

SOUTH POINT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024



Millhuff-Stang

CERTIFIED PUBLIC ACCOUNTANT

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Board of Education
South Point Local School District
302 High Street
South Point, Ohio 45680

We have reviewed the *Independent Auditor's Report* of the South Point Local School District, Lawrence County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L Ridenbaugh".

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

July 22, 2025

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South Point Local School District
Lawrence County
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Independent Auditor's Report

Board of Education
South Point Local School District
302 High Street
South Point, Ohio 45680

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of South Point Local School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of South Point Local School District, Lawrence County, Ohio, as of June 30, 2024, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 21 to the financial statements for the fiscal year ended June 30, 2024, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability, the schedules of the District's proportionate share of the net OPEB liability (asset), and the schedules of District 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.

South Point Local School District
Independent Auditor's Report
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We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

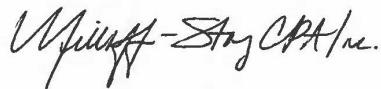
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 11, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

April 11, 2025

South Point Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the South Point Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2024 are as follows:

- Net Position of governmental activities decreased \$1,126,878.
- General revenues accounted for \$18,479,197 in revenue or 82 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,139,225 or 18 percent of total revenues of \$22,618,422.
- The School District had \$23,745,300 in expenses related to governmental activities; only \$4,139,225 of these expenses were offset by program specific charges for services and sales, grants and contributions. General revenues (primarily taxes and intergovernmental) of \$18,479,197 were not adequate to cover the remaining expenses.
- Total governmental funds had \$22,756,427 in revenues and other financing sources and \$22,947,084 in expenditures and other financing uses. The total governmental fund balance decreased \$190,657.

USING THE BASIC 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 South Point Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

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

South Point Local School District
Management's Discussion and Analysis
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Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2024?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, liabilities, and deferred inflows and outflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

South Point Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's Net Position for 2024 compared to 2023.

Table 1
 Net Position

	2024	2023	Change
Assets			
Current and Other Assets	\$16,178,089	\$16,798,300	(\$620,211)
Net OPEB Asset	1,405,932	1,816,680	(410,748)
Capital Assets	40,095,309	41,801,309	(1,706,000)
Total Assets	57,679,330	60,416,289	(2,736,959)
Deferred Outflows of Resources			
Pension	4,336,456	5,082,968	(746,512)
OPEB	799,720	526,715	273,005
Total Deferred Outflows	5,136,176	5,609,683	(473,507)
Liabilities			
Current Liabilities	2,170,974	2,391,656	(220,682)
Long-Term Liabilities:			
Due Within One Year	682,193	695,202	(13,009)
Due In More Than One Year:			
Net Pension Liability	19,591,956	19,655,525	(63,569)
Net OPEB Liability	1,231,515	1,078,340	153,175
Other Amounts	6,075,536	6,614,800	(539,264)
Total Liabilities	29,752,174	30,435,523	(683,349)
Deferred Inflow of Resources			
Property Taxes	6,952,609	7,258,526	(305,917)
Pension	1,264,465	1,827,182	(562,717)
OPEB	2,211,958	2,743,563	(531,605)
Total Deferred Inflow of Resources	10,429,032	11,829,271	(1,400,239)
Net Position			
Net Investment in Capital Assets	35,406,542	36,457,638	(1,051,096)
Restricted	1,439,895	1,566,171	(126,276)
Unrestricted (Deficits)	(14,212,137)	(14,262,631)	50,494
Total Net Position	\$22,634,300	\$23,761,178	(\$1,126,878)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2024. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a

South Point Local School District
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liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets of governmental activities decreased \$2,736,959, which was primarily due to decreases in taxes receivables of \$170,169, intergovernmental receivables of \$823,021 and capital assets of \$1,706,000 which were partially offset by an increase in net cash and cash equivalents of \$357,269.

Deferred outflows of resources decreased primarily due to decreases in deferred outflows related to pensions which were partially offset by an increase in deferred outflows related to OPEB. These changes are due to actuarial calculations at the state level over which the District has no control.

In total, liabilities decreased by \$683,349, primarily due to payments on debt obligations which was partially offset by an increase in compensated absences and the net OPEB liability.

Table 2 on the following page shows the changes in Net Position for the fiscal year ended June 30, 2024, and comparisons to fiscal year 2023.

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South Point Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Table 2
 Changes in Net Position

Revenues	2024	2023	Change
Program Revenues:			
Charges for Services and Sales	\$254,437	\$317,720	(\$63,283)
Operating Grants and Contributions	3,884,788	9,774,479	(5,889,691)
Total Program Revenues	<u>4,139,225</u>	<u>10,092,199</u>	<u>(5,952,974)</u>
General Revenues:			
Property and Other Taxes	7,104,718	6,698,346	406,372
Grants and Entitlements	11,041,161	10,953,902	87,259
Investment Earnings	124,312	4,678	119,634
Gifts and Donations	29,350	29,696	(346)
Gain on Sale of Capital Assets	46,984	0	46,984
Miscellaneous	132,672	164,027	(31,355)
Total General Revenues	<u>18,479,197</u>	<u>17,850,649</u>	<u>628,548</u>
Total Revenues	<u>22,618,422</u>	<u>27,942,848</u>	<u>(5,324,426)</u>
Program Expenses			
Instruction:			
Regular	8,626,376	9,400,634	(774,258)
Special	3,542,017	3,620,385	(78,368)
Vocational	208,432	303,655	(95,223)
Adult/Continuing	22,924	0	22,924
Student Intervention Services	109,586	116,488	(6,902)
Other	2,318	104,065	(101,747)
Support Services:			
Pupils	1,330,410	1,223,873	106,537
Instructional Staff	1,020,584	887,100	133,484
Board of Education	188,275	264,347	(76,072)
Administration	1,772,138	1,791,480	(19,342)
Fiscal	669,891	571,557	98,334
Operation and Maintenance of Plant	2,295,392	2,209,065	86,327
Pupil Transportation	1,582,363	1,518,728	63,635
Central	252,440	308,599	(56,159)
Operation of Non-Instructional Services	920,627	961,998	(41,371)
Extracurricular Activities	1,088,026	1,077,317	10,709
Issuance Costs	0	80,948	(80,948)
Interest and Fiscal Charges	113,501	124,911	(11,410)
Total Expenses	<u>23,745,300</u>	<u>24,565,150</u>	<u>(819,850)</u>
Change in Net Position	(1,126,878)	3,377,698	(4,504,576)
Net Position at Beginning of Year	<u>23,761,178</u>	<u>20,383,480</u>	<u>3,377,698</u>
Net Position at End of Year	<u>\$22,634,300</u>	<u>\$23,761,178</u>	<u>(\$1,126,878)</u>

Property taxes made up approximately 31 percent of revenues for governmental activities for the South Point Local School District. Of the remaining revenues, the School District receives 66 percent from state foundation, federal, and state grants; 1 percent from charges for services and sales, with the remainder being investment earnings, gifts and donations, gain on sale of capital assets, and miscellaneous revenues.

South Point Local School District
Management's Discussion and Analysis
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Unaudited

The decrease in operating grants and contributions is primarily due to decreased ESSER grant revenues in fiscal year 2024. The increase in property taxes is primarily due to significantly higher public utility personal property tax collections in fiscal year 2024.

Approximately 53 percent of the School District's budget for expenses is used to fund instructional expenses. Support services make up 38 percent of expenses and 9 percent is used for interest and fiscal charges, extracurricular activities, and operation of non-instructional services. The decrease in expenses is primarily due to reductions of expenses related to the ESSER grant program in fiscal year 2024.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

Table 3
 Cost of Services

	2024 Total Cost of Services	2024 Net Cost of Services	2023 Total Cost of Services	2023 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$8,626,376	\$8,576,622	\$9,400,634	\$7,870,242
Special	3,542,017	1,068,604	3,620,385	477,252
Vocational	208,432	191,138	303,655	280,350
Adult/Continuing	22,924	22,814	-	-
Student Intervention Services	109,586	108,924	116,488	107,172
Other	2,318	2,318	104,065	(35,450)
Support Services:				
Pupils	1,330,410	1,260,813	1,223,873	1,210,828
Instructional Staff	1,020,584	764,109	887,100	(339,926)
Board of Education	188,275	187,172	264,347	262,704
Administration	1,772,138	1,762,103	1,791,480	1,701,046
Fiscal	669,891	611,537	571,557	559,282
Operation and Maintenance of Plant	2,295,392	2,180,212	2,209,065	1,717,500
Pupil Transportation	1,582,363	1,429,445	1,518,728	641,265
Central	252,440	180,536	308,599	(153,268)
Operation of Non-Instructional Services	920,627	251,662	961,998	(636,395)
Extracurricular Activities	1,088,026	894,565	1,077,317	604,490
Interest and Fiscal Charges	113,501	113,501	124,911	124,911
Issuance Costs	-	-	80,948	80,948
Totals	\$23,745,300	\$19,606,075	\$24,565,150	\$14,472,951

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 82 percent of total expenses are supported through taxes and other general revenues.

South Point Local School District
Management's Discussion and Analysis
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Unaudited

THE SCHOOL DISTRICT FUNDS

The School District has one major fund: the General Fund. All governmental funds had total revenues and other financing sources of \$22,756,427 and expenditures and other financing uses of \$22,947,084.

The fund balance of the General Fund increased \$39,864 due to small increases in overall expenses and increases in overall revenues. The General Fund's fund balance at year end was \$5,473,712.

General Fund Budgeting Highlights

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

The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final estimated revenues were \$20,711,390 which was a decrease from original estimates of \$25,133,673. The final estimated expenditures of \$19,531,639 didn't change from the original estimates.

The School District's ending unobligated General Fund balance was \$5,675,910.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Debt

The School District has one bond and one lease obligation outstanding. Table 5 shows fiscal year 2024 balances compared to 2023.

	2024	2023
2022 Refunding Bond	4,513,000	4,998,000
Lease Obligation	175,767	345,671
Totals	\$4,688,767	\$5,343,671

For additional information on debt, see Note 15 to the basic financial statements.

South Point Local School District
Management's Discussion and Analysis
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Capital Assets

At the end of fiscal year 2024, the School District had \$40,095,309 invested in capital assets. Table 4 shows fiscal year 2024 balances compared to 2023.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	2024	2023
Land	\$1,978,553	\$1,978,553
Land Improvements	4,115,938	4,235,196
Buildings and Improvements	31,534,039	32,880,246
Furniture, Fixtures, and		
Equipment	1,274,541	1,458,818
Right to use Asset	351,668	527,502
Vehicles	<u>840,570</u>	<u>720,994</u>
Totals	<u><u>\$40,095,309</u></u>	<u><u>\$41,801,309</u></u>

For additional information on capital assets, see Note 10 to the basic financial statements.

CURRENT ISSUES

The financial future of the School District is not without its challenges. These challenges are external and internal in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes.

Externally, the School District is largely dependent on State funding sources (approximately 59.7 percent of the School District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth.

The COVID-19 pandemic affected operations, revenues, and expenditures. Federal funds supplemented District revenue to offset expenses associated with necessary changes in operations to maintain the health and safety of students and staff.

As the preceding information shows, the School District continues to depend upon its taxpayers. Although South Point Local School District has attempted to keep spending in line with revenues, and carefully watched financial planning, it must improve its revenue to expense ratios if the School District hopes to remain on firm financial footing.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions or need additional information, contact Lee Elliott, Treasurer at South Point Local School District, 302 High Street, South Point, Ohio 45680.

South Point Local School District

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 8,181,738
Intergovernmental Receivable	258,602
Prepaid Items	15,710
Taxes Receivable	7,722,039
Noncurrent Assets:	
Net OPEB Asset	1,405,932
Nondepreciable Capital Assets	1,978,553
Depreciable Capital Assets, Net	<u>38,116,756</u>
<i>Total Assets</i>	<u>57,679,330</u>
Deferred Outflows of Resources	
Pension	4,336,456
OPEB	<u>799,720</u>
<i>Total Deferred Outflows of Resources</i>	<u>5,136,176</u>
Liabilities	
Current Liabilities:	
Accounts Payable	104,059
Accrued Wages and Benefits Payable	1,615,950
Intergovernmental Payable	441,754
Accrued Interest Payable	9,211
Noncurrent Liabilities:	
Due Within One Year	682,193
Due in More Than One Year	
Net Pension Liability (See Note 12)	19,591,956
Net OPEB Liability (See Note 13)	1,231,515
Other Amounts Due in More Than One Year	<u>6,075,536</u>
<i>Total Liabilities</i>	<u>29,752,174</u>
Deferred Inflows of Resources	
Pension	1,264,465
OPEB	2,211,958
Property Taxes not Levied to Finance Current Year Operations	<u>6,952,609</u>
<i>Total Deferred Inflows of Resources</i>	<u>10,429,032</u>
Net Position	
Net Investment in Capital Assets	35,406,542
Restricted for:	
Debt Service	857,888
Capital Outlay	3,724
Classroom Facilities Maintenance	516,729
State Grant Expenditures	24,663
Student Activities	35,390
Other Purposes	1,501
Unrestricted (Deficit)	<u>(14,212,137)</u>
<i>Total Net Position</i>	<u>\$ 22,634,300</u>

The notes to the basic financial statements are an integral part of this statement.

South Point Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2024

<u>Program Revenues</u>						
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
Governmental Activities:						
Instruction:						
Regular	\$ 8,626,376	\$ 49,754	\$ -	\$ (8,576,622)		
Special	3,542,017	11,358	2,462,055	(1,068,604)		
Vocational	208,432	1,213	16,081	(191,138)		
Adult/Continuing	22,924	110	-	(22,814)		
Student Intervention Services	109,586	662	-	(108,924)		
Other	2,318	-	-	(2,318)		
Support Services:						
Pupils	1,330,410	7,168	62,429	(1,260,813)		
Instructional Staff	1,020,584	4,190	252,285	(764,109)		
Board of Education	188,275	1,103	-	(187,172)		
Administration	1,772,138	10,035	-	(1,762,103)		
Fiscal	669,891	3,749	54,605	(611,537)		
Operation and Maintenance of Plant	2,295,392	12,682	102,498	(2,180,212)		
Pupil Transportation	1,582,363	8,160	144,758	(1,429,445)		
Central	252,440	992	70,912	(180,536)		
Operation of Non-Instructional Services	920,627	1,196	667,769	(251,662)		
Extracurricular Activities	1,088,026	142,065	51,396	(894,565)		
Interest and Fiscal Charges	113,501	-	-	(113,501)		
<i>Total Governmental Activities</i>	<u>\$ 23,745,300</u>	<u>\$ 254,437</u>	<u>\$ 3,884,788</u>	<u>(19,606,075)</u>		
General Revenues:						
Property Taxes Levied for:						
General Purposes				6,431,263		
Classroom Facilities Maintenance				114,248		
Bond Retirement				559,207		
Grants and Entitlements not Restricted to Specific Programs				11,041,161		
Gifts and Donations not Restricted to Specific Programs				29,350		
Investment Earnings				124,312		
Gain on Disposal of Capital Assets				46,984		
Miscellaneous				132,672		
<i>Total General Revenues</i>				<u>18,479,197</u>		
Change in Net Position				(1,126,878)		
<i>Net Position Beginning of Year</i>				<u>23,761,178</u>		
<i>Net Position End of Year</i>				<u>\$ 22,634,300</u>		

The notes to the basic financial statements are an integral part of this statement.

South Point Local School District

*Balance Sheet
Governmental Funds
June 30, 2024*

	General	All Other Governmental Funds	Total Governmental Funds
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 6,413,108	\$ 1,391,619	\$ 7,804,727
Interfund Receivable	208,103	-	208,103
Intergovernmental Receivable	48,522	210,080	258,602
Prepaid Items	15,710	-	15,710
Taxes Receivable	6,997,970	724,069	7,722,039
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	377,011	-	377,011
<i>Total Assets</i>	<i>14,060,424</i>	<i>2,325,768</i>	<i>16,386,192</i>
LIABILITIES:			
Accounts Payable	73,376	30,683	104,059
Accrued Wages and Benefits	1,406,216	209,734	1,615,950
Interfund Payable	-	208,103	208,103
Intergovernmental Payable	372,336	69,418	441,754
<i>Total Liabilities</i>	<i>1,851,928</i>	<i>517,938</i>	<i>2,369,866</i>
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes not Levied to Finance Current Year Operations	6,299,996	652,613	6,952,609
Unavailable Revenue	434,788	137,739	572,527
<i>Total Deferred Inflows of Resources</i>	<i>6,734,784</i>	<i>790,352</i>	<i>7,525,136</i>
FUND BALANCES:			
Nonspendable	24,906	-	24,906
Restricted	377,011	1,390,374	1,767,385
Committed	504,869	-	504,869
Assigned	554,111	-	554,111
Unassigned (Deficit)	4,012,815	(372,896)	3,639,919
<i>Total Fund Balances</i>	<i>5,473,712</i>	<i>1,017,478</i>	<i>6,491,190</i>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<i>\$ 14,060,424</i>	<i>\$ 2,325,768</i>	<i>\$ 16,386,192</i>

The notes to the basic financial statements are an integral part of this statement.

South Point Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities*
June 30, 2024

Total Governmental Fund Balances \$ 6,491,190

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. 40,095,309

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

Taxes	479,606
Intergovernmental	92,921

Total	572,527
-------	---------

The net pension liability and net OPEB liability (asset) are not due and payable in the current period; therefore, the liabilities (asset) and related deferred inflows/outflows are not reported in the funds.

Deferred outflows of resources related to pensions	4,336,456
Deferred outflows of resources related to OPEB	799,720
Deferred inflows of resources related to pensions	(1,264,465)
Deferred inflows of resources related to OPEB	(2,211,958)
Net Pension Liability	(19,591,956)
Net OPEB Asset	1,405,932
Net OPEB Liability	(1,231,515)
Total	(17,757,786)

Long-term liabilities, including bonds, interest payable, lease obligations, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences	(2,068,962)
Interest Payable	(9,211)
Lease Obligations	(175,767)
Bonds Payable	(4,513,000)
Total	(6,766,940)

Net Position of Governmental Activities \$ 22,634,300

The notes to the basic financial statements are an integral part of this statement.

South Point Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General	Formerly Major Fund Bond Retirement	Formerly Major Fund School Emergency Relief	Elementary and Secondary School Emergency Relief	All Other Governmental Funds	Total Governmental Funds
REVENUES:						
Property and Other Taxes	\$ 6,348,774	\$ -	\$ -	\$ 660,061	\$ 7,008,835	
Intergovernmental	12,272,630	-	-	2,649,402	14,922,032	
Interest	124,312	-	-	-	124,312	
Tuition and Fees	101,060	-	-	-	101,060	
Rent	2,000	-	-	-	2,000	
Extracurricular Activities	7,106	-	-	142,969	150,075	
Gifts and Donations	13,950	-	-	15,400	29,350	
Customer Sales and Services	105	-	-	1,197	1,302	
Miscellaneous	126,898	-	-	5,774	132,672	
<i>Total Revenues</i>	<i>18,996,835</i>	<i>-</i>	<i>-</i>	<i>3,474,803</i>	<i>22,471,638</i>	
EXPENDITURES:						
Current:						
Instruction:						
Regular	7,656,698	-	-	12,348	7,669,046	
Special	1,975,478	-	-	1,327,411	3,302,889	
Vocational	198,829	-	-	-	198,829	
Student Intervention Services	105,581	-	-	-	105,581	
Other	1,325	-	-	-	1,325	
Support Services:						
Pupils	1,195,040	-	-	71,700	1,266,740	
Instructional Staff	714,041	-	-	353,278	1,067,319	
Board of Education	188,538	-	-	-	188,538	
Administration	1,739,354	-	-	-	1,739,354	
Fiscal	678,999	-	-	20,668	699,667	
Operation and Maintenance of Plant	2,195,772	-	-	281,167	2,476,939	
Pupil Transportation	1,410,532	-	-	131,306	1,541,838	
Central	105,066	-	-	82,014	187,080	
Operation of Non-Instructional Services	5,995	-	-	839,970	845,965	
Extracurricular Activities	431,971	-	-	218,958	650,929	
Capital Outlay	-	-	-	9,100	9,100	
Debt Service:						
Principal	169,904	-	-	485,000	654,904	
Interest	11,927	-	-	100,759	112,686	
<i>Total Expenditures</i>	<i>18,785,050</i>	<i>-</i>	<i>-</i>	<i>3,933,679</i>	<i>22,718,729</i>	
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>211,785</i>	<i>-</i>	<i>-</i>	<i>(458,876)</i>	<i>(247,091)</i>	
OTHER FINANCING SOURCES (USES):						
Transfers In	-	-	-	228,355	228,355	
Proceeds from Sale of Capital Assets	3,600	-	-	-	3,600	
Insurance Recoveries	52,834	-	-	-	52,834	
Transfers Out	(228,355)	-	-	-	(228,355)	
<i>Total Other Financing Sources (Uses)</i>	<i>(171,921)</i>	<i>-</i>	<i>-</i>	<i>228,355</i>	<i>56,434</i>	
<i>Net Change in Fund Balances</i>	<i>39,864</i>	<i>-</i>	<i>-</i>	<i>(230,521)</i>	<i>(190,657)</i>	
<i>Fund Balance at 6/30/2023 (as previously presented)</i>	<i>5,433,848</i>	<i>815,349</i>	<i>(53,310)</i>	<i>485,960</i>	<i>6,681,847</i>	
Change within financial reporting entity (due to major fund reclass)	-	(815,349)	53,310	762,039	-	
<i>Fund Balance at 6/30/2023 (as adjusted)</i>	<i>5,433,848</i>	<i>-</i>	<i>-</i>	<i>1,247,999</i>	<i>6,681,847</i>	
<i>Fund Balances at End of Year</i>	<i>\$ 5,473,712</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ 1,017,478</i>	<i>\$ 6,491,190</i>	

The notes to the basic financial statements are an integral part of this statement.

South Point Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2024*

Net Change in Fund Balances - Total Governmental Funds \$ (190,657)

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

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

Capital Asset Additions	634,585
Current Year Depreciation	<u>(2,331,135)</u>
Total	(1,696,550)

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. This is the loss on the disposal of capital assets.

Proceeds from Sale of Capital Assets	(3,600)
Insurance Recoveries	(52,834)
Gain on Disposal of Capital Assets	<u>46,984</u>
Total	(9,450)

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

Taxes	93,943
Intergovernmental	<u>3,917</u>
Total	97,860

Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities. 485,000

Repayments of lease obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities. 169,904

Contractually required contributions related to pensions and OPEB are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows. 1,731,792

Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities/asset are reported as pension and OPEB expense in the statement of activities: (1,611,331)

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.

Increase in Compensated Absences	(102,631)
Increase in Accrued Interest Payable	<u>(815)</u>
Total	(103,446)

Net Change in Net Position of Governmental Activities \$ (1,126,878)

The notes to the basic financial statements are an integral part of this statement.

South Point Local School District
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget and Actual (Budgetary Basis)*
 General Fund
For the Fiscal Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Total Revenues and Other Financing Sources	\$ 25,133,673	\$ 20,711,390	\$ 20,711,390	\$ -
Total Expenditures and Other Financing Uses	<u>19,531,639</u>	<u>19,531,639</u>	<u>20,662,148</u>	<u>(1,130,509)</u>
Net Change in Fund Balance	5,602,034	1,179,751	49,242	(1,130,509)
Fund Balance at Beginning of Year	5,341,112	5,341,112	5,341,112	-
Prior Year Encumbrances Appropriated	<u>241,822</u>	<u>241,822</u>	<u>241,822</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 11,184,968</u>	<u>\$ 6,762,685</u>	<u>\$ 5,632,176</u>	<u>\$ (1,130,509)</u>

The notes to the basic financial statements are an integral part of this statement.

South Point Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 1 - Description of the School District and Reporting Entity

South Point Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by State statute and federal guidelines. This Board of Education controls the School District's four instructional/support facilities staffed by 84 classified employees and 131 certified teaching and administrative personnel who provide services to 1,322 students and other community members.

Reporting Entity

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

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

The School District participates in the Metropolitan Educational Technology Association, the Collins Career Center, and the Educational Regional Service System Region 15, which are defined as jointly governed organizations, and the Ohio School Plan, the Lawrence County Schools Council of Governments Health Benefits Program, and the Ohio School Boards Association Workers' Compensation Group Rating Program, which are defined as insurance purchasing pools. These organizations are presented in Notes 17 and 18.

Note 2 - Summary of Significant Accounting Policies

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

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. The School District has no fiduciary funds. The statements usually distinguish between those activities that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business-type activities or fiduciary funds.

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

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The School District utilizes governmental funds.

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

South Point Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

Measurement Focus

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

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/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 School District, available means expected to be received within sixty days of fiscal year end.

South Point Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 2 - Summary of Significant Accounting Policies (Continued)

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

On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, investment earnings, tuition, grants, fees, and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

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 position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, and intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 15. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

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

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

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

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

During fiscal year 2024, investments included non-negotiable certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2024 amounted to \$124,312.

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

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaids using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which the services are consumed.

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Description	Estimated Lives
Land Improvements	20 years
Buildings and Improvements	20-50 years
Furniture, Fixtures, and	
Equipment	5-20 years
Vehicles	8 years
Right-to-Use Assets	3-5 years

Internal Activity

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used aren't eliminated.

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

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets include unexpended revenues restricted for capital improvements.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. A liability is recorded for vacation eligible employees after one year of service with the School District. Employees may carry over unused vacation balances based on years of service with the School District.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees with fifteen or more years of current service with the School District.

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each person upon the occurrence of employee resignations

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 2 - Summary of Significant Accounting Policies (Continued)

and retirements. These amounts are recorded in the accounts “matured compensated absences payable” in the funds from which these payments will be made.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash. It also includes prepaids for all governmental types.

Restricted The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or it is imposed by law through constitutional provisions.

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute. State statute authorizes the School District’s Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

Estimates

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

Net Position

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

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

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate appropriations to the function and object levels.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the 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 in the amended certificate in effect when final appropriations for the fiscal year were passed.

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

Note 3 - Changes in Accounting Principles

For fiscal year 2024, the School District has implemented GASB Statement No. 100, "Accounting Changes and Error Corrections", certain questions and answers of GASB Implementation Guide 2023-1 and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 resulted in a change to the financial statements due to major fund reclasses.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the School District.

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 4 – Accountability & Compliance

Accountability

The following funds had a deficit fund balance as of June 30, 2024:

	<u>Deficit</u>
Special Revenue Funds:	
Nonmajor Funds	
Title I	211,913
Broadband Connectivity	9,780
Athletic	7,498
Miscellaneous Federal Grants	52,152
Food Service	91,553

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

Compliance

Contrary to Ohio Revised Code Section 5705.41(B) the School District had expenditures in excess of appropriations in the General Fund.

Contrary to Ohio Revised Code Section 5705.412 the School District did not properly utilize 412 certificates.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than committed or assigned fund balance (GAAP basis).
4. Advances are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 5 - Budgetary Basis of Accounting (Continued)

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

	General
GAAP Basis	\$39,864
Revenue Accruals	1,675,963
Expenditure Accruals	(1,124,948)
Mapped Funds	48,235
Encumbrances	(589,872)
Budget Basis	<u><u>\$49,242</u></u>

Note 6 - Deposits and Investments

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 6 - Deposits and Investments (Continued)

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 market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations 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); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

Investments

The School District had the following investments at June 30, 2024:

	Market	
	Value	<1 Year
STAROhio	\$ 6,116,769	\$ 6,116,769
Negotiable CDs	11,716	11,716
Total Investments	\$ 6,128,485	\$ 6,128,485

South Point Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 6 - Deposits and Investments (Continued)

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2024. As discussed further in Note 2, STAR Ohio is reported at its share price. The negotiable CDs are valued using quoted market prices (Level 1 inputs).

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with the School District's policy, the School District limits their investments to negotiable CDs and STAROhio. The School District's investments in negotiable CDs are fully covered under FDIC. Standard & Poor's has assigned STAROhio an AAA money market rating.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy allows investments in securities authorized by State law including bonds, notes or other obligations of or guaranteed by the United States, bonds, notes, debentures or other obligations or securities directly issued by a Federal government agency or instrumentality, interim deposits in Board-approved depositories, bonds or other obligations of the State, or the political subdivisions of this State with certain criteria, no-load money market mutual funds with certain criteria, and STAROhio. The School District has 99% invested in STAROhio.

Custodial credit risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk beyond the requirements of the Ohio Revised Code.

All of the School District's investments are either insured and registered in the name of the School District or at least registered in the name of the School District.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 7 - Property Taxes (Continued)

annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Public utility real personal property taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

Accrued property taxes receivable include real property and public utility property taxes which were measurable as of June 30, 2024, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance for June 30, 2024, was \$263,186 in the General Fund, \$22,961 in the Bond Retirement Debt Service Fund, and \$3,677 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance for June 30, 2023, was \$225,164 in the General Fund, \$19,701 in the Bond Retirement Debt Service Fund, and \$3,154 in the Classroom Facilities Maintenance Special Revenue Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenues.

The assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$267,008,080	78.28%	\$267,950,370	78.26%
Public Utility Personal	74,087,910	21.72%	74,446,320	21.74%
Total	\$341,095,990	100.00%	\$342,396,690	100.00%
Tax Rate per \$1,000 of Assessed Valuation		\$22.65		\$22.65

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 8 - Receivables

Receivables at June 30, 2024, consisted of property taxes, interfund, and intergovernmental grants. 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 fiscal year guarantee of federal funds. All receivables, except delinquent property taxes, are expected to be collected in one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$479,606.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Major Fund:	
General	\$48,522
Nonmajor Funds:	
Miscellaneous State Grants	25,468
Title I Grants to Local Educational Agencies	38,885
Miscellaneous Federal Grants	145,727
Total Nonmmajor Funds	<u>210,080</u>
Total	<u>\$258,602</u>

Note 9 - Significant Commitments

Encumbrances

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

Fund	Amount
General	\$589,872
Nonmajor Governmental Funds	131,787
Total	<u>\$721,659</u>

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Balance at 6/30/2023	Additions	Deductions	Balance at 6/30/2024
Capital Assets:				
Capital Assets not being Depreciated:				
Land	\$1,978,553	\$0	\$0	\$1,978,553
Total Nondepreciable Capital Assets	<u>1,978,553</u>	<u>0</u>	<u>0</u>	<u>1,978,553</u>
Depreciable Capital Assets:				
Land Improvements	7,285,500	237,015	0	7,522,515
Buildings and Improvements	58,377,620	53,004	0	58,430,624
Furniture, Fixtures, and Equipment	2,988,796	76,348	(10,500)	3,054,644
Right to use Asset	527,502	0	0	527,502
Vehicles	2,266,260	268,218	(43,400)	2,491,078
Total Depreciable Capital Assets	<u>71,445,678</u>	<u>634,585</u>	<u>(53,900)</u>	<u>72,026,363</u>
Less Accumulated Depreciation:				
Land Improvements	(3,050,304)	(356,273)	0	(3,406,577)
Buildings and Improvements	(25,497,374)	(1,399,211)	0	(26,896,585)
Furniture, Fixtures, and Equipment	(1,529,978)	(251,175)	1,050	(1,780,103)
Right to use Asset	0	(175,834)	0	(175,834)
Vehicles	(1,545,266)	(148,642)	43,400	(1,650,508)
Total Accumulated Depreciation	<u>(31,622,922)</u>	<u>(2,331,135)</u>	<u>44,450</u>	<u>(33,909,607)</u>
Total Capital Assets being Depreciated, Net	<u>39,822,756</u>	<u>(1,696,550)</u>	<u>(9,450)</u>	<u>38,116,756</u>
Capital Assets, Net	<u><u>\$41,801,309</u></u>	<u><u>(\$1,696,550)</u></u>	<u><u>(\$9,450)</u></u>	<u><u>\$40,095,309</u></u>

*Depreciation and amortization expense was charged to governmental functions as follows:

Instruction:	
Regular	\$791,016
Special	283,932
Vocational	12,015
Student Intervention Services	4,005
Support Services:	
Pupils	88,108
Instructional Staff	20,025
Administration	64,079
Fiscal	12,015
Operation and Maintenance of Plant	185,690
Pupil Transportation	326,965
Central	4,005
Food Service Operations	103,256
Extracurricular Activities	<u>436,024</u>
Total Depreciation and Amortization Expense	<u><u>\$2,331,135</u></u>

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2024 the School District contracted with Hylant Administrative Services Selective Insurance for the following coverage:

Property	Deductible	Limits of Coverage
Building and Contents - Replacement Cost	\$1,000	\$77,123,310
General Liability:		
Each Occurrence	0	4,000,000
Aggregate Limit	0	6,000,000
Products - Completed Operations Aggregate Limit	0	4,000,000
Personal and Advertising Injury Limit - Each Offense	0	4,000,000
Fire Legal Liability	0	500,000
Medical Expense Limit - Per Person/Accident	0	10,000
Employers' Liability - Stop Gap:		
Each Occurrence	0	4,000,000
Per Disease Each Employee	0	4,000,000
Per Disease Policy Limit	0	4,000,000
Employee Benefits Liability:		
Per Claim	2,500	4,000,000
Aggregate Limit	0	6,000,000
Vehicles:		
Bodily Injury and Property Damage:		
Per Person	0	4,000,000
Medical Payments - Each Person	0	5,000
Uninsured Motorist:		
Each Accident	0	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The School District reviewed its insurance coverage and made adjustments as deemed appropriate.

For fiscal year 2024, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 12 – 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 and OPEB are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions and OPEB are a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension and 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 this estimate annually.

The Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension 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 13 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 12 – Defined Benefit Pension (Continued)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$370,621 for fiscal year 2024. Of this amount \$34,535 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 12 Defined Benefit Pension Plans (Continued)

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. 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, a one-time 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 one-time ad-hoc COLA of 1 percent 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. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

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 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 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 12 Defined Benefit Pension Plans (Continued)

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

The District's contractually required contribution to STRS Ohio was \$1,310,382 for fiscal year 2024. Of this amount \$223,674 is reported as an intergovernmental payable.

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

The net pension liability disclosed as current year below was measured as of June 30, 2023, 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 projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability - Current Year	0.0728339%	0.072289540%	
Proportionate Share of the Net Pension Liability - Prior Year	<u>0.0750416%</u>	<u>0.070160160%</u>	
Change in Proportionate Share	<u>-0.0022077%</u>	<u>0.002129380%</u>	
Proportion of the Net Pension Liability	\$4,024,449	\$15,567,507	\$19,591,956
Pension Expense (Gain)	\$297,980	\$1,503,250	\$1,801,230

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	SERS	STRS	Total
Differences between expected and actual economic experience	\$172,980	\$567,558	\$740,538
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	-	604,339	604,339
Changes of assumptions	28,507	1,282,069	1,310,576
School District contributions subsequent to the measurement date	<u>370,621</u>	<u>1,310,382</u>	<u>1,681,003</u>
Total	<u>\$572,108</u>	<u>\$3,764,348</u>	<u>\$4,336,456</u>

Deferred Inflows of Resources	SERS	STRS	Total
Differences between expected and actual economic experience	-	\$34,545	\$34,545
Differences between projected and actual investment earnings	56,566	46,656	103,222
Changes of assumptions	-	965,029	965,029
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	<u>53,283</u>	<u>108,386</u>	<u>161,669</u>
Total	<u>\$109,849</u>	<u>\$1,154,616</u>	<u>\$1,264,465</u>

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 12 – Defined Benefit Pension Plans (Continued)

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

\$1,681,003 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$2,415	\$53,151	\$55,566
2026	(145,223)	(392,054)	(537,277)
2027	231,448	1,634,008	1,865,456
2028	2,998	4,245	7,243
Total	<u><u>\$91,638</u></u>	<u><u>\$1,299,350</u></u>	<u><u>\$1,390,988</u></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 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.

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 12 – Defined Benefit Pension Plans (Continued)

Actuarial Assumptions – SERS (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023, compared with June 30, 2022, are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.4 percent	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for both 2023 and 2022 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*. 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 an arithmetic 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 12 – Defined Benefit Pension Plans (Continued)

Actuarial Assumptions – SERS (Continued)

Discount Rate The total pension liability for 2023 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 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 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 2023 was 6.90 percent.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$5,939,880	\$4,024,449	\$2,411,062

Changes in Benefit Terms and Assumptions since the prior measurement date There were no changes in benefit terms. The cost-of-living adjustments was increased from 2.00% to 2.50% for calendar year 2024.

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to those used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50 percent	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service	Varies by service from 2.5 to 8.5
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.00 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 12 – Defined Benefit Pension Plans (Continued)

Actuarial Assumptions – STRS (Continued)

For 2023 and 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, 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 Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
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 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. 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, 2023. 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, 2023.

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 12 – Defined Benefit Pension Plans (Continued)

Actuarial Assumptions – STRS (Continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$23,939,381	\$15,567,507	\$8,487,193

Assumptions and Benefit Changes Since the Prior Measurement Date The discount rate remained at 7.00% for the June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

Note 13 – Defined Benefit OPEB Plans

See Note 12 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

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

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

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 13 – Defined Benefit OPEB Plans (Continued)

School Employees Retirement System (SERS) (Continued)

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 2024, 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 2024, 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 2024, the School District's surcharge obligation was \$50,789. 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 \$50,789 for fiscal year 2024. Of this amount, \$50,789 is reported as an intergovernmental payable.

State Teachers Retirement System of Ohio (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.

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, 2024, STRS did not allocate any employer contributions to post-employment health care.

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 13 – Defined Benefit OPEB Plans – (Continued)

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset)

The net OPEB (asset) liability was measured as of June 30, 2023, and the total OPEB (asset) liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB (asset) liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense (gain):

	SERS	STRS	Total
Proportionate Share of the Net OPEB (Asset) Liability - Current Year	0.0747530%	0.072289540%	
Proportionate Share of the Net OPEB (Asset) Liability - Prior Year	<u>0.0768043%</u>	<u>0.070160160%</u>	
Change in Proportionate Share	<u><u>-0.0020513%</u></u>	<u><u>0.002129380%</u></u>	
Proportion of the Net OPEB Liability	\$1,231,515	\$0	\$1,231,515
Proportion of the Net OPEB (Asset) OPEB Expense (Gain)	\$0	(\$1,405,932)	(\$1,405,932)
	(\$114,456)	(\$75,442)	(\$189,898)

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South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 13 – Defined Benefit OPEB Plans – (Continued)

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset) (Continued)

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	SERS	STRS	Total
Differences between expected and actual economic experience	\$2,566	\$2,192	\$4,758
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	94,175	14,419	108,594
Changes of assumptions	416,411	207,115	623,526
Differences between projected and actual investment earnings	9,544	2,509	12,053
School District contributions subsequent to the measurement date	50,789	-	50,789
Total	<u>\$573,485</u>	<u>\$226,235</u>	<u>\$799,720</u>
Deferred Inflows of Resources	SERS	STRS	Total
Differences between expected and actual economic experience	\$635,137	\$214,439	\$849,576
Changes of assumptions	349,762	927,613	1,277,375
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	72,926	12,081	85,007
Total	<u>\$1,057,825</u>	<u>\$1,154,133</u>	<u>\$2,211,958</u>

\$50,789 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2025. 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
2025	(\$178,393)	(\$402,261)	(\$580,654)
2026	(153,989)	(188,849)	(342,838)
2027	(83,632)	(73,630)	(157,262)
2028	(52,187)	(99,795)	(151,982)
2029	(46,824)	(91,453)	(138,277)
Thereafter	<u>(20,104)</u>	<u>(71,910)</u>	<u>(92,014)</u>
Total	<u>(\$535,129)</u>	<u>(\$927,898)</u>	<u>(\$1,463,027)</u>

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 13 – Defined Benefit OPEB Plans – (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 compared with June 30, 2022 are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.40 percent	2.40 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2048	2044
Municipal Bond Index Rate:		
Measurement Date	3.86 percent	3.69 percent
Prior Measurement Date	3.69 percent	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	4.27 percent	4.08 percent
Prior Measurement Date	4.08 percent	2.27 percent
Health Care Cost Trend Rate		
Measurement Date	6.75 to 4.40 percent	7.00 to 4.40 percent

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 13 – Defined Benefit OPEB Plans – (Continued)

Actuarial Assumptions – SERS (Continued)

The following information in this paragraph is applicable to both 2023 and 2022. Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. . Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a 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 capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The 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, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023 was 4.27 percent. The discount rate used to measure total OPEB liability at June 30, 2022 was 4.08 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 2048 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,

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 13 – Defined Benefit OPEB Plans – (Continued)

Actuarial Assumptions – SERS (Continued)

2022, and the June 30, 2023, 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 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
School District's proportionate share of the net OPEB liability	\$1,574,228	\$1,231,515	\$961,271
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$904,751	\$1,231,515	\$1,664,520

Assumption and Benefit Term Changes Since the Prior Measurement Date The discount rate was changed from 4.08% to 4.27%. Healthcare trends were updated to reflect emerging claims and recoveries experience. 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.

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 13 – Defined Benefit OPEB Plans – (Continued)

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation and the June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

For 2023 and 2022, 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, 2023, 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.

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 13 – Defined Benefit OPEB Plans – (Continued)

Actuarial Assumptions – STRS (Continued)

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

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
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 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023. 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, 2023. 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, 2023.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2023, 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.

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 13 – Defined Benefit OPEB Plans – (Continued)

Actuarial Assumptions – STRS (Continued)

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
School District's proportionate share of the net OPEB (asset) liability	(\$1,189,937)	(\$1,405,932)	(\$1,594,040)
	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
School District's proportionate share of the net OPEB (asset) liability	(\$1,602,769)	(\$1,405,932)	(\$1,168,845)

Assumption and Benefit Term Changes Since the Prior Measurement Date The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation. Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

Note 14 - Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work on a twelve month contract, earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers, administrators, and classified employees who are contracted to work less than 230 days per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit to the amount of sick leave that may be accumulated by classified employees. Teachers and administrators can accumulate up to a maximum of 375 days. Upon retirement, payment is made for one-half of the total sick leave accumulation, up to a maximum payment of 112.5 days for certified and classified employees.

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.

Insurance Benefits

Health insurance is provided by Anthem Inc. Premiums for this coverage are \$2,402 for family coverage and \$972 for single coverage. The School District pays 80 percent of both premiums for employees hired after July 1, 2002. The School District pays 100 percent of single premiums for employees hired before July 1, 2002.

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 14 - Employee Benefits (Continued)

The School District provides life insurance and accidental death and dismemberment insurance to certified, classified, and administrative employees through Guardian Insurance Company. The coverage amount is \$30,000 for certified and classified employees and \$50,000 for administrators.

Dental and vision insurance is provided by Guardian. Premiums for dental coverage are \$80 for family coverage and \$21 for single coverage. Premiums for vision coverage are \$11 for family coverage and \$5 for single coverage. The School District pays 100 percent of single coverage. Employees are responsible for the excess cost of the family premium.

Note 15 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2024 were as follows:

	Principal Outstanding 6/30/2023	Additions	Deductions	Principal Outstanding 6/30/2024	Amounts Due in One Year
Governmental Activities:					
2022 Refunding Bonds	4,998,000	0	485,000	4,513,000	493,000
Lease Obligation	345,671	0	169,904	175,767	175,767
	<u>5,343,671</u>	<u>0</u>	<u>654,904</u>	<u>4,688,767</u>	<u>668,767</u>
Net Pension Liability:					
STRS	15,596,692	0	29,185	15,567,507	0
SERS	4,058,833	0	34,384	4,024,449	0
Total Net Pension Liability	<u>19,655,525</u>	<u>0</u>	<u>63,569</u>	<u>19,591,956</u>	<u>0</u>
Net OPEB Liability:					
SERS	1,078,340	153,175	0	1,231,515	0
Compensated Absences	<u>1,966,331</u>	<u>1,465,443</u>	<u>1,362,812</u>	<u>2,068,962</u>	<u>13,426</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$28,043,867</u>	<u>\$1,618,618</u>	<u>\$2,081,285</u>	<u>\$27,581,200</u>	<u>\$682,193</u>

Compensated absences will be paid from the General Fund. There are no repayment schedules for the net pension and net OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: General Fund, and the Food Service, Title I, IDEA-B, and Title II-A Special Revenue Funds. See Notes 12 and 13 for additional information related to net pension and net OPEB liabilities.

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 15 - Long-Term Obligations (Continued)

2022 Refunding Bonds – On March 14, 2022 resolution, the School District issued \$5,056,000 General Obligation Unlimited Tax Refunding Bonds, Series 2022 to current refund General Obligation Unlimited Tax Refunding Bonds, Series 2013 in the aggregate outstanding principal amount of \$5,545,000. The Bonds have a final maturity of December 1, 2031 and are subject to annual mandatory principal payments. The Bonds have an interest rate of 2.12% payable on June 1 and December 1 of each year beginning December 1, 2022 until all principal thereof has been paid. In addition, the School District's Bond Retirement Fund contributed an amount of \$622,814 to assist in the refunding. The economic gain from this refunding was \$190,893.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2024, were as follows:

Fiscal Year	Refunding Bonds	
	Principal	Interest
2025	\$493,000	\$90,451
2026	514,000	79,776
2027	528,000	68,731
2028	537,000	57,442
2029	600,000	45,390
2030-2032	<u>1,841,000</u>	<u>59,243</u>
Totals	<u><u>\$4,513,000</u></u>	<u><u>\$401,033</u></u>

2023 Lease Obligation – During the 2024 fiscal year, the School District entered into a lease obligation agreement for Chromebooks with Dell Services.

The lease obligation payments are paid from the ESSER Fund. Future payments are as follows:

<u>Fiscal Year Ending June 30,</u>	Principal	Interest	Total
2025	175,767	13,192	188,959
Total	<u><u>\$ 175,767</u></u>	<u><u>\$ 13,192</u></u>	<u><u>\$ 188,959</u></u>

The overall debt margin of the School District was \$26,302,702 with an unvoted debt margin of \$342,397 at June 30, 2024.

South Point Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 16 - Interfund Activity

Transfers

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds. The General fund made transfers of \$144,311, \$53,907, \$7,500, and \$22,637 to the Food Service fund, Classroom Facilities Maintenance fund, Student Activity fund, and Athletic fund respectively.

Interfund Balances

As of June 30, 2024, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Receivable</u>	<u>Payable</u>
Major Fund:		
General Fund	<u>\$208,103</u>	<u>\$0</u>
Other Nonmajor Governmental Funds:		
Miscellaneous Federal Grants	0	96,393
Broadband Connectivity	0	9,780
Miscellaneous State Grants	0	20,766
Title I	0	81,164
Total Other Nonmajor Governmental Funds	<u>0</u>	<u>208,103</u>
Total All Funds	<u>\$208,103</u>	<u>\$208,103</u>

Note 17 - Jointly Governed Organizations

Metropolitan Educational Technology Association (META)

The School District participates in the Metropolitan Educational Technology Association (META), formed from the merger of the Metropolitan Educational Council (MEC) and the South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG) during fiscal year 2016, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During 2024, the School District paid \$63,192 for services with META. Financial information can be obtained from META at 100 Executive Drive, Marion, Ohio 43302.

South Point Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 17 - Jointly Governed Organizations (Continued)

Collins Career Center

Collins Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from Chesapeake Union Exempted Village School District, two from the Ironton City School District, and two from the Lawrence County Educational Service Center, which possesses its own budgeting and taxing authority. South Point Local School District paid \$1,230 to the Career Center in fiscal year 2024. To obtain financial information write to the Collins Career Center, 11627 State Route 243, Chesapeake, OH 45619.

The Educational Regional Service System (ERSS) Region 15

The Educational Regional Service System (ERSS) Region 15 is a jointly governed organization consisting of educational entities within Lawrence, Pike, Scioto, and Ross counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the South Central Educational Service Center, 411 Court Street, Portsmouth, Ohio 45662.

Note 18 - Insurance Purchasing Pools

Ohio School Plan

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

South Point Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 18 - Insurance Purchasing Pools (Continued)

Lawrence County Schools Council of Governments Health Benefits Program

The School District participates in the Lawrence County Schools Council of Governments Health Benefits Program (Council), a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Council is governed by a council, which consists of the superintendent from each participating school district. The council elects officers for one-year terms to serve on the Board of Directors. The council exercises control over the operation of the Council. All council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. The Lawrence County Educational Service Center is the fiscal agent of the council. Each School District reserves the right to withdraw from the plan. If this is done, no further contributions will be made and the school district's net pooled share will be distributed and all claims submitted by covered members of the school district after the distribution will be exclusively the liability of the school district.

Ohio School Boards Association Workers' Compensation Group Rating Program (GRP)

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

Note 19 - Set-Aside Calculations

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

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

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 19 - Set-Aside Calculations (Continued)

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

	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of as of June 30, 2023	\$429,412
Current Year Set-Aside Requirement	292,279
Current Year Qualifying Expenditures	(98,717)
Current Year Offsets	<u>(245,963)</u>
Totals	<u>\$377,011</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$377,011</u>

Note 20 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2024, if applicable, cannot be determined at this time.

Litigation

At June 30, 2024, the School District was not party to any legal proceedings.

State Foundation

In fiscal year 2024, School District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2024 are finalized. No additional receivable was recorded for fiscal year 2024.

Note 21 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023.

During Fiscal Year 2024, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 22 – Fund Balances

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

Fund Balances	General	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Prepaid Items	\$ 15,710	\$ -	\$ 15,710
Unclaimed Monies	9,196	-	9,196
Total Nonspendable	<u>24,906</u>	-	<u>24,906</u>
Restricted for			
Other Purposes	\$ -	\$ 7,679	\$ 7,679
Student Wellness	-	-	-
Student Activities	-	35,390	35,390
Capital Improvements	377,011	3,724	380,735
State Grant Expenditures	-	13,781	13,781
Federal Grant Expenditures	-	1	1
Debt Services Payments	-	819,341	819,341
Classroom Maintenance	-	-	-
Facilities Maintenance	-	510,458	510,458
Total Restricted	<u>377,011</u>	<u>1,390,374</u>	<u>1,767,385</u>
Committed to			
Severance	399,580		399,580
Health Insurance	105,289	-	105,289
Total Committed	<u>504,869</u>	-	<u>504,869</u>
Assigned to			
School Support Services	13,818	-	13,818
Other Purposes	540,293	-	540,293
Total Assigned	<u>554,111</u>	-	<u>554,111</u>
Unassigned (Deficit)			
	<u>4,012,815</u>	<u>(372,896)</u>	<u>3,639,919</u>
Total Fund Balances	<u><u>\$ 5,473,712</u></u>	<u><u>\$ 1,017,478</u></u>	<u><u>\$ 6,491,190</u></u>

South Point Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 23 – Adjustments To Prior Year Fund Balance

For fiscal year 2024, the beginning balances of various reporting units were restated or adjusted in accordance with GASB 100. An explanation of these adjustments or restatements are as follows:

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

	Governmental Funds			
	Elementary and Secondary School Emergency Relief Fund	Bond	Retirement Fund	All Other Governmental Funds
<i>Fund Balances at 6/30/2023 (as previously presented)</i>	\$ (53,310)	\$ 815,349	\$ 485,960	
<i>Change within financial reporting entity (due to major fund reclass)</i>	53,310	(815,349)		762,039
<i>Fund Balances at 6/30/2023 (as adjusted)</i>	\$ -	\$ -		\$ 1,247,999

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South Point Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	0.0728339%	0.0750416%	0.0748694%	0.0700790%	0.0712440%	0.0708914%	0.0687981%	0.0712851%	0.0735470%	0.0749780%
School District's proportionate share of the net pension liability	\$ 4,024,449	\$ 4,058,833	\$ 2,762,464	\$ 4,635,173	\$ 4,262,653	\$ 4,060,082	\$ 4,110,534	\$ 5,217,412	\$ 4,196,663	\$ 3,794,594
School District's covered payroll	\$ 2,993,264	\$ 2,798,957	\$ 2,551,086	\$ 2,464,886	\$ 2,468,326	\$ 2,301,481	\$ 2,264,357	\$ 2,243,571	\$ 2,210,395	\$ 2,231,970
School District's proportionate share of the net pension liability as a percentage of its covered payroll	134.45%	145.01%	108.29%	188.05%	172.69%	176.41%	181.53%	232.55%	189.86%	170.01%
Plan fiduciary net position as a percentage of the total pension liability	76.06%	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

See accompanying notes to the required supplementary information.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	0.072289540%	0.070160160%	0.068209548%	0.06936476%	0.06779820%	0.06570720%	0.06413937%	0.06577384%	0.06673954%	0.06768855%
School District's proportionate share of the net pension liability	\$ 15,567,507	\$ 15,596,692	\$ 8,721,204	\$ 16,783,804	\$ 14,993,164	\$ 14,447,538	\$ 15,236,445	\$ 22,016,487	\$ 18,444,857	\$ 16,464,198
School District's covered payroll	\$ 9,764,029	\$ 9,121,150	\$ 8,400,414	\$ 8,461,100	\$ 8,021,829	\$ 7,544,979	\$ 7,077,121	\$ 6,932,721	\$ 6,982,421	\$ 6,933,943
School District's proportionate share of the net pension liability as a percentage of its covered payroll	159.44%	170.99%	103.82%	198.36%	186.90%	191.49%	215.29%	317.57%	264.16%	237.44%
Plan fiduciary net position as a percentage of the total pension liability	80.00%	78.88%	87.78%	75.50%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

See accompanying notes to the required supplementary information.

South Point Local School District
Required Supplementary Information
Schedule of School District Pension Contributions
School Employees Retirement System of Ohio
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 370,621	\$ 419,057	\$ 391,854	\$ 357,152	\$ 345,084	\$ 333,224	\$ 310,700	\$ 317,010	\$ 314,100	\$ 291,330
Contributions in relation to the contractually required contribution	<u>(370,621)</u>	<u>(419,057)</u>	<u>(391,854)</u>	<u>(357,152)</u>	<u>(345,084)</u>	<u>(333,224)</u>	<u>(310,700)</u>	<u>(317,010)</u>	<u>(314,100)</u>	<u>(291,330)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
School District's covered payroll	\$ 2,647,293	\$ 2,993,264	\$ 2,798,957	\$ 2,551,086	\$ 2,464,886	\$ 2,468,326	\$ 2,301,481	\$ 2,264,357	\$ 2,243,571	\$ 2,210,395
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%

See accompanying notes to the required supplementary information.

South Point Local School District
Required Supplementary Information
Schedule of School District Pension Contributions
State Teachers Retirement System of Ohio
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,310,382	\$ 1,366,964	\$ 1,276,961	\$ 1,176,058	\$ 1,184,554	\$ 1,123,056	\$ 1,056,297	\$ 990,797	\$ 970,581	\$ 977,539
Contributions in relation to the contractually required contribution	<u>(1,310,382)</u>	<u>(1,366,964)</u>	<u>(1,276,961)</u>	<u>(1,176,058)</u>	<u>(1,184,554)</u>	<u>(1,123,056)</u>	<u>(1,056,297)</u>	<u>(990,797)</u>	<u>(970,581)</u>	<u>(977,539)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>									
School District covered payroll	\$ 9,359,871	\$ 9,764,029	\$ 9,121,150	\$ 8,400,414	\$ 8,461,100	\$ 8,021,829	\$ 7,544,979	\$ 7,077,121	\$ 6,932,721	\$ 6,982,421
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

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

	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB liability	0.0747530%	0.0768043%	0.0766309%	0.0703394%	0.0712446%	0.0716529%	0.0696164%	0.0719499%
School District's proportionate share of the net OPEB liability	\$ 1,231,515	\$ 1,078,340	\$ 1,450,303	\$ 1,528,705	\$ 1,791,652	\$ 1,987,845	\$ 1,868,321	\$ 2,050,838
School District's covered payroll	\$ 2,993,264	\$ 2,798,957	\$ 2,551,086	\$ 2,464,886	\$ 2,468,326	\$ 2,301,481	\$ 2,264,357	\$ 2,243,571
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	41.14%	38.53%	56.85%	62.02%	72.59%	86.37%	82.51%	91.41%
Plan fiduciary net position as a percentage of the total OPEB liability	30.02%	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

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

	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB liability (asset)	0.072289540%	0.070160160%	0.068209548%	0.06936476%	0.06779820%	0.06570720%	0.06413937%	0.06577384%
School District's proportionate share of the net OPEB liability (asset)	\$ (1,405,932)	\$ (1,816,680)	\$ (1,438,142)	\$ (1,219,084)	\$ (1,122,901)	\$ (1,055,848)	\$ 2,502,482	\$ 3,517,602
School District's covered payroll	\$ 9,764,029	\$ 9,121,150	\$ 8,400,414	\$ 8,461,100	\$ 8,021,829	\$ 7,544,979	\$ 7,077,121	\$ 6,932,721
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-14.40%	-19.92%	-17.12%	-14.41%	-14.00%	-13.99%	35.36%	50.74%
Plan fiduciary net position as a percentage of the total OPEB liability	168.50%	230.73%	174.73%	182.13%	174.74%	176.00%	47.11%	37.33%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

South Point Local School District
Required Supplementary Information
Schedule of School District OPEB Contributions
School Employees Retirement System of Ohio
Last Nine Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 50,789	\$ 53,603	\$ 50,534	\$ 46,600	\$ 33,924	\$ 47,549	\$ 49,034	\$ 37,028	\$ 35,164
Contributions in relation to the contractually required contribution	<u>(50,789)</u>	<u>(53,603)</u>	<u>(50,534)</u>	<u>(46,600)</u>	<u>(33,924)</u>	<u>(47,549)</u>	<u>(49,034)</u>	<u>(37,028)</u>	<u>(35,164)</u>
Contribution deficiency (excess)	<u>\$ -</u>								
School District's covered payroll	\$ 2,647,293	\$ 2,993,264	\$ 2,798,957	\$ 2,551,086	\$ 2,464,886	\$ 2,468,326	\$ 2,301,481	\$ 2,264,357	\$ 2,243,571
Contributions as a percentage of covered payroll	1.92%	1.79%	1.81%	1.83%	1.38%	1.93%	2.13%	1.64%	1.57%

(1) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

South Point Local School District
Required Supplementary Information
Schedule of School District OPEB Contributions
State Teachers Retirement System of Ohio
Last Nine Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -
Contribution deficiency (excess)	<u>\$ -</u>								
School District covered payroll	\$ 9,359,871	\$ 9,764,029	\$ 9,121,150	\$ 8,400,414	\$ 8,461,100	\$ 8,021,829	\$ 7,544,979	\$ 7,077,121	\$ 6,932,721
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

South Point Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

Pension

School Employees Retirement System (SERS)

Changes in benefit terms

2023-2024: There were no changes in benefit terms from the amounts reported for these fiscal years.

2022: For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

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

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% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

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

Changes in assumptions

2024: Cost-of-Living-Adjustments was increased from 2.00% to 2.50% for calendar year 2024.

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

2022: The assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

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%.

2015-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

South Point Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

Pension (continued)

State Teachers Retirement System (STRS)

Changes in benefit terms

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.

2015-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

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

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

- (1) The projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.

2022: 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 7.45% to 7.00%,
- (2) The discount rate of return was reduced from 7.45% to 7.00%,

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.

2015-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

OPEB

School Employees Retirement System (SERS)

Changes in benefit terms

2017-2024: There were no changes in benefit terms from the amounts reported for these fiscal years.

South Point Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

OPEB (continued)

School Employees Retirement System (SERS) (continued)

Changes in assumptions

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) The municipal bond index rate went from 3.69% to 3.86%
- (2) The single equivalent interest rate went from 4.08% to 4.27%

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

- (3) The municipal bond index rate went from 1.92% to 3.69%
- (4) The single equivalent interest rate when from 2.27% to 4.08% medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%

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) Wage inflation decreased from 3.00% to 2.40%
- (2) Future salary increases changed from 3.50%-18.20% to 3.25%-13.58%
- (3) Investment rate of return decreased from 7.50% to 7.00%
- (4) The discount rate decreased from 7.50% to 7.00%
- (5) Municipal Bond Index Rate:

Prior Measurement Date	2.45%
Measurement Date	1.92%

- (6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	2.63%
Measurement Date	2.27%

- (7) Mortality tables changes from the RP=2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below median Health Retiree mortality table.

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) The discount rate was changed from 3.22% to 2.63%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.13%
Measurement Date	2.45%

2020: The discount rate was changed from 3.70% to 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) The discount rate was changed from 3.63% to 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%

South Point Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

OPEB (continued)

School Employees Retirement System (SERS) (continued)

Changes in assumptions (continued)

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%,
- (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

2023 - 2024: There were no changes in benefit terms from the amounts reported for these fiscal years.

2022: There was no change to the claims costs process. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. 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 FYE 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.

South Point Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

OPEB (continued)

State Teachers Retirement System (STRS) (Continued)

Changes in benefit terms (continued)

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.

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 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

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

Changes in assumptions

2024: The health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial – 3.94% ultimate to 7.50% initial – 4.14% ultimate; medical Medicare from -68.78% initial – 3.94% ultimate to -10.94% initial – 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial – 3.94% ultimate to -11.95% initial – 4.14% ultimate; Medicare from -5.47% initial – 3.94% ultimate to 1.33% initial – 4.14% ultimate.

2023: The projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50%. The health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

2022: The long-term expected rate of return was reduced from 7.45% to 7.00%. The discount rate was reduced from 7.45% in the prior year to 7.00% in the current year. The health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

2021: The health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

South Point Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

OPEB (continued)

State Teachers Retirement System (STRS) (Continued)

Changes in assumptions (continued)

2020: The health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

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.

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

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

**SOUTH POINT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Grant Year	Pass Through Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education and Workforce</i>					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	10.555	2023-2024	N/A	\$ -	\$ 63,128
Cash Assistance:					
School Breakfast Program	10.553	2023-2024	N/A	-	203,350
National School Lunch Program	10.555	2023-2024	N/A	-	<u>519,512</u>
Total Child Nutrition Cluster				-	<u>785,990</u>
Total U.S. Department of Agriculture				-	<u>785,990</u>
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education and Workforce</i>					
Title I Grants to Local Educational Agencies	84.010	2024	N/A	-	<u>879,253</u>
Total Title I Grants to Local Educational Agencies				-	<u>879,253</u>
Special Education Cluster:					
Special Education Grants to States	84.027A	2023	N/A	-	51,817
Special Education Grants to States	84.027A	2024	N/A	-	263,757
COVID-19 Special Education to States	84.027X	2023	N/A	-	19,181
Total Special Education Grants to States				-	<u>334,755</u>
Special Education Preschool Grants	84.173A	2024	N/A	-	4,259
Total Special Education Preschool Grants				-	<u>4,259</u>
Total Special Education Cluster				-	<u>339,014</u>
Twenty-First Century Community Learning Centers	84.287	2023	N/A	-	119,775
Twenty-First Century Community Learning Centers	84.287	2024	N/A	-	142,408
Total Twenty-First Century Community Learning Centers				-	<u>262,183</u>
Rural Education	84.358B	2022	N/A	-	12,250
Total Rural Education				-	<u>12,250</u>
Student Support and Academic Enrichment Program	84.424A	2024	N/A	-	35,151
Total Student Support and Academic Enrichment Program				-	<u>35,151</u>
COVID-19 Education Stabilization Fund	84.425U	2023	N/A	-	196,176
Total COVID-19 Education Stabilization Fund				-	<u>196,176</u>
Total U.S. Department of Education				-	<u>1,724,027</u>
U.S. DEPARTMENT OF THE TREASURY					
<i>Passed Through Ohio Facilities and Construction Commission</i>					
COVID-19 State and Local Fiscal Recovery Fund	21.027	2023	N/A	-	<u>104,114</u>
Total U.S. Department of the Treasury				-	<u>104,114</u>
Total Expenditures of Federal Awards				\$ -	<u>\$ 2,614,131</u>

N/A - not applicable

The accompanying notes are an integral part of this schedule.

**SOUTH POINT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of South Point Local School District (the School District's) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Par 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 School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with DEW's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The School District transferred the following amounts from 2024 to 2025 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 828
Supporting Effective Instruction State Grants	84.367A	19,116
Student Support and Academic Enrichment Program	84.424A	26,616
Special Education Grants to States	84.027A	182,462
Special Education Preschool Grants	84.173A	2,959

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Board of Education
South Point Local School District
302 High Street
South Point, Ohio 45680

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, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of South Point Local School District, Lawrence County, Ohio (the School District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated April 11, 2025, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-004, that we consider to be material weaknesses.

South Point Local School District

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Report on Compliance and Other Matters

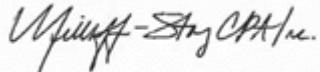
As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompany schedule of findings and questioned costs as items 2024-002 and 2024-003.

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School 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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Wheelerburg, Ohio

April 11, 2025



**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Board of Education
South Point Local School District
302 High Street
South Point, Ohio 45680

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited South Point Local School District's (the School District) compliance with the types of compliance requirements described as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2024. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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



South Point Local School District

Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance Page 2

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

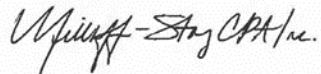
South Point Local School District, Ohio

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Federal Awards Expenditures Required by the Uniform Guidance

Page 3

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

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



Millhuff-Stang, CPA, Inc.
Wheelerburg, Ohio

April 11, 2025

South Point Local School District
Lawrence County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Fiscal Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	Yes
<i>Federal Awards</i>	
Internal control over major program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major program(s):	COVID-19 Education Stabilization Fund, AL #84.425U & Title I Grants to Local Educational Agencies AL# 84.010
Dollar threshold used to distinguish between type A and type B programs:	Type A: >\$750,000 Type B: all others
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2024-001 – Material Weakness – Budget to Accounting System

Accurate budgetary information within the School District’s accounting system is pertinent to ensure that the School District has accurate and complete information for decision-making processes. Amendments to the budget should be properly documented in the minute record to provide assurance that changes to appropriations are authorized by the governing board and that all amendments are properly filed with the County Auditor. During testing we noted the final appropriations filed with the County Auditor did not agree with final appropriations per the School District’s accounting system. These differences were material for the General and Bond Retirement funds. There was an immaterial difference noted with the Food Service, ESSER and Title I funds. The School District should implement the appropriate procedures to ensure that all authorized budgetary amendments are properly recorded in the accounting system and subsequently filed with the County Auditor.

Client response:

See accompanying corrective action plan.

South Point Local School District
Lawrence County
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Fiscal Year Ended June 30, 2024

Section II – Financial Statement Findings (continued)

Finding 2024-002 – Noncompliance – Expenditures in Excess of Appropriations

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. The School District had expenditures in excess of appropriations in the General fund. The deficit was \$1,130,509, which we deemed to be material. The School District should monitor financial activity to ensure their expenditures do not exceed the amount appropriated.

Client response:

See accompanying corrective action plan.

Finding 2024-003 – Noncompliance – 412 Certificates

Ohio Revised Code Section 5705.412 states in part that no school district shall adopt any appropriation measure, make any qualifying contract, or increase any wage or salary schedule unless a certificate (412 certificate) is attached that certifies the School District has adequate revenues sufficient to maintain all personnel and programs. The School District's appropriation measure did not have the required 412 certificate attached. The School District should ensure that 412 certificates be executed for all appropriation measures, increased salary or wage schedules, and qualifying contracts (including negotiated agreements and contracts for benefits).

Client response:

See accompanying corrective action plan.

Finding 2024-004 – Material Weakness – Financial Reporting

Having sound internal controls in place over the financial reporting process is pertinent to a properly functioning organization. During testing we noted misstatements of other governmental funds in accounts payable, misstatements of intergovernmental receivable/payables and related revenues/expenses and deferred inflows, accrued wages and related expenses. In the general fund we identified misstatements of interfund receivable and related expenses, misstatement of accrued wages and related expenses and intergovernmental payables. Further for both general and other governmental funds we identified misstatements in cash and beginning balances resulting from prior period adjustments and the errors in the compilation adjustments. Further we identified misstatements in transfers in/out and beginning balances due to the improper posting of a transfer in the current year. We noted the omission of a restricted for Net OPEB amounts on the government wide statements. These adjustments were deemed immaterial therefore correction in the financial statements was waived. Further, changes were identified on the schedule of expenditures of federal awards (SEFA) as well as the notes to the financial statements. These corrections were made to the SEFA and notes. The School District should implement additional monitoring procedures to ensure the accurate presentation of financial statements, the SEFA, and note disclosures.

Client response:

See accompanying corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None



South Point Local Schools

302 High Street
South Point, Ohio 45680
(740). 377.4315, (740).377.9735(Fax)



Chris Mathes, Superintendent
cmathes@southpoint.k12.oh.us

Lee Elliott, Treasurer
lelliott@southpoint.k12.oh.us

*Corrective Action Plan
2 CFR Section 200.511(c)
For the Fiscal Year Ended June 30, 2024*

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2024-001	The Treasurer will implement additional budgetary monitoring and amend as necessary.	6/30/25	Lee Elliott, Treasurer
2024-002	The Treasurer will implement additional budgetary monitoring and amend budgets as necessary.	6/30/25	Lee Elliott, Treasurer
2024-003	The Treasurer will complete them when required.	Immediately	Lee Elliott, Treasurer
2024-004	The Treasurer will work with the compiler to correct these issues going forward.	Immediately	Lee Elliott, Treasurer



South Point Local Schools

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Chris Mathes, Superintendent
cmathes@southpoint.k12.oh.us

Lee Elliott, Treasurer
lelliott@southpoint.k12.oh.us

*Schedule of Prior Audit Findings
2 CRF Section 200.511(b)
For the Fiscal Year Ended June 30, 2024*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
Finding 2023-001	Noncompliance with ORC Section 5705.38(B) – Annual Appropriation Filing	Yes	
Finding 2023-002	Noncompliance with ORC Section 5705.39 – Appropriations in Excess of Estimated Resources	No	Reissued in Management Letter
Finding 2023-003	Noncompliance with ORC Section 5705.36(A)(4) – Appropriations in Excess of Actual Resources	No	Reissued in Management Letter
Finding 2023-004	Material Weakness – Financial Reporting	No	Reissued as finding 2024-004
Finding 2023-005	Material Weakness – Budget to Accounting System	No	Reissued as finding 2024-001
Finding 2023-006	Noncompliance with ORC Section 5705.41(B) – Expenditures in Excess of Appropriations	No	Reissued as finding 2024-002
Finding 2023-007	Noncompliance with ORC Section 5705.412 – 412 Certificates	No	Reissued as finding 2024-003

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OHIO AUDITOR OF STATE KEITH FABER



SOUTH POINT LOCAL SCHOOL DISTRICT

LAWRENCE 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 8/5/2025

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