



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SOUTHINGTON LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY  
JUNE 30, 2024**

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TRUMBULL COUNTY  
JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

Southington Local School District  
Trumbull County  
2482 State Route 534  
Southington, Ohio 44470

To the Board of Education:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Southington Local School District, Trumbull 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 the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As discussed in Note 22, the financial impact of COVID-19 and the emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

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

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

***Required Supplementary Information***

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER  
Ohio Auditor of State



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

August 5, 2025

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

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The discussion and analysis of Southington Local School District's (the School District) financial performance is presented by the School District's management and 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 basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

## **Financial Highlights**

Key financial highlights for 2024 include:

- Net position increased in fiscal year 2024 due mainly to an increase in cash and cash equivalents attributable to current year revenue collections exceeding current year expenses as well as to a reduction in long-term debt obligations attributable to the continued pay-down of debt.
- The School District's enrollment increased slightly from the prior fiscal year to 424 students in fiscal year 2024.
- The School District had current year additions to capital assets consisting of construction work on the new bus garage, improvements to the track, educational and food service equipment and a new school bus.
- Outstanding general obligation bonded debt decreased from \$5,099,992 in fiscal year 2023 to \$4,741,000 in fiscal year 2024 due to continued debt service payments.

## **Using this Annual Financial Report**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain 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. In the case of the Southington Local School District, the general fund and the bond retirement debt service fund are the most significant funds.

## **Reporting the School District as a Whole**

### *Statement of Net Position and the Statement of Activities*

This analysis of the School District encompasses all of the School District's funds used to provide programs and activities and presents them as a whole. This view of the School District as a whole looks at all financial transactions and answers the questions, "What were the fiscal changes throughout the year?" and "What was the net effect of those changes?" The Statement of Net Position and the Statement of Activities provide the

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basis for answering these questions. The statements include *all assets and deferred outflows of resources* and *liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting recognizes 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 any changes in this position. The 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 strictly within the scope of the School District, some not. External factors include the School District's property tax base, community demographics, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District's activities are classified as governmental. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and food services.

### **Reporting the School District's Most Significant Funds**

The analysis of the School District's major funds begins with the balance sheet. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, the fund financial statements focus on the School District's most significant funds.

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

### **The School District as a Whole**

You may recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1, found on the following page, provides a comparison of the School District's Net Position for the current fiscal year compared to the prior fiscal year.

**Southington Local School District**  
*Management's Discussion and Analysis*  
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**(Table 1)**  
**Net Position - Governmental Activities**

	<u>2024</u>	<u>2023</u>	<u>Change</u>
<b>Assets</b>			
Current and Other Assets	\$10,265,707	\$8,832,459	\$1,433,248
Net OPEB Asset	380,046	507,841	(127,795)
Capital Assets, Net	<u>12,978,718</u>	<u>13,453,234</u>	<u>(474,516)</u>
<i>Total Assets</i>	<u>23,624,471</u>	<u>22,793,534</u>	<u>830,937</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	188,609	241,781	(53,172)
Pension	1,170,710	1,346,731	(176,021)
OPEB	<u>252,865</u>	<u>123,512</u>	<u>129,353</u>
<i>Total Deferred Outflows of Resources</i>	<u>1,612,184</u>	<u>1,712,024</u>	<u>(99,840)</u>
<b>Liabilities</b>			
Current and Other Liabilities	658,841	709,018	50,177
Long Term Liabilities:			
Due Within One Year	391,058	351,064	(39,994)
Due in More than One Year			
Net Pension Liability	5,374,100	5,364,984	(9,116)
Net OPEB Liability	356,604	266,554	(90,050)
Other Amounts	<u>4,576,880</u>	<u>5,005,631</u>	<u>428,751</u>
<i>Total Liabilities</i>	<u>11,357,483</u>	<u>11,697,251</u>	<u>339,768</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,528,844	2,140,882	(387,962)
Pension	414,661	596,320	181,659
OPEB	<u>652,530</u>	<u>793,269</u>	<u>140,739</u>
<i>Total Deferred Inflows of Resources</i>	<u>3,596,035</u>	<u>3,530,471</u>	<u>(65,564)</u>
<b>Net Position</b>			
Investment in Capital Assets	8,391,343	8,798,647	(407,304)
Restricted:			
Capital Projects	377,505	169,304	208,201
Debt Service	563,641	518,226	45,415
Unclaimed Monies	780	521	259
Other Purposes	666,078	662,389	3,689
OPEB Plans	380,046	111,573	268,473
Unrestricted (Deficit)	<u>(96,256)</u>	<u>(982,824)</u>	<u>886,568</u>
<i>Total Net Position</i>	<u>\$10,283,137</u>	<u>\$9,277,836</u>	<u>\$1,005,301</u>

The net pension liability (NPL) is one of the largest 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 liability since they received the benefit of the

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the School District, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$10,283,137 in fiscal year 2024 and \$9,277,836 in fiscal year 2023.

A large portion of the School District's net position reflects "Net Investment in Capital Assets" (i.e. land, construction in progress, buildings and improvements, land improvements, furniture, fixtures, equipment and vehicles) less any related debt to acquire those assets that are still outstanding. The School District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Current assets increased due mainly to an increase in cash and cash equivalents as a result of cash basis receipts outpacing cash basis disbursements by a little over \$1 million from careful management of resources. Capital assets decreased as a result of current year deletions and annual depreciation outpacing current year additions.

Current liabilities decreased due largely to a decrease in accounts and intergovernmental payables as well as matured compensated absences payable and unearned revenue. Long-term liabilities decreased during fiscal year 2024 due to the paydown of long-term debt obligations. The decrease in long-term liabilities was partially offset by an increase in the net pension and net OPEB liabilities. As indicated previously, changes in the pension benefits, contribution rates and return on investments affect the balance of the net position and net OPEB liabilities.

In an effort to promote comparability with other governments, the School District updated its calculation of net position restricted for pension and OPEB plans for fiscal year 2024. This change impacted the amounts presented as net position restricted for OPEB plans and unrestricted net position. GASB 100 does not require amounts prior to those presented in the basic financial statements to be updated for a change in accounting principle.

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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2024 and 2023.

**(Table 2)**  
**Change in Net Position - Governmental Activities**

	<u>2024</u>	<u>2023</u>	<u>Change</u>
<b>Revenues</b>			
Program Revenues			
Charges for Services and Sales	\$361,157	\$279,016	\$82,141
Operating Grants, Contributions and Interest	1,180,544	1,049,011	131,533
<i>Total Program Revenues</i>	<u>1,541,701</u>	<u>1,328,027</u>	<u>213,674</u>
General Revenues			
Property Taxes	2,391,781	2,168,969	222,812
Grants and Entitlements not Restricted to Specific Programs	4,123,710	4,053,073	70,637
Investment Earnings/Interest	342,413	189,985	152,428
Unrestricted Contributions	2,469	0	2,469
Gain on Sale of Capital Assets	26,600	0	26,600
Miscellaneous	39,812	21,596	18,216
<i>Total General Revenues</i>	<u>6,926,785</u>	<u>6,433,623</u>	<u>493,162</u>
<i>Total Revenues</i>	<u>8,468,486</u>	<u>7,761,650</u>	<u>706,836</u>
<b>Program Expenses</b>			
Instruction:			
Regular	3,385,736	3,895,774	510,038
Special	999,102	880,812	(118,290)
Vocational	10,716	24,380	13,664
Support Services:			
Pupil	349,123	330,288	(18,835)
Instructional Staff	75,957	79,066	3,109
Board of Education	92,823	82,666	(10,157)
Administration	536,263	504,955	(31,308)
Fiscal	252,346	270,269	17,923
Business	44	22,399	22,355
Operation and Maintenance of Plant	649,579	689,282	39,703
Pupil Transportation	343,818	392,539	48,721
Central	77,071	61,174	(15,897)
Operation of Non-Instructional Services	4,745	523	(4,222)
Food Service Operations	234,945	214,345	(20,600)
Extracurricular Activities	297,415	308,655	11,240
Interest	153,502	221,469	67,967
<i>Total Expenses</i>	<u>7,463,185</u>	<u>7,978,596</u>	<u>515,411</u>
Change in Net Position	1,005,301	(216,946)	1,222,247
<i>Net Position Beginning of Year</i>	<u>9,277,836</u>	<u>9,494,782</u>	<u>(216,946)</u>
<i>Net Position End of Year</i>	<u>\$10,283,137</u>	<u>\$9,277,836</u>	<u>\$1,005,301</u>

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***Governmental Activities***

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid.

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

Revenue is divided into two major components: program revenues and general revenues. Program revenues are defined as fees, restricted grants and charges for services that are program specific. General revenues include taxes and unrestricted grants such as State Foundation support.

Program revenues increased for governmental activities in fiscal year 2024. Charges for services and sales went up due to an increase in tuition and fees related to State Foundation adjustments. Operating grants increased due mainly to a rise in food service grants and ESSER funding. General revenues went up due mainly to increases in (1) property taxes attributable to higher assessed values, (2) unrestricted grants due to an increase in State Foundation and (3) investment earnings/interest due to higher cash balances and more favorable rates of return.

Instruction composes the most significant portion of governmental program expenses. Program expenses went down largely due to a decrease in salaries and benefits related to regular instruction as well as to a decrease in interest.

The *Statement of Activities* shows the cost of program services and charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2024 compared to 2023. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

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**(Table 3)**  
**Total and Net Cost of Program Services**  
**Governmental Activities**

	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$4,395,554	\$3,487,854	\$4,800,966	\$3,974,235
Support Services:				
Pupil and Instructional Staff	425,080	383,126	409,354	370,421
Board of Education, Administration, Fiscal Services, Business and Central	958,547	954,349	941,463	928,058
Operation and Maintenance of Plant	649,579	527,538	689,282	612,188
Pupil Transportation	343,818	232,828	392,539	357,625
Operation of Non-Instructional Services	4,745	431	523	523
Food Service Operations	234,945	(25,119)	214,345	(17,032)
Extracurricular Activities	297,415	206,975	308,655	203,082
Interest	153,502	153,502	221,469	221,469
<i>Total Expenses</i>	<u><u>\$7,463,185</u></u>	<u><u>\$5,921,484</u></u>	<u><u>\$7,978,596</u></u>	<u><u>\$6,650,569</u></u>

The dependence upon general revenues for governmental activities is apparent as they account for a majority of the total cost of services in fiscal year 2024. The community, as a whole, is by far the primary support for Southington Local School District students.

### **The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$8,448,891 and expenditures of \$7,373,196. The general fund had an increase in fund balance which can be attributed largely to increases in property tax revenues resulting from higher assessed values, intergovernmental monies related to State Foundation, investment earnings/interest and tuition and fees revenue. These increases in revenue coupled with a decrease in expenditures allowed the School District to add to its surplus in the general fund while continuing to offer the programs the community desires. The bond retirement fund had an increase in fund balance due to property tax levy collections exceeding the amount needed to pay principal and interest on debt obligations.

### **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 fund to be budgeted is the main operating fund of the School District, the general fund.

During the course of fiscal year 2024, the School District amended its general fund budget several times. The School District uses an operational unit budget process and has in place systems that are designed to tightly control expenditures but provide flexibility for program based decision and management.

Actual revenues were higher than the final certificate due to higher interest revenue attributable to more favorable rates of return. Actual expenditures were lower than final appropriations due mainly to the diligence of management to keep costs low while still providing the services the School District citizens expect.

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

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## **Capital Assets and Debt Administration**

### ***Capital Assets***

All capital assets, except land and construction in progress are reported net of depreciation. For fiscal year 2024, the net decrease in capital assets during the fiscal year resulted from current year deletions and annual depreciation outpacing current year additions. Fiscal year 2024 additions consisted of construction work on the new bus garage, improvements to the running track, the purchase of educational and food service equipment and a new school bus. Ohio law requires school districts to set aside three percent of certain revenues for capital improvements. For fiscal year 2024, this amounted to \$87,472. See Note 9 to the basic financial statements for additional information on the School District's capital assets and Note 20 for additional information regarding required set-asides.

### ***Debt***

At June 30, 2024, the School District had general obligation bonds outstanding in the amount of \$4,741,000. During fiscal year 2021, the School District refunded a portion of the 2015 classroom facilities improvement refunding bonds to take advantage of lower interest rates. These bonds were issued for a 25 year period and will be fully repaid in fiscal year 2036. The overall debt margin of the School District as of June 30, 2024 was \$4,712,803 with an unvoted debt margin of \$99,185. Please see Note 11 of the notes to the basic financial statements for more information about the School District's long-term obligations.

## **Challenges and Opportunities for the Future**

The School District will continue to provide the best education it can to the community's most important asset. It will continue to be a responsible and conservative caretaker of our taxpayers' dollars and will continue to work within the confines of the budget it has set forth in an effort to comply with all State mandates.

The Southington Local School District has committed itself to financial reporting excellence. Southington continues its commitment to continuous improvement in financial reporting to our community.

## **Contacting the School District's Financial Management**

This financial report is designed to provide our students, citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the public dollars entrusted to us. If you have questions about this report or need additional financial information, contact the Treasurer at Southington Local School District, 2482 State Route 534, Southington, Ohio 44470.

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## Basic Financial Statements

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**Southington Local School District**

*Statement of Net Position*

*June 30, 2024*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$7,361,130
Accounts Receivable	4,541
Intergovernmental Receivable	122,391
Prepaid Items	6,827
Property Taxes Receivable	2,770,818
Net OPEB Asset (See Note 13)	380,046
Nondepreciable Capital Assets	315,675
Depreciable Capital Assets, Net	<u>12,663,043</u>
<i>Total Assets</i>	<u>23,624,471</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	188,609
Pension	1,170,710
OPEB	<u>252,865</u>
<i>Total Deferred Outflows of Resources</i>	<u>1,612,184</u>
<b>Liabilities</b>	
Accounts Payable	14,151
Contracts Payable	28,975
Accrued Wages and Benefits	434,595
Intergovernmental Payable	113,847
Retainage Payable	6,009
Matured Compensated Absences Payable	18,009
Accrued Interest Payable	8,455
Unearned Revenue	34,800
Long-Term Liabilities:	
Due Within One Year	391,058
Due In More Than One Year	
Net Pension Liability (See Note 12)	5,374,100
Net OPEB Liability (See Note 13)	356,604
Other Amounts	<u>4,576,880</u>
<i>Total Liabilities</i>	<u>11,357,483</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	2,528,844
Pension	414,661
OPEB	<u>652,530</u>
<i>Total Deferred Inflows of Resources</i>	<u>3,596,035</u>
<b>Net Position</b>	
Net Investment in Capital Assets	8,391,343
Restricted for:	
Capital Projects	377,505
Debt Service	563,641
Unclaimed Monies	780
Other Purposes	666,078
OPEB Plans	380,046
Unrestricted (Deficit)	<u>(96,256)</u>
<i>Total Net Position</i>	<u>\$10,283,137</u>

See accompanying notes to the basic financial statements

**Southington Local School District**  
*Statement of Activities*  
*For the Fiscal Year Ended June 30, 2024*

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities	
<b>Governmental Activities</b>					
Current:					
Instruction:					
Regular	\$3,385,736	\$170,874	\$152,835	(\$3,062,027)	
Special	999,102	51,274	531,984	(415,844)	
Vocational	10,716	733	0	(9,983)	
Support Services:					
Pupil	349,123	0	6,637	(342,486)	
Instructional Staff	75,957	0	35,317	(40,640)	
Board of Education	92,823	0	0	(92,823)	
Administration	536,263	0	0	(536,263)	
Fiscal	252,346	0	4,198	(248,148)	
Business	44	0	0	(44)	
Operation and Maintenance of Plant	649,579	0	122,041	(527,538)	
Pupil Transportation	343,818	0	110,990	(232,828)	
Central	77,071	0	0	(77,071)	
Operation of Non-Instructional Services	4,745	0	4,314	(431)	
Food Service Operations	234,945	48,925	211,139	25,119	
Extracurricular Activities	297,415	89,351	1,089	(206,975)	
Interest	153,502	0	0	(153,502)	
<i>Totals</i>	<u>\$7,463,185</u>	<u>\$361,157</u>	<u>\$1,180,544</u>	<u>(5,921,484)</u>	

**General Revenues**

Property Taxes Levied for:

General Purposes	1,855,658
Debt Service	444,543
Classroom Facilities Maintenance	91,580
Grants and Entitlements not Restricted	
to Specific Programs	4,123,710
Investment Earnings/Interest	342,413
Unrestricted Contributions	2,469
Gain on Sale of Capital Assets	26,600
Miscellaneous	39,812

*Total General Revenues*

*Change in Net Position*

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

**Southington Local School District**

*Balance Sheet  
Governmental Funds  
June 30, 2024*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$5,698,339	\$525,759	\$1,136,252	\$7,360,350
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	780	0	0	780
Accounts Receivable	4,335	0	206	4,541
Intergovernmental Receivable	54,395	0	67,996	122,391
Interfund Receivable	53,192	0	0	53,192
Prepaid Items	6,827	0	0	6,827
Property Taxes Receivable	2,195,175	475,670	99,973	2,770,818
<i>Total Assets</i>	<u>\$8,013,043</u>	<u>\$1,001,429</u>	<u>\$1,304,427</u>	<u>\$10,318,899</u>
<b>Liabilities</b>				
Accounts Payable	\$14,151	\$0	\$0	\$14,151
Contracts Payable	0	0	28,975	28,975
Accrued Wages and Benefits	380,391	0	54,204	434,595
Intergovernmental Payable	103,048	0	10,799	113,847
Retainage Payable	0	0	6,009	6,009
Interfund Payable	0	0	53,192	53,192
Matured Compensated Absences Payable	18,009	0	0	18,009
Unearned Revenue	0	0	34,800	34,800
<i>Total Liabilities</i>	<u>515,599</u>	<u>0</u>	<u>187,979</u>	<u>703,578</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	2,008,826	429,333	90,685	2,528,844
Unavailable Revenue	234,357	44,959	26,183	305,499
<i>Total Deferred Inflows of Resources</i>	<u>2,243,183</u>	<u>474,292</u>	<u>116,868</u>	<u>2,834,343</u>
<b>Fund Balances</b>				
Nonspendable	7,607	0	0	7,607
Restricted	0	527,137	1,021,996	1,549,133
Committed	14,518	0	0	14,518
Assigned	103,095	0	0	103,095
Unassigned (Deficit)	5,129,041	0	(22,416)	5,106,625
<i>Total Fund Balances</i>	<u>5,254,261</u>	<u>527,137</u>	<u>999,580</u>	<u>6,780,978</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$8,013,043</u>	<u>\$1,001,429</u>	<u>\$1,304,427</u>	<u>\$10,318,899</u>

See accompanying notes to the basic financial statements

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

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<b>Total Governmental Fund Balances</b>	\$6,780,978
<i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,978,718
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:	
Delinquent Property Taxes	234,778
Grants	17,428
Tuition and Fees	<u>53,293</u>
Total	305,499
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(8,455)
The net pension liability and net OPEB asset/liability are not due and payable in the current period; therefore, the asset/liabilities and related inflows/outflows are not reported in governmental funds:	
Net OPEB Asset	380,046
Deferred Outflows - Pension	1,170,710
Deferred Outflows - OPEB	252,865
Net Pension Liability	(5,374,100)
Net OPEB Liability	(356,604)
Deferred Inflows - Pension	(414,661)
Deferred Inflows - OPEB	<u>(652,530)</u>
Total	(4,994,274)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Deferred Charge on Refunding	188,609
General Obligation Bonds	(4,741,000)
Compensated Absences	(195,802)
Special Termination Benefits	<u>(31,136)</u>
Total	<u>(4,779,329)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$10,283,137</u></u>

See accompanying notes to the basic financial statements

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

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$1,852,097	\$450,962	\$92,413	\$2,395,472
Intergovernmental	4,329,349	69,894	891,160	5,290,403
Investment Earnings/Interest	342,413	0	24,271	366,684
Tuition and Fees	211,303	0	0	211,303
Extracurricular Activities	23,193	0	66,158	89,351
Contributions and Donations	2,469	0	4,472	6,941
Charges for Services	0	0	48,925	48,925
Miscellaneous	19,710	0	20,102	39,812
<i>Total Revenues</i>	<i>6,780,534</i>	<i>520,856</i>	<i>1,147,501</i>	<i>8,448,891</i>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	2,546,449	0	160,325	2,706,774
Special	744,128	0	248,250	992,378
Vocational	10,763	0	0	10,763
Support Services:				
Pupil	349,081	0	6,637	355,718
Instructional Staff	35,557	0	40,717	76,274
Board of Education	76,087	0	0	76,087
Administration	553,025	0	0	553,025
Fiscal	243,701	9,700	2,614	256,015
Business	44	0	0	44
Operation and Maintenance of Plant	389,516	0	319,223	708,739
Pupil Transportation	314,097	0	110,990	425,087
Central	76,488	0	0	76,488
Operation of Non-Instructional Services	231	0	4,514	4,745
Food Services Operations	0	0	238,386	238,386
Extracurricular Activities	164,739	0	126,291	291,030
Capital Outlay	0	0	142,148	142,148
Debt Service:				
Principal Retirement	0	112,000	0	112,000
Interest	0	102,495	0	102,495
Capital Appreciation Bond Accretion	0	245,000	0	245,000
<i>Total Expenditures</i>	<i>5,503,906</i>	<i>469,195</i>	<i>1,400,095</i>	<i>7,373,196</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>1,276,628</i>	<i>51,661</i>	<i>(252,594)</i>	<i>1,075,695</i>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	26,600	0	0	26,600
Transfers In	0	0	450,300	450,300
Transfers Out	(450,300)	0	0	(450,300)
<i>Total Other Financing Sources (Uses)</i>	<i>(423,700)</i>	<i>0</i>	<i>450,300</i>	<i>26,600</i>
<i>Net Change in Fund Balances</i>	<i>852,928</i>	<i>51,661</i>	<i>197,706</i>	<i>1,102,295</i>
<i>Fund Balances Beginning of Year</i>	<i>4,401,333</i>	<i>475,476</i>	<i>801,874</i>	<i>5,678,683</i>
<i>Fund Balances End of Year</i>	<i><u>\$5,254,261</u></i>	<i><u>\$527,137</u></i>	<i><u>\$999,580</u></i>	<i><u>\$6,780,978</u></i>

See accompanying notes to the basic financial statements

**Southington 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*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$1,102,295
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
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 outlay in the current period:	
Capital Outlay Additions	392,163
Current Year Depreciation	<u>(866,679)</u>
Total	(474,516)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Delinquent Property Taxes	(3,691)
Grants	(14,892)
Tuition and Fees	<u>11,578</u>
Total	(7,005)
Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:	
Principal Retirement	112,000
Capital Appreciation Bond Accretion	<u>245,000</u>
Total	357,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as an expenditure in governmental funds:	
Accrued Interest on Bonds	173
Amortization of Accretion	(41,376)
Amortization of Bond Premium	43,368
Amortization of Deferred Charge on Refunding	<u>(53,172)</u>
Total	(51,007)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:	
Pension	458,828
OPEB	<u>12,563</u>
Total	471,391
Except for the amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset/liabilities are reported as pension/OPEB expense in the statement of activities:	
Pension	(462,306)
OPEB	<u>39,684</u>
Total	(422,622)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Compensated Absences	2,069
Special Termination Benefits	<u>27,696</u>
Total	<u>29,765</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$1,005,301</u></u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$1,701,675	\$1,869,108	\$1,869,108	\$0
Intergovernmental	3,938,421	4,325,933	4,325,933	0
Interest	285,591	313,691	342,413	28,722
Tuition and Fees	188,464	207,007	207,007	0
Miscellaneous	16,583	18,215	18,215	0
<i>Total Revenues</i>	<i>6,130,734</i>	<i>6,733,954</i>	<i>6,762,676</i>	<i>28,722</i>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	2,703,451	2,741,709	2,652,868	88,841
Special	770,258	788,260	770,498	17,762
Vocational	12,430	12,000	10,723	1,277
Support Services:				
Pupil	313,627	352,232	342,686	9,546
Instructional Staff	66,724	48,100	40,485	7,615
Board of Education	59,911	109,102	96,629	12,473
Administration	518,344	595,409	571,496	23,913
Fiscal	195,605	253,372	235,976	17,396
Business	26,684	19,090	44	19,046
Operation and Maintenance of Plant	653,941	654,906	425,415	229,491
Pupil Transportation	398,154	394,841	336,115	58,726
Central	71,044	84,901	78,296	6,605
Operation of Non-Instructional Services	2,079	2,203	560	1,643
Extracurricular Activities	155,347	149,129	141,264	7,865
<i>Total Expenditures</i>	<i>5,947,599</i>	<i>6,205,254</i>	<i>5,703,055</i>	<i>502,199</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>183,135</i>	<i>528,700</i>	<i>1,059,621</i>	<i>530,921</i>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	26,600	26,600	26,600	0
Advances In	120,000	120,000	120,000	0
Advances Out	(80,000)	(55,000)	(52,892)	2,108
Transfers Out	(235,000)	(459,864)	(456,250)	3,614
<i>Total Other Financing Sources (Uses)</i>	<i>(168,400)</i>	<i>(368,264)</i>	<i>(362,542)</i>	<i>5,722</i>
<i>Net Change in Fund Balance</i>	<i>14,735</i>	<i>160,436</i>	<i>697,079</i>	<i>536,643</i>
<i>Fund Balance Beginning of Year</i>	<i>4,585,394</i>	<i>4,585,394</i>	<i>4,585,394</i>	<i>0</i>
Prior Year Encumbrances Appropriated	196,066	196,066	196,066	0
<i>Fund Balance End of Year</i>	<i>\$4,796,195</i>	<i>\$4,941,896</i>	<i>\$5,478,539</i>	<i>\$536,643</i>

See accompanying notes to the basic financial statements

**Southington Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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### **Note 1 - Description of the School District and Reporting Entity**

Southington 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 mandated by State and federal agencies. The Board of Education controls the School District's one instructional/support facility staffed by 24 classified employees, 38 certified employees and 3 administrative employees who provide services to 424 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 that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

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; (2) the School District is entitled to or can otherwise access the organization's resources; or (3) 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 benefits to, or impose specific financial burdens on, the primary government. The School District has no component units.

The School District participates in three jointly governed organizations, one insurance purchasing pool and one risk sharing pool. These organizations are the North East Ohio Management Information Network, Trumbull Career and Technical Center, State Support Team Region 5, the Ohio School Boards Association Workers' Compensation Group Rating Program and the Schools of Ohio Risk Sharing Authority. These organizations are presented in Notes 16 and 17 to the basic financial statements.

### **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.

**Southington Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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***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. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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 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. Nonmajor 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. All of the School District's funds are classified as governmental.

***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 are the School District's major governmental funds:

**Southington Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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

**Bond Retirement Fund** The bond retirement fund accounts for and reports property tax revenues that are restricted for the payment of principal and interest on general obligation debt.

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

**Measurement Focus**

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

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

**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, the recording of deferred inflows/outflows 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.

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

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

**Deferred Outflows/Inflows of Resources** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding debt, 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 plans 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 assets 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, grants and tuition and fees. 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 Balances to Net Position of Governmental Activities fund on page 17. 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.

**Southington Local School District**  
*Notes to the Basic Financial Statements*  
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***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" on the financial statements.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Investment earnings/interest revenue credited to the general fund during fiscal year 2024 amounted to \$342,413, of which \$58,520 was assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments or imposed by law through constitutional provision. Restricted assets in the general fund include unspent resources set-aside for unclaimed monies.

***Interfund Balances***

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

***Capital Assets***

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (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.

**Southington Local School District**  
*Notes to the Basic Financial Statements*  
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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	Governmental Activities Estimated Lives
Land Improvements	10 - 25 years
Buildings and Improvements	10 - 50 years
Furniture, Fixtures, and Equipment	10 - 20 years
Vehicles	8 years

***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. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made based on the sick leave accumulated at year-end by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. All employees with ten or more years of service were included in the calculation of the compensated absences accrual amount.

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due to each period upon the occurrence of employee resignations and retirements. These amounts are reported as "Matured Compensated Absences Payable" in the fund from which the employee has accumulated leave is paid.

***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 fund financial statements when due. Net pension/OPEB asset/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. Bonds are recognized as a liability on the governmental fund financial statements when due.

**Southington Local School District**  
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***Pensions/Other Postemployment Benefits (OPEB)***

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

***Internal Activity***

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not 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.

***Unearned Revenue***

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. The School District recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position for OPEB plans represents the corresponding restricted asset amounts held in trust by the OPEB plans for future benefits. Net position restricted for other purposes include resources restricted for food service operations, instruction, support services and extracurricular activities.

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

***Fund Balance***

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

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

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

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated that authority by resolution by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated. The Board of Education has assigned fund balance for instruction and extracurricular activities.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

#### ***Deferred Charge on Refunding***

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

**Southington Local School District**  
*Notes to the Basic Financial Statements*  
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***Bond Premiums***

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bonds premiums are received in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

***Estimates***

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

***Budgetary Data***

All 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. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer is authorized to further allocate appropriations at the function and object levels.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that were in effect at the time the original and final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original 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 – Fund Balances**

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

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Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>				
Unclaimed Monies	\$780	\$0	\$0	\$780
Prepaid Items	6,827	0	0	6,827
<i>Total Nonspendable</i>	<u>7,607</u>	<u>0</u>	<u>0</u>	<u>7,607</u>
<b><i>Restricted for</i></b>				
Food Service Operations	0	0	446,894	446,894
Scholarships and Awards	0	0	61,310	61,310
Local Grants	0	0	2,327	2,327
Student Activities and Wellness	0	0	14,192	14,192
Athletics	0	0	65,393	65,393
Classroom Facilities Maintenance	0	0	59,438	59,438
Alumni	0	0	29,921	29,921
Debt Service Payments	0	527,137	0	527,137
Capital Improvements	0	0	342,521	342,521
<i>Total Restricted</i>	<u>0</u>	<u>527,137</u>	<u>1,021,996</u>	<u>1,549,133</u>
<b><i>Committed to</i></b>				
ESC Services	2,372	0	0	2,372
Student Services	4,248	0	0	4,248
Legal Services	2,796	0	0	2,796
Severance	5,102	0	0	5,102
<i>Total Committed</i>	<u>14,518</u>	<u>0</u>	<u>0</u>	<u>14,518</u>
<b><i>Assigned to</i></b>				
Instruction and Extracurricular Activities	47,563	0	0	47,563
Purchases on Order	55,532	0	0	55,532
<i>Total Assigned</i>	<u>103,095</u>	<u>0</u>	<u>0</u>	<u>103,095</u>
<b><i>Unassigned (Deficit)</i></b>	<b><i>5,129,041</i></b>	<b><i>0</i></b>	<b><i>(22,416)</i></b>	<b><i>5,106,625</i></b>
<i>Total Fund Balances</i>	<u><b>\$5,254,261</b></u>	<u><b>\$527,137</b></u>	<u><b>\$999,580</b></u>	<u><b>\$6,780,978</b></u>

**Note 4 - 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 Balance - Budget (Non-GAAP Basis) and Actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

**Southington Local School District**  
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3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).
4. Advances-In and Advances-Out are operating transaction (budget) as opposed to balance sheet transactions (GAAP).
5. Budgetary revenues and expenditures of the uniform school supply fund, class trips and public school support fund are classified to the general fund for GAAP reporting.

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

Net Change in Fund Balance		<u>General</u>
GAAP Basis		\$852,928
Net Adjustment for Revenue Accruals	19,230	
Advances In	120,000	
Net Adjustment for Expenditure Accruals	(156,173)	
Advances Out	(52,892)	
Perspective Difference:		
Uniform School Supply	(244)	
Class Trips	(729)	
Public School Support	(8,475)	
Encumbrances	<u>(76,566)</u>	
Budget Basis		<u><u>\$697,079</u></u>

### **Note 5 – Accountability**

At June 30, 2024, the following funds had deficit fund balances:

	<u>Amount</u>
<b><i>Other Governmental Funds:</i></b>	
Elementary and Secondary School Emergency Relief	\$5,657
Title VI-B	6,596
Title I	4,718
Title II-A	200
Miscellaneous Federal Grants	5,245

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.

**Southington Local School District**  
*Notes to the Basic Financial Statements*  
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## **Note 6 - Deposits and Investments**

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

Active deposits are public deposits necessary to meet current demands on 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 institution's 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;
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 previously 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 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 (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;

**Southington Local School District**  
*Notes to the Basic Financial Statements*  
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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.

### **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 property and public utility property located in the School District. Real property tax revenues 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 are established by State law at thirty-five percent of appraised market value. Real property are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Trumbull 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.

**Southington Local School District**  
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Accrued property taxes receivable includes real property and public utility property taxes which are 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 were levied to finance current fiscal year operations are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2024, was \$5,542 in the general fund, \$276 in the classroom facilities special revenue fund and \$1,378 in the bond retirement debt service fund. The amount available as an advance at June 30, 2023, was \$22,553 in the general fund, \$1,253 in the classroom facilities special revenue fund and \$6,538 in the bond retirement debt service fund.

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
Residential/Agricultural and Other Real Estate	\$74,411,540	95.42 %	\$95,543,820	96.33 %
Public Utility Personal	3,568,320	4.58	3,641,360	3.67
<b>Total</b>	<b>\$77,979,860</b>	<b>100.00 %</b>	<b>\$99,185,180</b>	<b>100.00 %</b>
Tax rate per \$1,000 of assessed valuation	\$49.00		\$46.35	

The total gross tax rate decreased to generate the correct collection amounts for the bond and emergency levies.

### **Note 8 - Receivables**

Receivables at June 30, 2024, consisted of taxes, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of Federal funds. All receivables, except delinquent taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A summary of principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Foundation Adjustment	\$49,574
ESSER Grant	24,546
Title VI-B Grant	22,938
Title I Grant	18,835
CAT Cost Reimbursements	3,084
Medicaid Reimbursements	1,737
Title IV-A Grant	1,477
Title II-A Grant	200
<b>Total</b>	<b>\$122,391</b>

**Southington Local School District**  
*Notes to the Basic Financial Statements*  
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**Note 9 – Capital Assets**

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

	Balance			Balance
	June 30, 2023	Additions	Deletions	June 30, 2024
<b>Governmental Activities</b>				
<i>Nondepreciable Capital Assets</i>				
Land	\$224,230	\$0	\$0	\$224,230
Construction in Progress	0	91,445	0	91,445
<i>Total Nondepreciable Capital Assets</i>	<u>224,230</u>	<u>91,445</u>	<u>0</u>	<u>315,675</u>
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Land Improvements	3,238,018	83,178	0	3,321,196
Buildings and Improvements	17,150,780	39,930	0	17,190,710
Furniture, Fixtures and Equipment	2,768,970	74,079	0	2,843,049
Vehicles	658,924	103,531	(157,316)	605,139
<i>Total Depreciable Capital Assets</i>	<u>23,816,692</u>	<u>300,718</u>	<u>(157,316)</u>	<u>23,960,094</u>
<i>Less: Accumulated Depreciation</i>				
Land Improvements	(1,766,861)	(162,972)	0	(1,929,833)
Buildings and Improvements	(6,360,448)	(546,102)	0	(6,906,550)
Furniture, Fixtures and Equipment	(1,912,612)	(124,193)	0	(2,036,805)
Vehicles	(547,767)	(33,412)	157,316	(423,863)
<i>Total Accumulated Depreciation</i>	<u>(10,587,688)</u>	<u>(866,679)</u> *	<u>157,316</u>	<u>(11,297,051)</u>
<i>Total Depreciable Capital Assets, Net</i>	<u>13,229,004</u>	<u>(565,961)</u>	<u>0</u>	<u>12,663,043</u>
<i>Governmental Activities Capital Assets, Net</i>	<u><u>\$13,453,234</u></u>	<u><u>(\$474,516)</u></u>	<u><u>\$0</u></u>	<u><u>\$12,978,718</u></u>

\* Depreciation expense was charged to governmental activities as follows:

	<u>Depreciation</u>
Instruction	\$797,302
Regular	106
Support Services	230
Pupils	24,260
Administration	30,071
Operation and Maintenance of Plant	108
Pupil Transportation	8,217
Central	6,385
Food Service Operations	108
Extracurricular Activities	108
<i>Total Depreciation Expense</i>	<u><u>\$866,679</u></u>

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## **Note 10 – 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, 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.

### ***School Foundation***

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. DEW has finalized the impact of enrollment adjustments to the June 30, 2024 foundation funding for the School District.

### ***Litigation***

The School District is not a party to any material legal proceedings.

## **Note 11 – Long-Term Obligations**

Original issue amounts and interest rates of the School District's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Fiscal Year of Maturity
2015 Classroom Facilities Refunding Bonds: Capital Appreciation Bonds	Various	\$85,000	2024
2021 Classroom Facilities Refunding Bonds: Serial Bonds	2.14%	4,935,000	2036

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The changes in the School District's long-term obligations during fiscal year 2024 were as follows:

	Balance	Additions	Deductions	Balance	Amounts Due in One Year		
	6/30/23			6/30/24			
<b>Governmental Activities</b>							
<i>General Obligation Bonds:</i>							
2015 Classroom Facilities Refunding Bonds							
Capital Appreciation Bonds	\$15,000	\$0	\$15,000	\$0	\$0		
Accretion	203,624	41,376	245,000	0	0		
Premium on Bonds	43,368	0	43,368	0	0		
Total 2015 Classroom Facilities Bonds	261,992	41,376	303,368	0	0		
2021 Classroom Facilities Refunding Bonds							
Serial Bonds	4,838,000	0	97,000	4,741,000	367,000		
<i>Total General Obligation Bonds</i>	<u>5,099,992</u>	<u>41,376</u>	<u>400,368</u>	<u>4,741,000</u>	<u>367,000</u>		
<i>Other Long-Term Obligations:</i>							
Net Pension Liability:							
STRS	4,359,947	0	151,802	4,208,145	0		
SERS	1,005,037	160,918	0	1,165,955	0		
Total Net Pension Liability	5,364,984	160,918	151,802	5,374,100	0		
Net OPEB Liability:							
SERS	266,554	90,050	0	356,604	0		
Compensated Absences	197,871	5,675	7,744	195,802	14,752		
Special Termination Benefits	58,832	0	27,696	31,136	9,306		
<i>Total Other Long-Term Obligations</i>	<u>5,888,241</u>	<u>256,643</u>	<u>187,242</u>	<u>5,957,642</u>	<u>24,058</u>		
<i>Total Long-Term Liabilities</i>	<u><u>\$10,988,233</u></u>	<u><u>\$298,019</u></u>	<u><u>\$587,610</u></u>	<u><u>\$10,698,642</u></u>	<u><u>\$391,058</u></u>		

Compensated absences will be paid from the general fund and the food service and Ohio schools facility maintenance special revenue funds. The special termination benefits will be paid from the general fund. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension contributions are made from the following funds: general fund and the food service, Ohio schools facility maintenance and the title I special revenue funds. For additional information related to the net pension and net OPEB liabilities see Notes 12 and 13.

On September 9, 2015, the School District issued \$5,965,000 in general obligation bonds to refund a portion of the 2008 general obligation classroom facilities bonds. The general obligation bonds included serial and capital appreciation (deep discount) bonds in the amounts \$5,880,000 and \$85,000, respectively. The bonds were originally issued for a twenty year period with a final maturity at December 1, 2035. During fiscal year 2021, \$4,935,000 of the serial bonds were refunded to take advantage of lower interest rates. The capital appreciation bonds were originally sold at a discount of \$860,000, which was accreted annually until the point of maturity of the capital appreciation bonds, which was during fiscal year 2024. The accretion recorded for fiscal year 2024 was \$41,376. As of June 30, 2024, these bonds have been fully paid off.

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On January 13, 2021, the School District issued \$4,935,000 in general obligation serial bonds to refund a portion of the 2015 general obligation refunding bonds. The serial bonds were issued at an interest rate of 2.14 percent. The bonds were issued for a 25 year period with final maturity on December 1, 2035. The bonds will be retired through the bond retirement debt service fund.

Net proceeds of \$5,180,755 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, \$4,935,000 of these bonds is considered defeased and the liability for the refunded bonds has been removed from the School District's financial statements. As of June 30, 2024, \$4,775,000 of the defeased bonds are still outstanding.

The overall debt margin of the School District as of June 30, 2024 was \$4,712,803 with an unvoted debt margin of \$99,185. Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2024 are as follows:

	Serial Bonds	
	Principal	Interest
2025	\$367,000	\$97,530
2026	375,000	89,591
2027	386,000	81,448
2028	399,000	73,049
2029	406,000	64,436
2030-2034	2,002,000	191,166
2035-2036	<u>806,000</u>	<u>17,378</u>
Total	<u><u>\$4,741,000</u></u>	<u><u>\$614,598</u></u>

## **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***

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

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

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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/OPEB 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 proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

***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](http://www.ohsers.org) under Employers/Audit Resources.

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.

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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 2023.

**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 \$113,095 for fiscal year 2024. Of this amount, \$18,609 is reported as an intergovernmental payable.

***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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. 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.

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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.

The School District's contractually required contribution to STRS was \$345,733 for fiscal year 2024. Of this amount \$47,382 is reported as an intergovernmental payable.

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

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

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	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02110130%	0.01954102%	
Prior Measurement Date	0.01858160%	0.01961278%	
Change in Proportionate Share	<u>0.00251970%</u>	<u>-0.00007176%</u>	
Proportionate Share of the Net Pension Liability	\$1,165,955	\$4,208,145	\$5,374,100
Pension Expense	\$114,242	\$348,064	\$462,306

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

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$50,115	\$153,420	\$203,535
Changes of assumptions	8,259	346,563	354,822
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	99,194	54,331	153,525
School District contributions subsequent to the measurement date	<u>113,095</u>	<u>345,733</u>	<u>458,828</u>
Total Deferred Outflows of Resources	<u><u>\$270,663</u></u>	<u><u>\$900,047</u></u>	<u><u>\$1,170,710</u></u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$9,338	\$9,338
Changes of assumptions	0	260,863	260,863
Net difference between projected and actual earnings on pension plan investments	16,389	12,612	29,001
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>31,800</u>	<u>83,659</u>	<u>115,459</u>
Total Deferred Inflows of Resources	<u><u>\$48,189</u></u>	<u><u>\$366,472</u></u>	<u><u>\$414,661</u></u>

\$458,828 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 fiscal 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$14,208	(\$42,870)	(\$28,662)
2026	(7,039)	(149,760)	(156,799)
2027	101,343	410,513	511,856
2028	<u>867</u>	<u>(30,041)</u>	<u>(29,174)</u>
Total	<u><u>\$109,379</u></u>	<u><u>\$187,842</u></u>	<u><u>\$297,221</u></u>

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***Actuarial Assumptions – SERS***

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

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

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

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

June 30, 2023	
Inflation	2.4 percent
Future Salary Increases, including inflation	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
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

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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. 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	<u>5.00</u>	5.64
Total	<u>100.00 %</u>	

**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	\$1,720,891	\$1,165,955	\$698,528

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***Actuarial Assumptions – STRS***

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

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

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

Actuarial assumptions used in the June 30, 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' 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

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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.

***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	\$6,471,198	\$4,208,145	\$2,294,224

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

### **Note 13 – Defined Benefit OPEB Plans**

See Note 14 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](http://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.

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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 \$12,563.

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 School District's contractually required contribution to SERS was \$12,563 for fiscal year 2024, which is reported as an intergovernmental payable.

***State Teachers Retirement System (STRS)***

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

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

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

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	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.02164590%	0.01954102%	
Prior Measurement Date	0.01898530%	0.01961278%	
Change in Proportionate Share	<u>0.00266060%</u>	<u>-0.00007176%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$356,604	\$0	\$356,604
Net OPEB (Asset)	\$0	(\$380,046)	(\$380,046)
OPEB Expense	(\$25,802)	(\$13,882)	(\$39,684)

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

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$743	\$593	\$1,336
Changes of assumptions	120,579	55,986	176,565
Net difference between projected and actual earnings on OPEB plan investments	2,764	679	3,443
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	58,356	602	58,958
School District contributions subsequent to the measurement date	12,563	0	12,563
Total Deferred Outflows of Resources	<u><u>\$195,005</u></u>	<u><u>\$57,860</u></u>	<u><u>\$252,865</u></u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$183,915	\$57,967	\$241,882
Changes of assumptions	101,280	250,749	352,029
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	54,884	3,735	58,619
Total Deferred Inflows of Resources	<u><u>\$340,079</u></u>	<u><u>\$312,451</u></u>	<u><u>\$652,530</u></u>

\$12,563 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase in the net OPEB asset in the fiscal 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	(\$59,799)	(\$114,538)	(\$174,337)
2026	(51,486)	(51,146)	(102,632)
2027	(30,307)	(19,545)	(49,852)
2028	(18,994)	(26,549)	(45,543)
2029	(12,485)	(24,275)	(36,760)
Thereafter	<u>15,434</u>	<u>(18,538)</u>	<u>(3,104)</u>
Total	<u><u>(\$157,637)</u></u>	<u><u>(\$254,591)</u></u>	<u><u>(\$412,228)</u></u>

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***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, are presented as follows:

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

**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 prior to June 30, 2023, 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, 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.

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	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
School District's proportionate share of the net OPEB liability	\$455,842	\$356,604	\$278,351
	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	\$261,985	\$356,604	\$481,988

***Actuarial Assumptions – STRS***

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to the prior year are presented as follows:

	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.

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.

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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.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

**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.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	(\$321,659)	(\$380,046)	(\$430,895)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$433,254)	(\$380,046)	(\$315,957)

## **Note 14 - Other Employee Benefits**

### ***Compensated Absences***

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

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for certified employees and classified employees is 324 days.

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For all employees, retirement severance is paid to each employee retiring from the School District at a per diem rate of the annual salary at the time of retirement if the employee has been employed by the School District for a minimum of ten consecutive years and has ten years of service with the State retirement system at the time of retirement. Certified and classified employees receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to 81 days.

***Life Insurance Benefits***

The School District provides life insurance and accidental death and dismemberment insurance to most employees through ReliaStar Insurance Company, in the amount of \$50,000 for all regular contracted certified employees and \$30,000 for all regular contracted classified employees.

***Health Insurance Benefits***

The School District provides employee medical and surgical plans through Aetna. Employees may choose between three comprehensive major medical plans for medical/surgical insurance. These plans provide medical/surgical coverage with deductibles ranging from \$100 to \$2,000 for single coverage and \$200 to \$4,000 for family coverage with a maximum of \$1,100 per individual and \$2,200 per family. Prescription drug is provided through Medical Mutual of Ohio and dental is provided through Delta Dental. Vision is provided through Medical Mutual.

***Retirement Incentive***

The School District's Board of Education offered employees participation in a Retirement Incentive program. Participation was open to teachers who were eligible for service retirement under the State Teachers Retirement System (STRS) pursuant to O.R.C. 3307.38 and any applicable STRS regulations along with being at least 60 years of age. The Board of Education will pay an annual supplement to the retiree for single group rate coverage provided through STRS to be applied to the retiree's premium share until their 65<sup>th</sup> birthday. For fiscal year 2024, the retirement incentive remaining balance is \$31,136. The retirement incentive will be paid out over a five year period.

**Note 15 - Risk Management**

***Property and Liability***

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. During fiscal year 2024, the School District has addressed these various types of risk by purchasing a comprehensive insurance policy through Schools of Ohio Risk Sharing Authority (Note 17).

Professional liability is maintained in the amount of \$15,000,000 for single occurrence and \$17,000,000 in the aggregate.

The School District maintains fleet insurance in the amount of \$15,000,000 for any one accident or loss. The School District maintains replacement cost insurance on buildings and contents in the amount of \$34,510,808.

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

***Workers' Compensation***

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 17). 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. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP. The Board exercises total control over the operations of the GRP including budgeting, appropriating, contracting and designating management.

**Note 16 - Jointly Governed Organizations**

***North East Ohio Management Information Network (NEOMIN)*** NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. Southington Local School District paid \$32,814 to NEOMIN during fiscal year 2024.

The Governing Board consists of ten members: The Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating school districts, three superintendents from Trumbull County participating school districts, and a principal and treasurer (non-voting members who must be employed by a participating school district, the fiscal agent or NEOMIN). The Southington Local School District was not represented on the Governing Board during fiscal year 2024. The degree of control exercised by any participating school district is limited to its representation on the Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446-4603.

***Trumbull Career and Technical Center (Center)*** The Trumbull Career and Technical Center is a distinct political subdivision of the State of Ohio providing vocational needs of the students. The Center is operated under the direction of a Board consisting of one representative from each of the fifteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. Southington Local School District did not make any contributions to the Center during fiscal year 2024. To obtain financial information write to the Trumbull Career and Technical Center, Cody Holecko, who serves as Treasurer, at 528 Educational Highway, Warren, Ohio 44483.

***State Support Team Region 5*** The State Support Team Region 5 is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

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The State Support Team Region 5 is governed by a governing board of 39 members made up of representatives from 35 superintendents of the participating districts, one non-public school, one county board of mental retardation and two parents whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Southington Local School District did not make any contributions to the State Support Team Region 5 during fiscal year 2024. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Suite 105, Youngstown, Ohio 44512.

## **Note 17 – Public Entity Risk Sharing Pools**

### ***Insurance Purchasing Pool***

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 Post 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 program.

### ***Risk Sharing Pool***

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing insurance pool. The pool consists of 106 school districts, joint vocational schools, and educational service centers throughout Ohio who pool risk for property, crime, liability, boiler and machinery, and public official liability coverage. SORSA is governed by a board of trustees elected by members. The School District pays an annual premium to SORSA for this coverage. Reinsurance is purchased to cover claims exceeding this amount and for all claims related to equipment breakdown coverage.

## **Note 18 – Interfund Transfers and Balances**

### ***Interfund Balances***

Interfund balances at June 30, 2024, consist of the following individual fund receivables and payables:

<u>Interfund Receivable</u>	
Interfund Payable	General Fund
<b>Other Governmental Funds:</b>	
Athletics and Music	\$300
ESSER	25,415
Title VI-B	10,000
Title I	10,000
Title IV-A	1,477
Title II-A	1,000
Miscellaneous Federal Grants	<u>5,000</u>
<i>Total</i>	<u><u>\$53,192</u></u>

The interfund receivable and payable between the general fund and the other governmental funds is due to the timing of the grant receipts. All advances are expected to be repaid within one year.

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***Interfund Transfers***

Interfund transfers made during fiscal year 2024 consisted of transfers from the general fund to the other governmental funds in the amount of \$450,300. The transfers from the general fund were made for capital improvements and to provide funding for various school programs

**Note 19 – Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$76,566
Other Governmental Funds	<u>267,537</u>
Total	<u><u>\$344,103</u></u>

**Note 20 - Set Aside Calculation**

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

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 State statute.

	<u>Capital Improvements</u>
Set-Aside Balance as of June 30, 2023	\$0
Current Year Set-aside Requirement	87,472
Qualifying Disbursements	(17,583)
Offsets	<u>(849,495)</u>
Total	<u><u>(\$779,606)</u></u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>
Set-aside Balance as of June 30, 2024	<u><u>\$0</u></u>

Although the School District had qualifying offsets and disbursements during the fiscal year that reduced the capital acquisition set-aside amounts below zero, these amounts may not be used to reduce the set-aside requirements of future years. This balance is therefore not presented as being carried forward to future fiscal years.

**Southington Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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### **Note 21 – Change in Accounting Principle**

For fiscal year 2024, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections, and related guidance from GASB Implementation Guide No. 2023-1, Implementation Guidance Update — 2023. The School District also implemented Question 5.1 from GASB Implementation Guide No. 2021-1, Implementation Guidance Update — 2021.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The School District reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of GASB Statement No. 100 and GASB Implementation Guides 2021-1 and 2023-1 did not have any effect on the beginning net position/fund balance.

In an effort to promote comparability with other governments, the School District updated its calculation of net position restricted for pension and OPEB plans for fiscal year 2024. This change had no impact on beginning net position, but rather reclassified the amounts presented as net position restricted for OPEB plans and unrestricted net position.

### **Note 22 – 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 of 2021, while the national state of emergency ended in April of 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.

**Southington Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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## Required Supplementary Information

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**Southington 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 Fiscal Years*

	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.02110130%	0.01858160%	0.02002260%	0.02025880%
School District's Proportionate Share of the Net Pension Liability	\$1,165,955	\$1,005,037	\$738,775	\$1,339,959
School District's Covered Payroll	\$842,743	\$579,743	\$803,729	\$699,657
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	138.35%	173.36%	91.92%	191.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%

\*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
0.02006580%	0.02164310%	0.02012540%	0.02058610%	0.02090300%	0.02178700%
\$1,200,572	\$1,239,539	\$1,202,448	\$1,506,713	\$1,192,741	\$1,102,628
\$696,689	\$718,778	\$678,271	\$641,543	\$632,253	\$636,153
172.33%	172.45%	177.28%	234.86%	188.65%	173.33%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

**Southington 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 Fiscal Years*

	2024	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.02164590%	0.01898530%	0.02060500%	0.02098220%
School District's Proportionate Share of the Net OPEB Liability	\$356,604	\$266,554	\$389,967	\$456,013
School District's Covered Payroll	\$842,743	\$579,743	\$803,729	\$699,657
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	42.31%	45.98%	48.52%	65.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%

(1) Information prior to 2017 is not available.

\*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.02046600%	0.02192110%	0.02037180%	0.02082630%
\$514,676	\$608,150	\$546,727	\$593,627
\$696,689	\$718,778	\$678,271	\$641,543
73.87%	84.61%	80.61%	92.53%
15.57%	13.57%	12.46%	11.49%

**Southington 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 Fiscal Years*

	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.01954102%	0.01961278%	0.01905084%	0.01955624%
School District's Proportionate Share of the Net Pension Liability	\$4,208,145	\$4,359,947	\$2,435,819	\$4,731,915
School District's Covered Payroll	\$2,602,564	\$2,647,486	\$2,281,293	\$2,360,271
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	161.69%	164.68%	106.77%	200.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%	75.50%

\*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
0.01944212%	0.01935246%	0.01988876%	0.01871906%	0.02033617%	0.02024431%
\$4,299,509	\$4,255,171	\$4,724,617	\$6,265,834	\$5,620,321	\$4,924,117
\$2,291,671	\$2,205,921	\$2,207,107	\$1,974,221	\$2,103,243	\$2,086,185
187.61%	192.90%	214.06%	317.38%	267.22%	236.03%
77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

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

	2024	2023	2022	2021
School District's Proportion of the Net OPEB Asset/Liability	0.01954102%	0.01961278%	0.01905084%	0.01955624%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$380,046)	(\$507,841)	(\$401,670)	(\$343,700)
School District's Covered Payroll	\$2,602,564	\$2,647,486	\$2,281,293	\$2,360,271
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-14.60%	-19.18%	-17.61%	-14.56%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	230.70%	174.70%	182.10%

(1) Information prior to 2017 is not available.

\*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.01944212%	0.01935246%	0.01988876%	0.01871906%
(\$322,008)	(\$310,974)	\$775,987	\$1,001,100
\$2,291,671	\$2,205,921	\$2,207,107	\$1,974,221
-14.05%	-14.10%	35.16%	50.71%
174.70%	176.00%	47.10%	37.30%

**Southington Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years*

	2024	2023	2022	2021
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$113,095	\$117,984	\$81,164	\$112,522
Contributions in Relation to the Contractually Required Contribution	<u>(113,095)</u>	<u>(117,984)</u>	<u>(81,164)</u>	<u>(112,522)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$807,821	\$842,743	\$579,743	\$803,729
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	12,563	15,460	12,324	13,048
Contributions in Relation to the Contractually Required Contribution	<u>(12,563)</u>	<u>(15,460)</u>	<u>(12,324)</u>	<u>(13,048)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.56%</u>	<u>1.83%</u>	<u>2.13%</u>	<u>1.62%</u>
Total Contributions as a Percentage of Covered Payroll (1)	<u>15.56%</u>	<u>15.83%</u>	<u>16.13%</u>	<u>15.62%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
\$97,952	\$94,053	\$97,035	\$94,958	\$89,816	\$83,331
(97,952)	(94,053)	(97,035)	(94,958)	(89,816)	(83,331)
\$0	\$0	\$0	\$0	\$0	\$0
\$699,657	\$696,689	\$718,778	\$678,271	\$641,543	\$632,253
14.00%	13.50%	13.50%	14.00%	14.00%	13.18%
13,289	15,518	15,278	10,868	10,386	16,359
(13,289)	(15,518)	(15,278)	(10,868)	(10,386)	(16,359)
\$0	\$0	\$0	\$0	\$0	\$0
1.90%	2.23%	2.13%	1.60%	1.62%	2.59%
15.90%	15.73%	15.63%	15.60%	15.62%	15.77%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$345,733	\$364,359	\$370,648	\$319,381
Contributions in Relation to the Contractually Required Contribution	<u>(345,733)</u>	<u>(364,359)</u>	<u>(370,648)</u>	<u>(319,381)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered Payroll	\$2,469,521	\$2,602,564	\$2,647,486	\$2,281,293
Pension Contributions as a Percentage of Covered Payroll	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>
<b>Net OPEB Liability (Asset) (1)</b>				

(1) Although the covered payroll for the net OPEB liability is the same as the net pension liability, there were no OPEB related required contributions for 2015-2024. STRS did not allocate any employer contributions to postemployment health care; therefore, there is no required supplementary information to present related to statutorily established employer contribution requirements for the net OPEB liability.

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
\$330,438	\$320,834	\$308,829	\$308,995	\$276,391	\$294,454
(330,438)	(320,834)	(308,829)	(308,995)	(276,391)	(294,454)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,360,271	\$2,291,671	\$2,205,921	\$2,207,107	\$1,974,221	\$2,103,243
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

## **Southington Local School District, Ohio**

### *Notes to Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2024*

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### **Net Pension Liability**

#### **Changes in Benefit Terms/Assumptions – SERS**

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used. For 2021, the cost-of-living adjustment was reduced from 2.5 percent to 2 percent. For 2023 and 2024, the cost-of-living adjustment was increased from 2 percent to 2.5 percent.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2017</u>	<u>Fiscal Year 2016 and Prior</u>
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates 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.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

#### **Changes in Assumptions - STRS**

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:

## **Southington Local School District, Ohio**

### *Notes to Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2024*

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	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustment (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013 2 percent per year; for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

Fiscal Years 2022 through 2024	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

Beginning with fiscal year 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.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

### **Changes in Benefit Term – STRS Pension**

For 2024, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

## **Southington Local School District, Ohio**

### *Notes to Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2024*

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For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

### **Net OPEB Liability**

#### **Changes in Assumptions – SERS**

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	<b>2022</b>	<b>2021 and Prior</b>
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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

#### Municipal Bond Index Rate:

Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

#### Single Equivalent Interest Rate, net of plan investment expense, including price inflation

Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

#### **Changes in Assumptions – STRS**

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

## **Southington Local School District, Ohio**

### *Notes to Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2024*

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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.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

### **Changes in Benefit Terms – STRS OPEB**

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

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

For fiscal year 2020, 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 percent to 1.984 percent 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 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent 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 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. 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.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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**SOUTHINGTON LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

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

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> <b>Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	61,216
School Breakfast Program (Prior year)	10.553	26,137
National School Lunch Program	10.555	125,607
National School Lunch Program (Prior year)	10.555	26,137
Total Child Nutrition Cluster		239,097
Total U.S. Department of Agriculture		<b>239,097</b>
<b>U.S. DEPARTMENT OF TREASURY</b>		
<i>Passed Through Ohio Facilities Construction Commission</i>		
Ohio K-12 School Safety Coronavirus SFRF - V	21.027	31,597
Total U.S. Department of Treasury		<b>31,597</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Special Education Cluster:		
Grants to States (IDEA, Part B)	84.027A	88,058
IDEA Early Childhood Special Education	84.173A	2,705
Total Special Education Cluster		90,763
Title I-A Improving Basic Programs	84.010A	25,393
Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	95,836
Total Title I Grants to Local Educational Agencies		121,229
Title II-A Supporting Effective Instruction	84.367A	24,883
Total Title II-A Supporting Effective Instruction		<b>24,883</b>
Title IV-A Student Support and Academic Enrichment	84.424A	18,568
Education Stabilization Fund (ESF):		
COVID-19 Elementary and Secondary School Emergency Relief (ESSER II)	84.425D	7,254
Emergency Relief	84.425U	312,513
Total Education Stabilization Fund (ESF)		319,767
Title V-B Rural and Low-Income	84.358B	5,795
Title V-B Rural and Low-Income	84.358B	32,865
Total Title V-B Rural and Low Income		38,660
Total U.S. Department of Education		<b>613,870</b>
<b>Total Expenditures of Federal Awards</b>		<b>\$884,564</b>

*The accompanying notes are an integral part of this schedule.*

**SOUTHINGTON LOCAL SCHOOL DISTRICT  
TRUMBULL 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 the Southington Local School District (the District) 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 District, it is not intended to and does not present the financial position or changes in net position of the District.

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

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

**NOTE C – INDIRECT COST RATE**

The 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 District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first. The District's Child Nutrition Cluster carried over \$207,779 from fiscal year 2023. For 2024, expenditures exceeded receipts by \$52,274. As a result, \$155,055 will be carried over into fiscal year 2025 Schedule.

**NOTE E - TRANSFERS BETWEEN PROGRAM YEARS**

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

<u>Program Title</u>	<u>AL Number</u>	<u>Amt.</u> <u>Transferred</u>
ARP ESSER	84.425U	\$ 292,548
Title IIA	84.367A	\$ 10,905
ECSE	84.173A	\$ 1,332



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

Southington Local School District  
Trumbull County  
2482 State Route 534  
Southington, Ohio 44470

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southington Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon August 5, 2025, wherein we noted a disclosure regarding the potential financial impact of COVID-19 and the ensuing emergency measures.

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

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

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

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

Southington Local School District  
Trumbull County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards  
Page 2

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

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

***Purpose of This Report***

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

KEITH FABER  
Ohio Auditor of State



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

August 5, 2025



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Southington Local School District  
Trumbull County  
2482 State Route 534  
Southington, Ohio 44470

To the Board of Education:

**Report on Compliance for The Major Federal Program**

***Opinion on The Major Federal Program***

We have audited the Southington Local School District's, Trumbull County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Southington Local School District's major federal program for the year ended June 30, 2024. Southington Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

***Basis for Opinion on The Major Federal Program***

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

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

Southington Local School District

Trumbull County

Independent Auditor's Report on Compliance with Requirements

Applicable to The Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

Page 2

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

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

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

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

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

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

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

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

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

Southington Local School District

Trumbull County

Independent Auditor's Report on Compliance with Requirements

Applicable to The Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

Page 3

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.

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

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

KEITH FABER  
Ohio Auditor of State



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

August 5, 2025

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**SOUTHBURG LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2024**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	A.L. 84.425D & 84.425U COVID-19 Elementary and Secondary School Emergency Relief (ARP)
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# OHIO AUDITOR OF STATE KEITH FABER



SOUTHINGTON LOCAL SCHOOL DISTRICT

TRUMBULL 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 8/28/2025

65 East State Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)