6,329,020
Central	649,904	0	19,659	669,563
Operation of Non-Instructional Services	0	0	3,191,029	3,191,029
Extracurricular Activities	1,235,580	0	2,393,387	3,628,967
Capital Outlay	25,597	0	2,007,072	2,032,669
Debt Service:				
Principal Retirement	430,000	3,340,000	614,646	4,384,646
Interest and Fiscal Charges	286,554	993,300	149,379	1,429,233
Total Expenditures	74,360,094	4,354,827	11,708,061	90,422,982
Excess of Revenues Over (Under) Expenditures	1,345,712	926,271	(1,750,694)	521,289
Other Financing Sources (Uses):				
Transfers In	138	0	170,511	170,649
Transfers (Out)	(5,950)	0	(164,699)	(170,649)
Total Other Financing Sources (Uses)	(5,812)	0	5,812	0
Net Change in Fund Balance	1,339,900	926,271	(1,744,882)	521,289
Fund Balance - Beginning of Year	21,171,346	9,901,945	7,568,700	38,641,991
Fund Balance - End of Year	\$22,511,246	\$10,828,216	\$5,823,818	\$39,163,280

See accompanying notes to the basic financial statements.

Lebanon City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2025

Net Change in Fund Balance - Total Governmental Funds \$521,289

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	(444,226)	
Depreciation Expense	<u>(5,415,314)</u>	
		(5,859,540)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss. (585)

Governmental funds report district pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.

District Pension Contributions	5,978,772	
Pension Expense	(3,407,226)	
District OPEB Contributions	192,667	
OPEB Expense	<u>1,230,187</u>	
		3,994,400

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

Delinquent Property Taxes	(855,719)	
Interest	11,731	
Intergovernmental	<u>(154,044)</u>	
		(998,032)

Repayment of bond principal, capital appreciation bonds principal and interest are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 4,384,646

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. 21,657

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

Compensated Absences		<u>(211,609)</u>
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Change in Net Position of Governmental Activities		<u><u>\$1,852,226</u></u>
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See accompanying notes to the basic financial statements.

Lebanon City School District
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2025

	<u>Private Purpose Trust</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$18,079</u>
Total Assets	<u>18,079</u>
Liabilities:	
Accounts Payable	<u>0</u>
Total Liabilities	<u>0</u>
Net Position:	
Restricted for Scholarships	<u>18,079</u>
Total Net Position	<u>\$18,079</u>

See accompanying notes to the basic financial statements.

Lebanon City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2025

	Private Purpose Trust
Additions:	
Donations	\$300
Investment Earnings	923
Total Additions	<u>1,223</u>
Deductions:	
Other	<u>2,991</u>
Total Deductions	<u>2,991</u>
Change in Net Position	(1,768)
Net Position - Beginning of Year	<u>19,847</u>
Net Position - End of Year	<u><u>\$18,079</u></u>

See accompanying notes to the basic financial statements.

Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Note 1 - Summary of Significant Accounting Policies

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

Description of the District

Lebanon City School District (the "District") is a body politic and corporate for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally-elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by State and/or federal agencies. It is staffed by 327 non-certified employees, 404 certified full-time personnel, who provide services to approximately 5,500 students and other community members. The District currently operates seven instructional/support facilities.

Reporting Entity:

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District participates in three jointly governed organizations and one insurance purchasing pool. These organizations include the Southwest Ohio Computer Association (SWOCA), the Southwestern Ohio Educational Purchasing Council (SWEPC), the Warren County Career Center and the Ohio School Comp Group Retro Program (GRP). These organizations are presented in Note 11 and Note 12 to the basic financial statements.

Measurement Focus

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The interfund services provided and used are not eliminated in the consolidation.

Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

The government-wide statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. Fiduciary Funds are not included in entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and 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 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 District.

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following are the 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 for any purpose provided it is expended or transferred according to the general laws of Ohio.

Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The District has a trust fund to account for activities related to scholarships. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District has a custodial fund to account for activities related to OHSAA athletic events of the District.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and other taxes.

Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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 District, deferred outflows of resources includes pension, and other post-employment benefits. These amounts are reported on the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, OPEB, grants and other taxes, investment earnings, and revenue in lieu of taxes. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance year 2026 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and other taxes and investments have been recorded as deferred inflows on the governmental fund financial statements. For the District, revenue in lieu of taxes includes tax incremental financing (TIF). These amounts are deferred and recognized as inflows of resources in the period the amounts become available. TIF's have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Deferred inflows related to pension and OPEB plans are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 7 and 8.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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

Equity In Pooled Cash and Investments

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2025 amounted to \$1,144,406 credited to the General Fund, \$346,984 credited to the Debt Service Fund and \$166,792 credited to Other Governmental Funds.

Prepaid Items

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

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of five thousand dollars (\$5,000). The District does not possess any infrastructure. Improvements that add to the value of an asset or materially extend an asset's life 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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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

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Lebanon City School District
Notes to the Basic Financial Statements
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<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land Improvements	15 - 20 years
Buildings and Improvements	10 - 40 years
Furniture and Equipment	5 -15 years
Vehicles	10 years

Compensated Absences

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

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators do not earn vacation time, with the exception of the Superintendent, Assistant Superintendent, Administrative Cabinet Directors and Treasurer.

Teachers, administrators, and employees earn sick leave at the rate of one and one-fourth days per month. There is no maximum for sick leave accumulation for either classified and certified staff. Upon retirement, OAPSE are paid 28% of their unused sick leave up to a maximum of 85 days, LCSEA are paid 50% of their unused sick leave up to a maximum of 115 days and LEA are paid 28% of their unused sick leave up to a maximum of 70 days for those employees who worked for the School District 10 years or more.

Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Sun Life and American Fidelity. The School District provides comprehensive medical/surgical (including major medical) coverage through private carriers to most employees. Employee’s medical insurance is provided by Anthem. The School District and employees share in the monthly premiums.

Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Pensions/Other Postemployment Benefits (OPEB)

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

Net Position

Net position represents the difference between assets and outflows of resources, and liabilities and 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 are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's \$20,563,793 in restricted net position, none were restricted by enabling legislation.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education. The formal action that is required to establish (and modify or rescind) a fund balance commitment is a Board Resolution.

Assigned – resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer, as established by the board approved purchasing policy.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

Lebanon City School District
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For The Fiscal Year Ended June 30, 2025

The 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.

Interfund Activity

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

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables." These amounts are eliminated on the governmental activities' columns of the statement of net position.

As a general rule the effect on interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

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.

Note 2 - Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Those held by the District can be deposited or invested in the following securities:

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the 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

Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

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 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement 40, "Deposit and Investment Risk Disclosures".

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2025, \$6,273,809 of the District's bank balance of \$6,773,809 was exposed to custodial credit risk because it was uninsured and collateralized.

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

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 50% of the deposits being secured or a rate set by the Treasurer of State.

Investments

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

	Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
US Treasury Notes	\$1,152,498	Level 2	3.79
Federal Farm Credit Bank	211,426	Level 2	1.65
Federal Home Loan Mortgage Corp.	2,924,576	Level 2	3.87
Federal Home Loan Bank	2,343,724	Level 2	1.41
Negotiable CD's	1,256,762	Level 2	0.63
Commercial Paper	12,073,815	Level 2	0.40
STAR Ohio	8,463,849	N/A	0.08
Money Market Funds	8,031,258	N/A	0.00
Total Investments	<u>\$36,457,908</u>		
Portfolio Weighted Average Maturity			0.70

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Inputs to the valuation techniques used in fair the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted

Lebanon City School District
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For The Fiscal Year Ended June 30, 2025

prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2025. STAR Ohio is reported at its share price (Net Asset value per share).

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – It is the 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 issued by nationally recognized statistical rating organizations. The District's investments in Federal Home Loan Bank – Discount Notes, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, US Treasury note, and Federal National Mortgage Association were rated AAA by Standard & Poor's and Fitch ratings and Aaa by Moody's Investors Service. The District's investments in Commercial Paper was rated A-1+ by Standard & Poor's ratings and P-1 by Moody's Investors Service. Investments in STAR Ohio were rated AAAM by Standard & Poor's. Money Market funds and Negotiable CDs were not rated.

Concentration of Credit Risk – The District's investment policy requires investments to be diversified to reduce the risk of loss. The District's policy allows investments in U.S. Agencies or Instrumentalities. Regarding the portfolio of investments, the District has invested less than 1% in Federal Farm Credit Bank, 3% in Treasury Bill, 33% in Commercial Paper, 8% in Federal Home Loan Mortgage Corp., 6% in Federal Home Loan Bank, 4% in Negotiable Certificate of Deposits, 23% in STAR Ohio, and 22% in Money Market Funds.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. STAR Ohio is neither registered nor insured.

Note 3 – Property Taxes

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

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

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Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

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

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

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

	2024 Second-Half Collections		2025 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,299,034,510	94.78%	\$1,654,048,920	95.74%
Public Utility Personal	71,550,390	5.22%	73,532,850	4.26%
Total	<u>\$1,370,584,900</u>	<u>100.00%</u>	<u>\$1,727,581,770</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$60.58		\$57.91	

Note 4 – Receivables

Receivables at June 30, 2025, consisted of taxes, accounts, interest, interfund, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

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Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Note 5 – Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,058,563	\$0	\$0	\$1,058,563
Construction In Progress	1,089,790	0	1,089,790	0
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	146,967,528	168,642	0	147,136,170
Furniture and Equipment	12,947,597	407,896	59,837	13,295,656
Land Improvements	14,253,654	69,026	0	14,322,680
Totals at Historical Cost	<u>176,317,132</u>	<u>645,564</u>	<u>1,149,627</u>	<u>175,813,069</u>
Less Accumulated Depreciation:				
Buildings and Improvements	58,438,603	3,803,980	0	62,242,583
Furniture and Equipment	7,214,413	1,034,375	59,252	8,189,536
Land Improvements	6,199,616	576,959	0	6,776,575
Total Accumulated Depreciation	<u>71,852,632</u>	<u>5,415,314</u>	<u>59,252</u>	<u>77,208,694</u>
Governmental Activities Capital Assets, Net	<u>\$104,464,500</u>	<u>(\$4,769,750)</u>	<u>\$1,090,375</u>	<u>\$98,604,375</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$4,751,449
Special	3,926
Support Services:	
Pupil	3,302
Instructional Staff	1,109
School Administration	1,344
Fiscal	12,276
Business	40,928
Operations and Maintenance	146,041
Pupil Transportation	79,400
Central	113,568
Operation of Non-Instructional Services	64,530
Extracurricular Activities	197,441
Total Depreciation Expense	<u>\$5,415,314</u>

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Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Note 6 - Long-Term Liabilities

	Restated Beginning Principal Outstanding -	Additions	Deletions	Ending Principal Outstanding	Due In One Year
Governmental Activities					
General Obligation Bonds:					
January, 2021 Refunding of General Obligation Bonds 2%-4%	\$20,100,000	\$0	\$1,780,000	\$18,320,000	\$1,840,000
September, 2017 Refunding of General Obligation Bonds 2%-5%	9,330,000	0	1,560,000	7,770,000	1,645,000
Energy Conservation Bonds:					
2011 Qualified School Construction Bonds Bonds, 4.45%	3,015,000	0	0	3,015,000	3,015,000
Subtotal Bonds	<u>32,445,000</u>	<u>0</u>	<u>3,340,000</u>	<u>29,105,000</u>	<u>6,500,000</u>
2006 Certificate of Participation	1,442,000	0	175,000	1,267,000	184,000
Finances Purchases:					
Financed Purchased - Buses	361,646	0	361,646	0	0
Financed Purchased - Central Office	2,915,000	0	255,000	2,660,000	265,000
Financed Purchased - Roof, Paving, Field Turf Stadium Bleachers	4,420,000	0	253,000	4,167,000	262,000
Compensated Absences	<u>16,585,099</u>	<u>261,093</u> *	<u>0</u>	<u>16,846,192</u>	<u>2,840,623</u>
Subtotal Bonds and Other Amounts	58,168,745	261,093	4,384,646	54,045,192	10,051,623
Net Pension Liability	62,164,458	0	6,660,877	55,503,581	0
Net OPEB Liability	<u>4,424,812</u>	<u>0</u>	<u>1,877,157</u>	<u>2,547,655</u>	<u>0</u>
Total Net Pension/OPEB Liability	66,589,270	0	8,538,034	58,051,236	0
Total Long-Term Obligations	<u>\$124,758,015</u>	<u>\$261,093</u>	<u>\$12,922,680</u>	<u>\$112,096,428</u>	<u>\$10,051,623</u>

*-net change

Compensated absences, net pension liability, and net OPEB liability will be paid from the fund from which the employee is paid (the majority of which comes from the general fund, federal grant funds, and food service fund).

General Obligation Bonds

In fiscal year 2002, the District issued \$40,000,000 and \$5,000,000 in voted general obligation bonds for the purpose of constructing a new high school and elementary school. The bonds were issued for a 28-year period with a final maturity date of December 1, 2029. The 2006 and part of the 2007 refunding bonds were used to advance refund the bonds due December 1, 2029. There was no cash effect to this refunding. These bonds are paid from the debt service fund.

In fiscal year 2014, the District issued \$17,335,000 and \$9,730,000 in voted general obligation bonds for the purpose of additions to Bowman Elementary to house grades PK-two, additions and renovations to Donovan Elementary to house grades three and four, and partial demolition, addition and renovations to Berry Intermediate to house grades five and six. At the secondary level, a new junior high will be built to house grades seven and eight, and there were be additions to Lebanon High School to house grades nine through 12. These bonds were issued for the local portion of State of Ohio Classroom Facilities Assistance

Lebanon City School District
Notes to the Basic Financial Statements
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Program. In January, 2021, the District refunded the 2014 general obligation bonds in the amount of \$24,800,000. The refunded bonds are payable semi-annually on June 1 and December 1 of each year with the first principal payment due on December 1, 2021 and the final payment is due on December 1, 2050. In addition, the District refunded \$3,835,000 of the 2005 Series general obligation bonds during fiscal year 2014. These bonds will be paid from the debt service fund. The District refunded \$9,280,000 of the 2005 series refunded bonds in December, 2015. These bonds will also be paid from the debt service fund.

In fiscal year 2018, the District refunded \$12,435,000 of the 2007 refunded general obligation bonds. The bonds will be paid from the debt service fund.

In fiscal year 2021, the District refunded \$8,365,000 of the 2014A school improvement general obligation bonds and \$18,815,000 of the 2014B school improvement general obligation bonds. The bonds are payable semi-annually on June 1 and December 1 of each year with the first payment being on December 1, 2021. These bonds will be paid from the bond retirement fund.

Energy Conservation Bonds

In fiscal year 2012, the District issued \$3,015,000 in School Energy Conservation Improvement Bonds - Qualified School Construction Bonds (Series 2011B). The 2011B Series bonds have interest payments due on June 1 and December 1 of each year with the first interest payment due on June 1, 2012. The final interest payment as well as the principal payment is due on December 1, 2025. These bonds are paid from the general fund.

Certificates of Participation

In fiscal year 2006, the District issued \$3,740,000 in Certificates of Participation (COPS). The COPS were issued for the purpose of constructing new school buildings and related facilities, renovating and constructing additions to existing school buildings and facilities, furnishing those buildings, landscaping and improving the sites and acquiring land and interests necessary. These COPS were refinanced at an amount of \$3,401,000 with a final maturity date of June 1, 2031. These are paid from the general fund.

Financed Purchases

During fiscal year 2019, the District entered into a finance purchase agreement for the construction/improvement of the central office/district event center. The finance purchase agreement provided for cash payments which were recorded as an other financing source. Future expenditures will be recorded in the general fund.

During fiscal year 2022, the District entered into a lease-to-purchase agreement for the purchase of 16 school buses. The lease agreement calls for four payments of \$368,052. The first payment was made during fiscal year 2022, and the expenditures will be recorded in the permanent improvement capital projects fund.

During fiscal year 2023, the District entered into a lease-to-purchase agreement for the purchase of a new roof, paving projects, field turf, and stadium bleachers. The lease agreement calls for payments on June 1st and December 1st with the final payment on December 1, 2037. Expenditures will be recorded in the permanent improvement capital projects fund.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2025, are as follows:

Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Fiscal Year Ending June 30	Principal	Interest	Total
2026	\$7,211,000	\$1,286,750	\$8,497,750
2027	3,249,000	1,023,272	4,272,272
2028	3,374,000	888,701	4,262,701
2029	3,505,000	748,185	4,253,185
2030	2,457,000	617,803	3,074,803
2031-2035	6,234,000	2,220,431	8,454,431
2036-2040	4,189,000	1,340,420	5,529,420
2041-2045	3,260,000	797,550	4,057,550
2046-2050	3,055,000	334,575	3,389,575
2051-2054	665,000	9,975	674,975
Total	<u>\$37,199,000</u>	<u>\$9,267,662</u>	<u>\$46,466,662</u>

In prior years, the School District entered into a financed purchase agreement for construction, improvement, and renovations to the School District buildings. During 2022, the school district entered into a financed purchase agreement for the purchase of sixteen school buses. During 2023, the school district entered into a financed purchase agreement for the purchase of a new roof, paving project, field turf, and stadium bleachers. These agreements met the criteria of a financed purchase which is defined as a financed purchase which transfers ownership to the lessee. Principal payments made during fiscal year 2025 totaled \$869,646.

The agreement provides for minimum annual financed purchase payments as follows:

Fiscal Year Ending June 30	Total Payments
2026	\$732,422
2027	729,047
2028	731,178
2029	728,783
2030	730,844
2031-2035	3,703,281
2036-2038	786,559
Total	\$8,142,114
Less: Amount Representing Interest	(1,315,144)
Present Value of Net Minimum Lease Payments	<u>\$6,826,970</u>

Note 7 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

The remainder of this note includes the required pension disclosures. See Note 8 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy

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

The District's contractually required contribution to SERS was \$1,576,926 for fiscal year 2025. Of this amount \$70,440 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

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

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

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

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

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

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

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer

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to another STRS plan. The optional annuitization of a member’s defined contribution account or the defined contribution portion of a member’s Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

Funding Policy

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

The District’s contractually required contribution to STRS was \$4,401,840 for fiscal year 2025. Of this amount \$733,640 is reported as accrued wages and benefits.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.24537720%	0.22321968%	
Prior Measurement Date	<u>0.26695110%</u>	<u>0.22017261%</u>	
Change in Proportionate Share	<u>-0.02157390%</u>	<u>0.00304707%</u>	
Proportionate Share of the Net Pension Liability	\$12,552,508	\$42,951,073	\$55,503,581
Pension Expense	\$641,194	\$2,766,032	\$3,407,226

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

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$479,244	\$2,704,794	\$3,184,038
Changes of assumptions	112,292	1,979,421	2,091,713
Changes in proportionate share and difference between employer contributions and proportionate share of contributions	347,346	2,528,868	2,876,214
Contributions subsequent to the measurement date	<u>1,576,926</u>	<u>4,401,840</u>	<u>5,978,766</u>
Total Deferred Outflows of Resources	<u>\$2,515,808</u>	<u>\$11,614,923</u>	<u>\$14,130,731</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$23,520	\$23,520
Changes of assumptions	0	1,489,935	1,489,935
Net difference between projected and actual earnings on pension plan investments	785,152	3,692,919	4,478,071
Changes in proportionate share and difference between employer contributions and proportionate share of contributions	<u>646,374</u>	<u>0</u>	<u>646,374</u>
Total Deferred Inflows of Resources	<u>\$1,431,526</u>	<u>\$5,206,374</u>	<u>\$6,637,900</u>

\$5,978,766 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2026	(\$640,561)	(\$1,382,825)	(\$2,023,386)
2027	686,655	4,520,647	5,207,302
2028	(307,861)	(511,831)	(819,692)
2029	<u>(230,877)</u>	<u>(619,282)</u>	<u>(850,159)</u>
Total	<u>(\$492,644)</u>	<u>\$2,006,709</u>	<u>\$1,514,065</u>

Actuarial Assumptions - SERS

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

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

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members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

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

	June 30, 2024	June 30, 2023
Inflation	2.40%	2.40%
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25% to 13.58%	3.25% to 13.58%
	2.0%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00% net of system expenses	7.00% net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

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

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

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

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$19,203,599	\$12,552,508	\$6,952,647

Changes Between the Measurement Date and the Report Date

The pension information is measured as of June 30, 2024 (measurement date) and used for the fiscal year ending June 30, 2025 (reporting date). There were no changes between the measurement date and the reporting date.

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Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation compared to those used in the June 30, 2023, actuarial valuation are presented below:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Inflation	2.50%	2.50%
Salary increases	From 2.50% to 8.50% based on service	From 2.50% to 8.50% based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00% net of investments expense, including inflation
Discount Rate of Return	7.00 percent	7.00%
Payroll Increases	3.00 percent	3.00%
Cost-of-Living Adjustments (COLA)	0.0%, effective July 1, 2017	0.0%, effective July 1, 2017

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

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

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

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

* Final target weights reflected at October 1, 2022.

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

Lebanon City School District
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Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$69,287,608	\$42,951,073	\$20,674,889

Changes Between the Measurement Date and the Report Date

At the April 2025 STRS Board meeting, they approved the following change:

1. Beginning July 1, 2025, approve a 1.5% cost-of-living increase be paid to eligible benefit recipients on their anniversary date in fiscal year 2026; and
2. Temporarily make thirty-two years of service credit the minimum requirement for unreduced benefits and adjust the years of service credit required for reduced retirement benefits to twenty-seven or more years of service credit at any age for the period effective June 1, 2025 through May 1, 2030, then temporarily make thirty-three years of service credit the minimum requirement for unreduced benefits and adjust the years of service credit required for reduced retirement benefits to twenty-eight or more years of service at any age from June 1, 2030 through May 1, 2032, with a return to a minimum of thirty-four years of service credit (twenty-nine years or more for reduced retirement benefits) effective June 1, 2032 going forward.

Any effect on the net pension liability is unknown.

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Note 8 - Defined Benefit OPEB Plans

See Note 7 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

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

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

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

Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$192,667.

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The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District’s contractually required contribution to SERS was \$192,667 for fiscal year 2025.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

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

Funding Policy

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

Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.25013910%	0.22321968%	
Prior Measurement Date	<u>0.26858630%</u>	<u>0.22017261%</u>	
Change in Proportionate Share	<u>-0.01844720%</u>	<u>0.00304707%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$2,547,655	\$0	\$2,547,655
Net OPEB (Asset)	\$0	(\$4,234,051)	(\$4,234,051)
OPEB Expense	(\$336,731)	(\$893,455)	(\$1,230,187)

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

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	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$0	\$184,063	\$184,063
Changes of assumptions	1,093,452	521,152	1,614,604
Net difference between projected and actual earnings on OPEB plan investments	12,439	0	12,439
Changes in proportionate share and difference between employer contributions and proportionate share of contributions	620,352	8,309	628,661
Contributions subsequent to the measurement date	192,667	0	192,667
Total Deferred Outflows of Resources	\$1,918,910	\$713,524	\$2,632,434
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$2,747,034	\$456,294	\$3,203,328
Changes of assumptions	1,170,300	1,909,530	3,079,830
Net difference between projected and actual earnings on OPEB plan investments	0	181,797	181,797
Changes in proportionate share and difference between employer contributions and proportionate share of contributions	886,490	58,478	944,968
Total Deferred Inflows of Resources	\$4,803,824	\$2,606,099	\$7,409,923

\$192,667 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date was recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2026	(\$753,213)	(\$651,055)	(\$1,404,268)
2027	(497,962)	(294,875)	(792,837)
2028	(388,151)	(372,935)	(761,086)
2029	(397,201)	(348,291)	(745,492)
2030	(393,456)	(283,684)	(677,140)
Thereafter	(647,598)	58,265	(589,333)
Total	(\$3,077,581)	(\$1,892,575)	(\$4,970,156)

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.

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For The Fiscal Year Ended June 30, 2025

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

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

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

	June 30, 2024	June 30, 2023
Inflation	2.40%	2.40%
Future Salary Increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
Investment Rate of Return	7.00% net of investment expense	7.00% net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2059	2048
Municipal Bond Index Rate:		
Measurement Date	3.93%	3.86%
Prior Measurement Date	3.86%	3.69%
Single Equivalent Interest Rate,		
Measurement Date	4.88%	4.27%
Prior Measurement Date	4.27%	4.08%
Health Care Cost Trend Rate:		
Medical Trend Assumption		
Measurement Date	7.00% to 4.40%	6.75% to 4.40%
Prior Measurement Date	6.75% to 4.40%	7.00% to 4.40%

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

Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

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

Discount Rate

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

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Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
District's proportionate share of the net OPEB liability	\$3,397,207	\$2,547,655	\$1,872,571
	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
District's proportionate share of the net OPEB liability	\$1,722,120	\$2,547,655	\$3,632,755

Changes Between the Measurement Date and the Report Date

The OPEB information is measured as of June 30, 2024 (measurement date) and used for the fiscal year ending June 30, 2025 (reporting date). There were no changes between the measurement date and the reporting date.

Actuarial Assumptions – STRS

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

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Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment Rate of Return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.00%
Discount Rate of Return	7.00%	7.00%
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50% initial 3.94% ultimate	7.50% initial 4.14% ultimate
Medicare	(112.22%) initial 3.94% ultimate	(10.94%) initial 4.14% ultimate
Prescription Drug		
Pre-Medicare	8.00% initial 3.94% ultimate	(11.95%) initial 4.14% ultimate
Medicare	(15.14%) initial 3.94% ultimate	1.33% initial 4.14% ultimate

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

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

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

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:

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Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

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

* Final target weights reflected at October 1, 2022.

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net OPEB asset	(\$3,442,563)	(\$4,234,051)	(\$4,922,818)
		Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	(\$4,969,343)	(\$4,234,051)	(\$3,349,766)

Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Changes Between the Measurement Date and the Report Date

At the May 2025 STRS Board meeting, the Board approved the following change: Increasing the health care subsidy for twenty-seven years of service to the maximum subsidy minus the subsidy for three years of service for anyone who retires between August 1, 2023, and July 1, 2032, effective June 1, 2025 through July 1, 2032. After that the maximum subsidy for Healthcare Plan participants who retire August 1, 2032 or later will align with the eligibility for unreduced pensions, and all others eligible for subsidies receive one less year of subsidy for each year below the minimum years of service required to receive unreduced subsidy at any age. Any effect on the net OPEB asset is unknown.

Note 9 - Contingent Liabilities

Grants

The 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2025, if applicable, cannot be determined at this time.

Litigation

The District was not a party to any legal proceedings at June 30, 2025.

Note 10 - Risk Management

Property and Liability

The 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 2024, the District contracted with Liberty Mutual for general liability insurance with a \$1,000,000 single occurrence limit and a \$2,000,000 aggregate. Property is protected by Liberty Mutual and holds a \$5,000 deductible.

Vehicles and grounds equipment are insured by Liberty Mutual with a \$500 deductible for trucks, vans, cars and trailers with a \$500 deductible for school buses. There is a \$1,000,000 limit per occurrence.

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

Workers' Compensation

For fiscal year 2024, the District participated in the Ohio SchoolComp Group Retro Program (GRP) sponsored by both the Ohio School Board's Association and the Ohio Association of School Business Officials (Note 10). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total

Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

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

Note 11- Jointly Governed Organizations

Southwest Ohio Computer Association

The District is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Butler, Warren, and Preble Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SWOCA consists of one representative from each district plus one representative from the fiscal agent. The District paid SWOCA \$198,071 for services provided during the fiscal year. Financial information can be obtained from Todd Yohey, Executive Director of SWOCA at 3607 Hamilton-Middletown Road, Hamilton, Ohio 45011.

Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (SWEPC) is a purchasing cooperative made up of over 126 public school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SWEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SWEPC is held in trust for the member districts. Any district withdrawing from the SWEPC shall forfeit its claim to any and all SWEPC assets. One-year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Dr., Suite 208, Vandalia, OH 45377.

Warren County Career Center

The Warren County Career Center is a distinct political subdivision of the State of Ohio. It is operated under the direction of a Board consisting of one of the elected board members from each of the participating school districts, including one member from the Lebanon City School District Board of Education. Warren County Career Center was formed for the purpose of providing vocational education opportunities to the students of the District. Financial information can be obtained from Katrina Hillard, who serves as treasurer, at 3525 State Route 48, Lebanon, Ohio 45036.

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Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Note 12 - Insurance Purchasing Pool

Ohio SchoolComp Group Retro Program

The District participates in the Ohio SchoolComp Group Retro Program (GRP) sponsored by both the Ohio School Board’s Association and the Ohio Association of School Business Officials for workers’ compensation, an insurance purchasing pool. The GRP’s business and affairs are conducted by an 11-member Board of directors. The Executive Director of the GRP, 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.

Note 13 - Required Set-Asides

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

The following cash basis information identifies the changes in the fund balance reserves for capital improvements during fiscal year 2025.

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2024	\$0
Current Year Set Aside Requirements	1,210,324
Qualified Disbursements	0
Current Year Offsets	<u>(1,210,324)</u>
Set Aside Reserve Balance as of June 30, 2025	<u><u>\$0</u></u>

The School District had qualifying disbursements during the fiscal year that reduced the capital acquisitions amounts below zero; however, this extra amount may not be used to reduce the set-aside requirement in future fiscal years.

Note 14 – Accountability

The following fund had a deficit fund balance/net position at June 30, 2025:

Fund	Deficit
Other Governmental Funds:	
Title I	\$69,000

The deficit in these other governmental funds resulted from adjustments for accrued liabilities. Management expects the deficits in these funds to be corrected in early fiscal year 2025. The General Fund is liable for any deficit in these funds and provides transfers when cash is required, not when the accruals occur.

Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Note 15 - Interfund Transactions

Interfund transactions at June 30, 2025, consisted of the following interfund receivable and interfund payables and transfer in and transfer out:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$876,610	\$0	\$138	\$5,950
Other Governmental Funds	0	876,610	\$170,511	\$164,699
Total All Funds	<u>\$876,610</u>	<u>\$876,610</u>	<u>\$170,649</u>	<u>\$170,649</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The transfers out of the title II-A fund were to cover the costs of grants that were paid out of the title I fund.

Note 16 - Fund Balances

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

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Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Fund Balance	General	Debt Service	Other	Total
			Governmental Funds	Governmental Funds
Nonspendable:				
Prepays	\$23,852	\$0	\$1,574	\$25,426
Total Nonspendable	23,852	0	1,574	25,426
Restricted for:				
Other Grants	0	0	12,805	12,805
Classroom Facilities Maintenance	0	0	775,312	775,312
Consumer Economics	0	0	32,169	32,169
Auxiliary	0	0	89,678	89,678
LHS Tournament	0	0	5,172	5,172
Ohio SchoolNet Professional Development	0	0	3	3
Food Service	0	0	573,853	573,853
Special Education IDEA B	0	0	2,004	2,004
Debt Service	0	10,828,216	0	10,828,216
Title III Limited English Proficiency	0	0	6	6
Permanent Improvements	0	0	972,806	972,806
Building	0	0	388,505	388,505
Classroom Facilities Project	0	0	2,406,944	2,406,944
Title I	0	0	223	223
Scholarship	0	0	284,259	284,259
Student Wellness and Success	0	0	6	6
Student Activity	0	0	192,602	192,602
Total Restricted	0	10,828,216	5,736,347	16,564,563
Committed to:				
Permanent Improvements	0	0	155,435	155,435
Assigned for:				
Encumbrances	864,901	0	0	864,901
Budgetary	8,459,647	0	0	8,459,647
Public School Supprt	161,407	0	0	161,407
Total Assigned	9,485,955	0	0	9,485,955
Unassigned	13,001,439	0	(69,538)	12,931,901
Total Fund Balance	\$22,511,246	\$10,828,216	\$5,823,818	\$39,163,280

Note 17 – Construction and Other Commitments

Other Commitments

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

Description	Remaining Commitment
General	\$1,491,231
Other Governmental	705,755
Total	\$2,196,986

Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

Note 18 – Tax Abatements entered Into By Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) program with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, the City of Lebanon has entered into such an agreement. Under this agreement, the latest information available has the District’s property taxes reduced by approximately \$331,282. The District is receiving \$81,926 from this other government in association with the forgone property tax revenue.

Note 19– Related Party Disclosures

The District has evaluated its financial transactions, arrangements, and relationships in accordance with the requirements of the U.S. Department of Education (34 CFR §668.23(d)(1)) and Auditor of State Technical Bulletin 2025-001, which extend beyond the disclosure requirements of GASB Codification Section 2250, Related Party Transactions.

Management has determined that, for the fiscal year ended June 30, 2025, the District had no related party relationships, related entities, related party transactions, or related party outstanding balances that are required to be disclosed. Accordingly, no related party disclosures are presented in these financial statements.

Note 20 – Implementation of New Accounting Principles

New Accounting Principles

For fiscal year 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, GASB Statement No. 102, Certain Risk Disclosures, and GASB Implementation Guide No. 2025-1.

GASB Statement No. 102 addresses the variety of risks that state and local governments face that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the District.

GASB Implementation Guide No. 2025-1 includes providing clarity on a range of accounting issues for state and local governments. These topics under GASB Implementation Guide No. 2025-1 provisions were implemented and did not have an effect on the financial statements of the District.

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

Lebanon City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2025

certain previously required disclosures. The implementation of GASB Statement No. 101 had the following effect on net position as reported June 30, 2024, by opinion unit affected:

	<u>Government-Wide</u>
	Governmental
	<u>Activities</u>
Net Position-Beginning of Year, as Previously Presented	\$42,179,682
Change in Accounting Principle- Adoption of GASB 101	<u>(11,112,794)</u>
Net Position-Beginning of Year, as Restated or Adjusted	<u><u>\$31,066,888</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

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

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2025	0.24537720%	\$12,552,508	\$10,679,293	117.54%	78.52%
2024	0.26695110%	14,750,424	10,194,693	144.69%	76.06%
2023	0.25284840%	13,676,008	9,844,521	138.92%	75.82%
2022	0.26548670%	9,795,689	8,837,150	110.85%	82.86%
2021	0.24322120%	16,087,163	8,201,736	196.14%	68.55%
2020	0.25717350%	15,387,141	8,182,415	188.05%	70.85%
2019	0.25378250%	14,534,594	7,800,615	186.33%	71.36%
2018	0.24960190%	14,913,162	8,781,371	169.83%	69.50%
2017	0.24658300%	18,047,600	7,279,014	247.94%	62.98%
2016	0.24537150%	14,001,136	8,498,976	164.74%	69.16%

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

See accompanying notes to the required supplementary information.

Lebanon City School District
 Required Supplementary Information
 Schedule of District's Contributions for Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2025	\$1,576,926	(\$1,576,926)	\$0	\$11,263,757	14.00%
2024	1,495,101	(1,495,101)	0	10,679,293	14.00%
2023	1,427,257	(1,427,257)	0	10,194,693	14.00%
2022	1,378,233	(1,378,233)	0	9,844,521	14.00%
2021	1,237,201	(1,237,201)	0	8,837,150	14.00%
2020	1,148,243	(1,148,243)	0	8,201,736	14.00%
2019	1,104,626	(1,104,626)	0	8,182,415	13.50%
2018	1,053,083	(1,053,083)	0	7,800,615	13.50%
2017	1,229,392	(1,229,392)	0	8,781,371	14.00%
2016	1,019,062	(1,019,062)	0	7,279,014	14.00%

See accompanying notes to the required supplementary information.

Lebanon City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years (1)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2025	0.22321968%	\$42,951,073	\$33,176,229	129.46%	82.55%
2024	0.22017261%	47,414,035	29,001,943	163.49%	80.02%
2023	0.21130738%	46,973,897	27,166,964	172.91%	78.88%
2022	0.21021843%	26,878,316	26,019,521	103.30%	87.78%
2021	0.20033389%	48,473,673	24,212,157	200.20%	75.48%
2020	0.20735790%	45,855,953	24,513,743	187.06%	77.40%
2019	0.20129321%	44,259,857	22,848,600	193.71%	77.31%
2018	0.19571942%	46,493,568	21,698,450	214.27%	75.30%
2017	0.19016297%	63,653,278	20,217,636	314.84%	66.80%
2016	0.18463815%	51,028,584	19,299,657	264.40%	72.10%

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

See accompanying notes to the required supplementary information.

Lebanon City School District
 Required Supplementary Information
 Schedule of District's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2025	\$4,401,840	(\$4,401,840)	\$0	\$31,441,714	14.00%
2024	4,644,672	(4,644,672)	0	33,176,229	14.00%
2023	4,060,272	(4,060,272)	0	29,001,943	14.00%
2022	3,803,375	(3,803,375)	0	27,166,964	14.00%
2021	3,642,733	(3,642,733)	0	26,019,521	14.00%
2020	3,389,702	(3,389,702)	0	24,212,157	14.00%
2019	3,431,924	(3,431,924)	0	24,513,743	14.00%
2018	3,198,804	(3,198,804)	0	22,848,600	14.00%
2017	3,037,783	(3,037,783)	0	21,698,450	14.00%
2016	2,830,469	(2,830,469)	0	20,217,636	14.00%

See accompanying notes to the required supplementary information.

Lebanon City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Nine Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB Liability
2025	0.25013910%	\$2,547,655	\$10,679,293	23.86%	44.50%
2024	0.26858630%	4,424,812	10,194,693	43.40%	30.02%
2023	0.25524720%	3,583,697	9,844,521	36.40%	30.34%
2022	0.27022550%	5,114,239	8,837,150	57.87%	24.08%
2021	0.24027260%	5,221,910	8,201,736	63.67%	18.17%
2020	0.25787410%	6,484,991	8,182,415	79.26%	15.57%
2019	0.25694360%	7,128,310	7,800,615	91.38%	13.57%
2018	0.25306670%	6,791,645	8,781,371	77.34%	12.46%
2017	0.24966933%	7,116,499	7,279,014	97.77%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Lebanon City School District
 Required Supplementary Information
 Schedule of District's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years (1)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2025	\$192,667	(\$192,667)	\$0	\$11,263,757	1.71%
2024	180,408	(180,408)	0	10,679,293	1.69%
2023	163,394	(163,394)	0	10,194,693	1.60%
2022	149,850	(149,850)	0	9,844,521	1.52%
2021	157,315	(157,315)	0	8,837,150	1.78%
2020	97,043	(97,043)	0	8,201,736	1.18%
2019	130,787	(130,787)	0	8,182,415	1.60%
2018	136,508	(136,508)	0	7,800,615	1.75%
2017	155,530	(155,530)	0	8,781,371	1.77%
2016	144,964	(144,964)	0	7,279,014	1.99%

(1) Includes surcharge.

See accompanying notes to the required supplementary information.

Lebanon City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Nine Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB (Asset)/Liability
2025	0.22321968%	(\$4,234,051)	\$33,176,229	(12.76%)	158.01%
2024	0.22017261%	(4,282,053)	29,001,943	(14.76%)	168.52%
2023	0.21130738%	(5,471,450)	27,166,964	(20.14%)	230.73%
2022	0.21021843%	(4,432,284)	26,019,521	(17.03%)	174.73%
2021	0.20033389%	(3,520,867)	24,212,157	(14.54%)	182.13%
2020	0.20735790%	(3,434,344)	24,513,743	(14.01%)	174.74%
2019	0.20129321%	(3,234,576)	22,848,600	(14.16%)	176.00%
2018	0.19571942%	7,636,250	21,698,450	35.19%	47.10%
2017	0.19016297%	10,169,965	20,217,636	50.30%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Lebanon City School District
 Required Supplementary Information
 Schedule of District's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2025	\$0	\$0	\$0	\$31,441,714	0.00%
2024	0	0	0	33,176,229	0.00%
2023	0	0	0	29,001,943	0.00%
2022	0	0	0	27,166,964	0.00%
2021	0	0	0	26,019,521	0.00%
2020	0	0	0	24,212,157	0.00%
2019	0	0	0	24,513,743	0.00%
2018	0	0	0	22,848,600	0.00%
2017	0	0	0	21,698,450	0.00%
2016	0	0	0	20,217,636	0.00%

See accompanying notes to the required supplementary information.

Lebanon City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2025

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$41,415,562	\$42,906,068	\$42,408,548	(\$497,520)
Revenue in lieu of taxes	1,413,984	1,464,872	1,447,886	(16,986)
Tuition and Fees	689,648	714,468	706,183	(8,285)
Investment Earnings	958,656	993,157	981,641	(11,516)
Intergovernmental	25,924,162	26,857,148	26,545,724	(311,424)
Extracurricular Activities	249,626	258,610	255,611	(2,999)
Charges for Services	36,925	38,254	37,810	(444)
Other Revenues	658,882	682,594	674,679	(7,915)
Total Revenues	71,347,445	73,915,171	73,058,082	(857,089)
Expenditures:				
Current:				
Instruction:				
Regular	27,284,297	30,728,962	29,388,068	1,340,894
Special	10,575,290	11,910,430	11,390,704	519,726
Vocational	27,475	30,943	29,593	1,350
Other	4,487,990	5,054,603	4,834,039	220,564
Support Services:				
Pupil	5,326,245	5,998,688	5,736,928	261,760
Instructional Staff	2,490,409	2,804,825	2,682,433	122,392
General Administration	75,290	84,795	81,095	3,700
School Administration	4,307,399	4,851,211	4,639,523	211,688
Fiscal	1,472,808	1,658,752	1,586,370	72,382
Business	396,347	446,387	426,908	19,479
Operations and Maintenance	5,035,837	5,671,616	5,424,128	247,488
Pupil Transportation	6,238,141	7,025,711	6,719,136	306,575
Central	620,162	698,458	667,980	30,478
Extracurricular Activities	1,070,784	1,205,971	1,153,347	52,624
Capital Outlay	23,765	26,765	25,597	1,168
Debt Service:				
Principal Retirement	695,000	726,711	695,000	31,711
Interest and Fiscal Charges	217,217	300,674	287,554	13,120
Total Expenditures	70,344,456	79,225,502	75,768,403	3,457,099
Excess of Revenues Over (Under) Expenditures	1,002,989	(5,310,331)	(2,710,321)	2,600,010
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	344	356	352	(4)
Advances In	315	327	323	(4)
Advances (Out)	(20,428)	(23,007)	(22,003)	1,004
Transfers In	134	139	137	(2)
Transfers (Out)	(5,523)	(6,220)	(5,949)	271
Total Other Financing Sources (Uses)	(25,158)	(28,405)	(27,140)	1,265
Net Change in Fund Balance	977,831	(5,338,736)	(2,737,461)	2,601,275
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	23,839,590	23,839,590	23,839,590	0
Fund Balance - End of Year	\$24,817,421	\$18,500,854	\$21,102,129	\$2,601,275

See accompanying notes to the required supplementary information.

Lebanon City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

Note 1 – Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2025.

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.
5. Some funds are reported as part of the general fund (GAAP basis as opposed to the general fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis to the budgetary basis for the general fund.

Lebanon City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$1,339,900
Revenue Accruals	(2,647,724)
Expenditure Accruals	82,922
Proceeds of Capital Assets	352
Transfer (In)	(1)
Transfer (Out)	1
Advances In	323
Advances (Out)	(22,003)
Encumbrances	<u>(1,491,231)</u>
Budget Basis	<u><u>(\$2,737,461)</u></u>

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2025: Effective August 1, 2024, HB 33 established a Contribution-Based Benefit Cap (CBBC). Under this provision, a member's retirement allowance (and any survivor benefit derived from that allowance) will be limited if the calculated benefit under the statutory formula exceeds the CBBC amount.

2023-2024: There were no changes in benefit terms since the prior measurement period.

2022: Cost of Living Adjustments (COLA) increased from 0.50% to 2.50%.

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

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

2018: SERS changed from a fixed 3.00% annual increase to a Cost of Living Adjustments (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.50% and a floor of 0.00%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2023-2025: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Cost of Living Adjustments (COLA) was increased from 2.00% to 2.50% for calendar years 2025, 2024 and 2023.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.00% to 2.40%,
- (2) Payroll growth assumption was reduced from 3.50% to 1.75%,

Lebanon City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

- (3) Assumed real wage growth was increased from 0.50% to 0.85%,
- (4) Cost of Living Adjustments (COLA) was reduced from 2.50% to 2.00%,
- (5) The discount rate was reduced from 7.50% to 7.00%,
- (6) Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and,
- (7) Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2025: In March 2024, the Board adopted a change in the service retirement eligibility requirements for both unreduced and actuarially reduced benefits. This change is effective for retirements beginning June 1, 2024. The change allows for unreduced retirement at 34 years of service indefinitely (was previously set to increase to 35 years beginning August 1, 2029). The change also allows for an actuarially reduced retirement at any age with 29 years of service.

2019-2024: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2025: Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

Lebanon City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table:
 - a. Adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020
- (2) Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table:
 - a. Adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020
- (3) Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table:
 - a. Projected forward generationally using mortality improvement scale MP-2020
- (4) Projected salary increases changed from 2.50% to 12.50% to 2.50% to 8.50%

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) 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,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2025: The SERS Board increased the minimum compensation used for determining the health care surcharge from \$25,000 to \$30,000.

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

2017-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

Lebanon City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

Changes in Assumptions:

2025: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	4.27%
Measurement Date	4.88%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.86%
Measurement Date	3.93%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	4.27%
Measurement Date	4.88%
- (4) Health care trend rates were updated.
- (5) Fiduciary Net Position projected depletion changed from 2048 to 2059.

2024: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	4.08%
Measurement Date	4.27%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.69%
Measurement Date	3.86%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	4.08%
Measurement Date	4.27%
- (4) The assumption for percent of pre-Medicare eligible retirees who choose the Wraparound plan increased from 10% to 20%.
- (5) The health care trend assumption on retiree premiums was updated to not apply trend to the \$35 surcharge.
- (6) The morbidity factors were updated based on the Society of Actuaries' June 2013 research report Health Care Costs—From Birth to Death by Dale Yamamoto and from the ASOP 6 practice note developed by the American Academy of Actuaries.
- (7) An assumption was added to assume that 15% of pre-65 retirees who waive will elect coverage upon Medicare eligibility.

2023: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	2.27%
Measurement Date	4.08%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	1.92%
Measurement Date	3.69%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	2.27%
Measurement Date	4.08%
- (4) Health care trend rates were updated.

Lebanon City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

2022: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 2.63%
 - Measurement Date 2.27%
- (2) Investment Rate of Return:
 - Prior Measurement Date 7.50%
 - Measurement Date 7.00%
- (3) Assumed Rate of Inflation:
 - Prior Measurement Date 3.00%
 - Measurement Date 2.40%
- (4) Payroll Growth Assumption:
 - Prior Measurement Date 3.50%
 - Measurement Date 1.75%
- (5) Assumed Real Wage Growth:
 - Prior Measurement Date 0.50%
 - Measurement Date 0.85%
- (6) Municipal Bond Index Rate:
 - Prior Measurement Date 2.45%
 - Measurement Date 1.92%
- (7) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 2.63%
 - Measurement Date 2.27%
- (8) Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- (9) Rate of health care participation for future retirees and spouses was updated to reflect recent.
- (10) Mortality among active members was updated to the following:
 - a. PUB-2010 General Amount Weighted Below Median Employee mortality table.
- (11) Mortality among service retired members was updated to the following:
 - a. PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- (12) Mortality among beneficiaries was updated to the following:
 - a. 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.
- (13) Mortality among disabled member was updated to the following:
 - a. 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.
- (14) Mortality rates are projected using a fully generational projection with Scale MP-2020.

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 3.22%
 - Measurement Date 2.63%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.13%

Lebanon City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

Measurement Date	2.45%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.22%
Measurement Date	2.63%

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:	
Prior Measurement Date	3.70%
Measurement Date	3.22%
(2) Municipal Bond Index Rate:	
Prior Measurement Date	3.62%
Measurement Date	3.13%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.70%
Measurement Date	3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:	
Prior Measurement Date	3.63%
Measurement Date	3.70%
(2) Municipal Bond Index Rate:	
Prior Measurement Date	3.56%
Measurement Date	3.62%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
(2) Municipal Bond Index Rate:	
Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,

Lebanon City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2025: 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.

2024: Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024. The change in the subsidy percentage and the base amount for all retiree Non-Medicare Eligible (NME) participants, from 2.2% per year in last year's valuation to 2.5% per year, capped at 75%, as well as the unfreezing of the NME subsidy, the removal of the 6% cap on the year over year subsidy increase for Medicare Eligible (ME) participants, the changes in deductible and office visits copays for Aetna's Medicare Advantage plan, and updates in the medical and PBM vendor contracts. In addition, there were benefit changes related to the change in eligibility for unreduced Pension benefits.

2023: 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. Healthcare trends were updated to reflect emerging claims and recoveries experience.

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

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

2020: There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage 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.

Lebanon City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% 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. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.10% to 1.90% 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.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in Assumptions:

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

2024: Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024. The change in the subsidy percentage and the base amount for all retiree Non-Medicare Eligible (NME) participants, from 2.2% per year in last year's valuation to 2.5% per year, capped at 75%, as well as the unfreezing of the NME subsidy, the removal of the 6% cap on the year over year subsidy increase for Medicare Eligible (ME) participants, the changes in deductible and office visits copays for Aetna's Medicare Advantage plan, and updates in the medical and PBM vendor contracts. In addition, there were benefit changes related to the change in eligibility for unreduced Pension benefits.

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal years.

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

Lebanon City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2025

2018: 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 trend rates were modified along with the portion of rebated prescription drug costs.

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

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**LEBANON CITY SCHOOL DISTRICT
WARREN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education and Workforce:</i>			
Child Nutrition Cluster:			
<i>Non-Cash Assistance (Food Distribution)</i>			
National School Lunch Program	10.555	3L60	\$158,517
<i>Cash Assistance</i>			
National School Lunch Program	10.555	3L60	821,169
Total - National School Lunch Program			<u>979,686</u>
School Breakfast Program	10.553	3L70	<u>140,982</u>
Total Child Nutrition Cluster			<u>1,120,668</u>
Total U.S. Department of Agriculture			<u>1,120,668</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education and Workforce:</i>			
Special Education Cluster:			
Special Education-Grants to States	84.027	3M20	1,292,773
Special Education-Preschool Grants	84.173	3C50	<u>30,662</u>
Total Special Education Cluster			<u>1,323,435</u>
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	3HS0	74,403
Title I Grants to Local Educational Agencies	84.010	3M00	1,037,984
English Language Acquisition State Grants	84.365	3Y70	17,971
Student Support and Academic Enrichment Program	84.424	3H10	<u>38,370</u>
Total U.S. Department of Education			<u>2,492,163</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
<i>Passed Through Ohio Facilities Construction Commission:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - School Safety Grant	21.027	5CV3	<u>88,776</u>
Total U.S. Department of the Treasury			<u>88,776</u>
Total Expenditures of Federal Awards			<u><u>\$3,701,607</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**LEBANON CITY SCHOOL DISTRICT
WARREN COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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 Lebanon City School District (the 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 District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The 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 District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE G – TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2025, the District made allowable transfers of \$164,564 from the Title II-A Improving Teacher Quality (84.367) program to the Title I (84.010) program. The Schedule shows the District spent \$0 on the Title II-A Improving Teacher Quality program. The amounts reported for the Title II-A Improving Teacher Quality program on the Schedule exclude the amounts transferred to the Title I program. The amounts transferred to the Title I program are included as Title I expenditures when disbursed.

OHIO AUDITOR OF STATE KEITH FABER



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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*

Lebanon City School District
Warren County
160 Miller Rd.
Lebanon, OH 45036

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 Lebanon City School District, Warren County, Ohio (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 15, 2026. We qualified our opinion on the Governmental Activities because we were unable to obtain the necessary assurances regarding the accuracy, completeness, existence, and valuation of the capital assets and related accumulated depreciation and depreciation expense. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement 101, *Compensated Absences*.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and or corrective action plan. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



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

April 15, 2026

OHIO AUDITOR OF STATE KEITH FABER



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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

Lebanon City School District
Warren County
160 Miller Rd.
Lebanon, OH 45036

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lebanon City School District's, Warren County, (the 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 Lebanon City School District's major federal programs for the year ended June 30, 2025. Lebanon City 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, Lebanon City 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 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 District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The 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 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 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 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 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 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 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2025-002 to be a material weakness.

Lebanon City School District
Warren 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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and/or corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

April 15, 2026

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**LEBANON CITY SCHOOL DISTRICT
WARREN COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2025-001

Material Weakness – Capital Assets

When designing the public office's system of internal control and the specific control activities, management should consider ensuring adequate security of assets and records as well as verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

**FINDING NUMBER 2025-001
(Continued)**

During 2022, the District brought in a capital asset firm to take an inventory and implement a new capital asset system in anticipation of switching from an Other Comprehensive Basis of Accounting (OCBOA) to a Generally Accepted Accounting Principles (GAAP) framework, for reporting, beginning with fiscal year 2024.

The following conditions related to capital asset records were noted as of June 30, 2025:

- Multiple duplicate assets in the capital asset listing. This resulted in the ending value of capital assets being overstated; however the full amount could not be determined.
- Asset acquisition dates are based upon when the system pulls the information for inclusion in the listing instead of when assets are placed into service. This can result in assets being added in the wrong period and at incorrect values.
- The reports appear to use various historical expenditures to arrive at the value of the buildings. However, many costs do not include enough information to ensure that all costs included meet the definition of a capital asset addition.

Because the District was unable to provide supporting documentation for actual cost or estimated historical cost of the capital assets, we could not gain the necessary assurances regarding the accuracy, completeness, existence, and valuation of the District's capital assets. The District's capital assets and accumulated depreciation totaled \$175,813,069 and \$77,208,694, respectively. This resulted in an opinion qualification.

Failure to properly update and maintain the capital asset inventory system increases the risk that errors, theft, or fraud could occur and not be detected in a timely manner, and could lead to errors in financial statement reporting.

The District should implement policies and procedures to ensure that the amounts reported for capital assets are appropriately recorded and that the asset inventory is accurate for reporting purposes. The District should review Ohio Admin. Code 117-2-02 for guidance on the required capital asset requirements.

Officials' Response:

See Corrective Action Plan

3. FINDINGS FOR FEDERAL AWARDS

Eligibility Determinations

Finding Number:	2025-002
Assistance Listing Number and Title:	AL # 10.553 School Breakfast Program, AL #10.555 National School Lunch Program
Federal Award Identification Number / Year:	2025
Federal Agency:	U.S. Department of Agriculture
Compliance Requirement:	Eligibility
Pass-Through Entity:	Ohio Department of Education and Workforce
Repeat Finding from Prior Year?	Yes

**FINDING NUMBER 2025-002
(Continued)**

Material Weakness – Nutrition Cluster Eligibility

Non-Federal entities must establish and maintain effective internal controls over Federal awards that provide reasonable assurance that the non-Federal entity is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

During fiscal year 2025, the District participated in Child Nutrition Cluster programs, for which the federal government reimburses the District for eligible children. During the school year, the District is required to establish a child's eligibility to receive program benefits. The District accepted online applications for free and reduced meals, with which eligibility was determined based on several factors, including, but not limited to family size and income.

For fiscal year 2025, most of the eligibility process was online through PaySchools to determine eligibility for free and reduced meals. The option selected within PaySchools by the District was for the portal applications to be approved as entered (if the eligibility criteria was met) with no additional review, rather than applications being in pending status until reviewed and approved by the District. As such, the District had no procedures in place to ensure the system determined the proper eligibility status based on the information provided in the application.

Failure to implement controls over all eligibility applications could result in ineligible students receiving benefits.

The District should implement control procedures for online applications to help ensure students are properly marked as paid, free or reduced.

Officials' Response:

See Corrective Action Plan

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Lebanon City Schools
Office of the Treasurer
160 Miller Road
Lebanon, Ohio 45036
513.934.5790

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
JUNE 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001	Child Nutrition Cluster Eligibility Controls	Not Corrected	Reissued as 2025-002

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Lebanon City Schools

Office of the Treasurer

160 Miller Road

Lebanon, Ohio 45036

513.934.5790

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2025

Finding Number:	2025-001
Planned Corrective Action:	The School District will conduct a comprehensive review and reconciliation of its capital asset inventory and evaluate its related ongoing controls for proper financial reporting under GAAP.
Anticipated Completion Date:	06/30/2026
Responsible Contact Person:	Karen Ervin
Finding Number:	2025-002
Planned Corrective Action:	The School District will implement monitoring control procedures to review software system eligibility determinations to ensure compliance with federal income guidelines.
Anticipated Completion Date:	06/30/2026
Responsible Contact Person:	Karen Ervin

OHIO AUDITOR OF STATE KEITH FABER



LEBANON CITY SCHOOL DISTRICT

WARREN 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 5/7/2026

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

This report is a matter of public record and is available online at
www.ohioauditor.gov