

**VERMILION LOCAL
SCHOOL DISTRICT
ERIE COUNTY, OHIO**

SINGLE AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2024**

Zupka & Associates
Certified Public Accountants



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Board of Education
Vermilion Local School District
1250 Sanford St, Suite A
Vermilion, OH 44089

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

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

April 07, 2025

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**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

Vermilion Local School District
Erie County
1250 Sanford Street
Vermilion, Ohio 44089

To the Members of the Board of Education:

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vermilion Local School District, Erie County, Ohio, (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 as listed in the table of contents.

In our opinion, the 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 Vermilion Local School District as of June 30, 2024, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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.

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 Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, 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 is presented for purposes of additional analysis 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, 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 December 27, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.



Zupka & Associates
Certified Public Accountants

December 27, 2024

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**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

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

Financial Highlights

Key financial highlights for 2024 are as follows:

- In total, net position of governmental activities decreased \$1,141,327 which represents an 191.32 percent decrease from 2023.
- General revenues accounted for \$24,194,718 in revenue, or 84.32 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$4,499,178, or 15.68 percent of total revenues of \$28,693,896.
- The District had \$29,835,223 in expenses related to governmental activities; \$4,499,178 of these expenses were offset by program specific charges for services, grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$24,194,718 did not cover the remaining expenses of these programs.
- The District's major governmental fund is the General Fund. The General Fund had \$25,269,084 in revenues and other financing sources and \$26,711,030 in expenditures and other financing uses. During fiscal year 2024, the General Fund's fund balance decreased \$1,441,946 from \$16,244,546 to \$14,808,564.

Using these Basic Financial Statements

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

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

**VERMILION LOCAL SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
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Reporting the District as a Whole

Statement of Net Position and Statement of Activities

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

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

In the Statement of Net Position and the Statement of Activities, the governmental activities include the District's programs and services, including instruction, support services including operation and maintenance of plant and pupil transportation, extracurricular activities, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

Reporting the District's Fiduciary Responsibilities

The District controls assets that are for the benefit of organizations or other governments that are not a part of Vermilion Local School District. These activities are reported in custodial funds. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

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**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

The District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. The table below provides a summary of the District's net position as of 2024 and 2023.

Table 1- Net Position

	Governmental Activities	
	2024	2023
ASSETS		
Current and other assets	\$ 37,175,565	\$ 39,957,563
Capital assets, net	21,049,326	21,611,699
Net OPEB Asset	1,646,645	1,960,467
Total Assets	59,871,536	63,529,729
DEFERRED OUTFLOWS OF RESOURCES		
Pension	6,273,429	5,621,157
OPEB	1,040,997	599,885
Total Deferred Outflows of Resources	7,314,426	6,221,042
LIABILITIES		
Current and other liabilities	2,917,203	3,155,094
Long-term liabilities:		
Due within one year	1,178,874	1,467,652
Due in more than one year:		
Net Pension Liability	23,601,821	21,928,959
Net OPEB Liability	1,652,153	1,354,160
Other Amounts	17,518,582	18,571,967
Total Liabilities	46,868,633	46,477,832
DEFERRED INFLOWS OF RESOURCES		
Property taxes	15,814,259	16,281,246
Pension	2,021,468	2,920,250
OPEB	2,741,581	3,168,556
Deferred Charges on Refunding	284,788	306,327
Total Deferred Inflows of Resources	20,862,096	22,676,379
NET POSITION		
Net investment in capital assets	6,461,643	5,772,006
Restricted	4,286,737	2,618,016
Unrestricted	(11,293,147)	(7,793,462)
Total Net Position	\$ (544,767)	\$ 596,560

**VERMILION LOCAL SCHOOL DISTRICT
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(UNAUDITED)

The net pension liability (NPL), net OPEB liability (NOL), and net OPEB asset are reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$544,767.

The District had a decrease in total assets of \$3,658,193 from fiscal year 2023, which is mainly attributed to the decrease in cash and cash equivalents. The deferred outflows of resources increased \$1,093,384 from prior year as a result of changes in the net pension and net OPEB liabilities, and net OPEB Asset.

Total liabilities increased from \$46,477,832 to \$46,868,633, difference of \$390,801, which is mainly attributed to the changes in net pension liability.

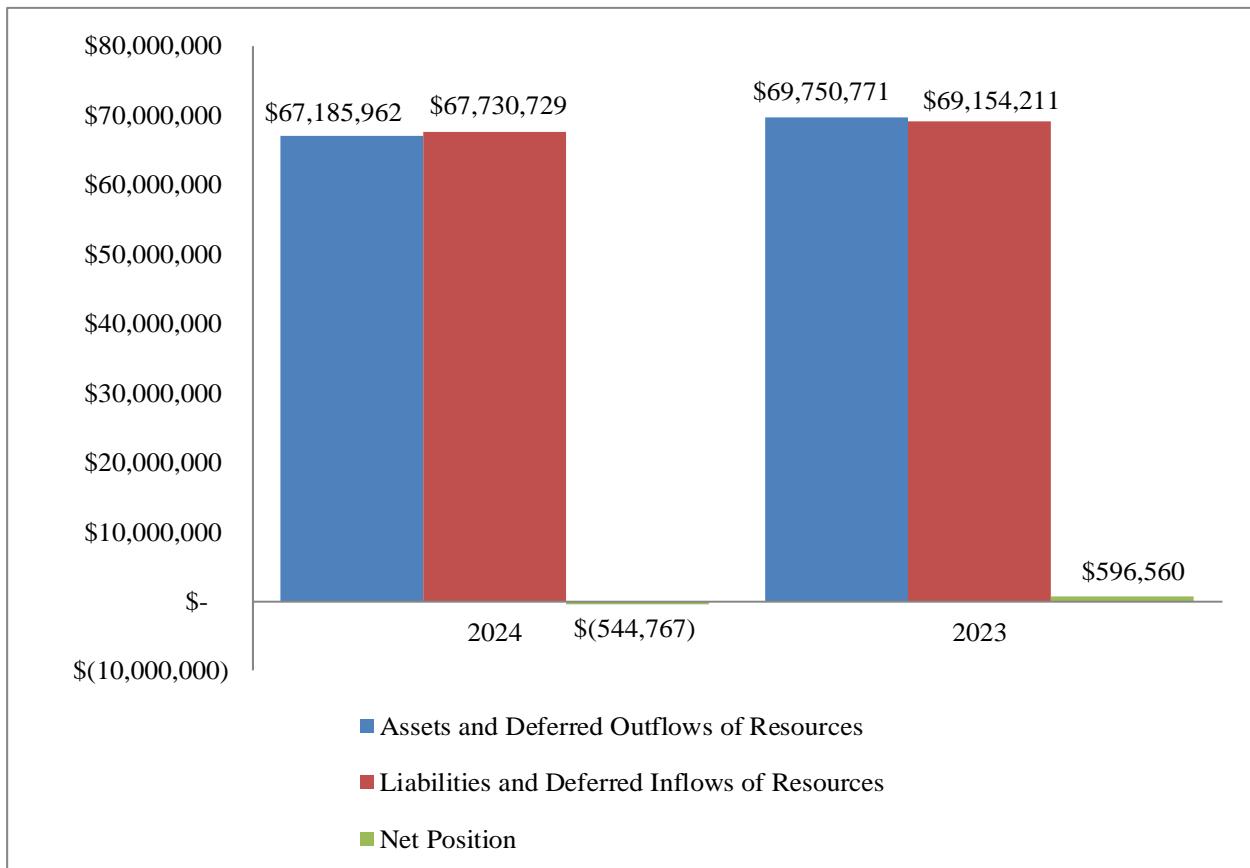
Total Deferred Inflows of Resources decreased \$1,814,283, from 22,676,379 to 20,862,096, which is mainly attributed to the changes in net pension liability.

At year end, capital assets represented 35.16 percent of total assets. Capital assets include land, intangible right-to-use lease – equipment, land improvements, buildings and improvements, furniture and equipment, and vehicles. Net investment in capital assets to acquire the assets at June 30, 2024, was \$6,461,643, these capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$4,286,737, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position deficit of \$11,293,147 may be used to meet the District's ongoing obligations to the students and creditors.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

The graph below presents the District's governmental activities net position, liabilities and deferred inflows of resources, and assets and deferred outflows of resources for fiscal years 2024 and 2023:



**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

The table below shows the change in net position for fiscal years 2024 and 2023.

Table 2- Changes in Net Position

	Governmental Activities	
	2024	2023
REVENUES		
Program Revenues:		
Charges for Services	\$ 1,149,452	\$ 1,047,934
Operating Grants and Contributions	<u>3,349,726</u>	<u>2,958,675</u>
Total Program Revenues	<u>4,499,178</u>	<u>4,006,609</u>
General Revenues:		
Property Taxes	17,732,168	16,503,824
Grants and Entitlements		
Not Restricted to Specific Programs	5,261,868	5,269,435
Investment Income	928,031	182,048
All Other Revenues	<u>272,651</u>	<u>235,938</u>
Total General Revenues	<u>24,194,718</u>	<u>22,191,245</u>
Total Revenues	<u>28,693,896</u>	<u>26,197,854</u>
EXPENSES		
Program Expenses:		
Instruction:		
Regular	11,158,190	9,653,432
Special	2,820,203	3,687,336
Other	1,036,493	761,634
Supporting Services:		
Pupils	2,383,330	2,394,987
Instructional Staff	1,803,810	2,214,799
Board of Education	176,620	147,231
Administration	2,235,210	2,119,515
Fiscal Services	727,848	850,685
Business	1,718	11,604
Operation and Maintenance of Plant Services	3,038,663	2,770,410
Pupil Transportation	1,642,933	1,434,955
Central	104,420	124,269
Operation of Non-Instructional Services		
Food Services	983,547	856,863
Other Non-Instructional Services	73,597	64,451
Extracurricular Activities	1,289,419	1,182,891
Interest and Fiscal Charges	<u>359,222</u>	<u>383,162</u>
Total Expenses	<u>29,835,223</u>	<u>28,658,224</u>
Change in Net Position	(1,141,327)	(2,460,370)
Net Position - Beginning of Year	<u>596,560</u>	<u>3,056,930</u>
Net Position - End of Year	<u>\$ (544,767)</u>	<u>\$ 596,560</u>

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

Governmental Activities

Net position of the District's governmental activities decreased by \$1,141,327. Total governmental expenses of \$29,835,223 was not fully offset by program revenues of \$4,499,178 and general revenues of \$24,194,718. Program revenues supported 15.08 percent of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 80.14 percent of total governmental revenue. Overall revenues increased by \$2,496,042 or 9.53 percent when compared to 2023. This increase is mainly attributed to property taxes, interest and operating grants and contributions. Property taxes increased due to an increase in the amount available as an advance for fiscal year 2024 property tax collection. Interest income increase due to a change of rate in fiscal year 2024. Operating grants and contributions increased due to an increase of grants in fiscal year 2024.

In order to better understand the changes in program expenses in 2024 as compared to 2023, see Table 3 below for analysis of program expenses that have removed all expenses related to GASB Statement No. 68 and 75. See Notes 12 and 13 for more information regarding net pension liability and net OPEB liability/asset and the related pension expense.

The table below presents the District's change in program expenses excluding GASB 68 and GASB 75 for fiscal years 2024 and 2023.

Table 3 - Changes in Program Expenses excluding GASB 68 and GASB 75

EXPENSES	2024	2023	Change	%
Program Expenses:				
Instruction:				
Regular	\$ 11,208,811	\$ 9,893,473	\$ 1,315,338	13.30%
Special	2,832,170	3,752,978	(920,808)	-24.54%
Other	1,039,111	774,331	264,780	34.19%
Supporting Services:				
Pupils	2,396,374	2,485,928	(89,554)	-3.60%
Instructional Staff	1,805,509	2,224,351	(418,842)	-18.83%
Board of Education	176,717	148,173	28,544	19.26%
Administration	2,248,199	2,196,840	51,359	2.34%
Fiscal Services	731,529	879,761	(148,232)	-16.85%
Business	1,718	11,604	(9,886)	100.00%
Operation and Maintenance of Plant Services	3,053,324	2,865,196	188,128	6.57%
Pupil Transportation	1,654,061	1,504,868	149,193	9.91%
Central	105,198	131,036	(25,838)	-19.72%
Operation of Non-Instructional Services				
Food Services	987,409	878,628	108,781	12.38%
Other Non-Instructional Services	13,959	8,291	5,668	68.36%
Extracurricular Activities	1,298,538	1,224,792	73,746	6.02%
Interest and Fiscal Charges	359,222	383,162	(23,940)	-6.25%
Total Expenses	\$ 29,911,849	\$ 29,363,412	\$ 548,437	1.87%

The total program expenses increased by a \$548,437 or 1.87%, from 2023 to 2024. The main reason for the overall increase in expenditures is due to approximate 9 percent increase in health care costs from fiscal year 2023. The district also hired two certified and one non-certified employees for 2024.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

The table below presents the adjustment necessary to show the District's net position without GASB 68 and GASB 75.

<u>Table 4 - Net Position excluding GASB 68 & 75</u>	
Total Net Position including GASB 68 and GASB 75	\$ (544,767)
Add:	
Net Pension Liability	23,601,821
Net OPEB Liability	1,652,153
Deferred Inflows - Pension	2,021,468
Deferred Inflows - OPEB	2,741,581
Less:	
Deferred Outflows - Pension	6,273,429
Deferred Outflows - OPEB	1,040,997
Net OPEB Asset	1,646,645
Total Net Position without GASB 68 and GASB 75	\$ 20,511,185

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

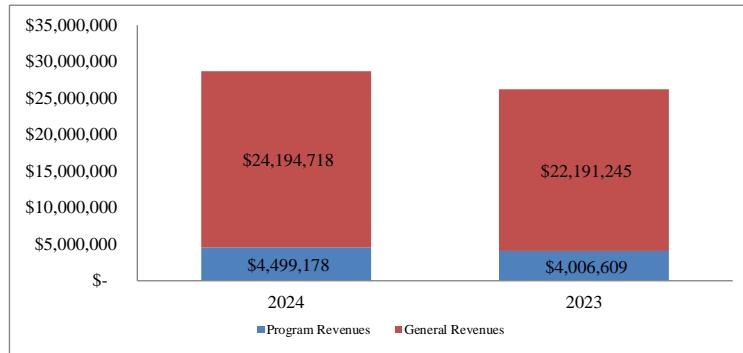
Table 5 - Total and Net Cost of Program Services

	Governmental Activities			
	Total Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2024	Net Cost of Services 2023
Instruction	\$ 15,014,886	\$ 14,102,402	\$ 12,789,200	\$ 12,438,338
Supporting Services:				
Pupils and Instructional Staff	4,187,140	4,609,786	3,701,124	3,914,408
Board of Education, Administration, Fiscal Services and Business	3,141,396	3,129,035	3,141,396	3,128,029
Operation and Maintenance of Plant Services	3,038,663	2,770,410	3,038,663	2,770,410
Pupil Transportation	1,642,933	1,434,955	1,174,783	1,035,502
Central	104,420	124,269	104,420	124,269
Operation of Non-Instructional Services	1,057,144	921,314	109,521	30,928
Extracurricular Activities	1,289,419	1,182,891	917,716	826,569
Interest and Fiscal Charges	359,222	383,162	359,222	383,162
Total Cost of Services	\$ 29,835,223	\$ 28,658,224	\$ 25,336,045	\$ 24,651,615

The dependence upon tax and other general revenues for governmental activities is apparent as 85.18 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support covers 84.92 percent of total expenses. The District's taxpayers, as a whole, are the primary support for the District's students.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal years 2024 and 2023.



The District's Funds

The District's governmental funds reported a combined fund balance of \$18,162,442, which is a lower balance than last year's combined fund balance of \$20,357,130. The table below indicates the fund balance and the total change in fund balance as of June 30, 2024 and 2023.

	Fund Balance June 30, 2024	Fund Balance June 30, 2023	Change	% Change
General	\$ 14,808,564	\$ 16,244,546	\$ (1,435,982)	-8.84%
Other Governmental	3,353,878	4,112,584	(758,706)	-18.45%
Total	\$ 18,162,442	\$ 20,357,130	\$ (2,194,688)	-10.78%

General Fund

The table that follows assists in illustrating the financial activities of the General Fund.

	June 30, 2024	June 30, 2023	Change	% Change
Revenues				
Taxes	\$ 16,946,109	\$ 15,969,814	\$ 976,295	6.11%
Interest	826,243	163,425	662,818	405.58%
Intergovernmental	6,612,036	6,401,147	210,889	3.29%
Other Revenues	884,696	691,038	193,658	28.02%
Total Revenues	\$ 25,269,084	\$ 23,225,424	\$ 2,043,660	8.80%
Expenditures				
Instruction	\$ 13,394,056	\$ 12,989,050	\$ 405,006	3.12%
Supporting Services	10,767,873	11,115,955	(348,082)	-3.13%
Extracurricular Activities	942,621	877,695	64,926	7.40%
Debt Service	1,582,006	1,582,407	(401)	-0.03%
Total Expenditures	\$ 26,686,556	\$ 26,565,107	\$ 121,449	0.46%

The District's General Fund balance decreased \$1,435,982. The decrease was a result of expenditures exceeded revenues.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. For the General Fund, original budgeted revenues and other financing sources of \$25,079,303 was lower than the final budgeted revenues and other financing sources of \$25,640,204. Actual revenues and other financing sources for fiscal year 2024 were \$25,640,204.

For fiscal year 2024, the General Fund original budgeted appropriations and other financing uses of \$27,675,361 was increased to \$27,800,907 in the final budgeted appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2024 totaled \$26,872,176, which was \$928,731 lower than the final budgeted appropriations. This was due to conservative spending.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024, the District had \$21,049,326 invested in land, intangible right-to-use lease – equipment, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2024 balances compared to the 2023 balances:

Table 6 - Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities	
	2024	2023
Land	\$ 601,858	\$ 601,858
Construction in progress	-	193,061
Intangible Right-to-use Lease - Equipment	70,468	108,010
Land Improvements	882,645	947,394
Buildings and Improvements	18,098,208	17,694,720
Furniture and Equipment	911,402	1,454,213
Vehicles	484,745	612,443
Total Capital Assets	\$ 21,049,326	\$ 21,611,699

There was an overall decrease of capital assets of \$562,373.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2024, the District had \$2,515,000 in library refunding, \$12,160,000 in certificates of participation, \$201,600 in financed purchases, and \$71,474 in leases payable. Of this total, \$1,178,874 is due within one year and \$13,769,200 is due in greater than one year.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

The following table summarizes the District's debt outstanding (excluding premiums).

Table 7 - Outstanding Debt at Year End

	Governmental Activities	
	2024	2023
Library Refunding Debt	\$ 2,515,000	\$ 2,680,000
Certificates of Participation	12,160,000	12,810,000
Financed Purchases	201,600	640,396
Leases Payable	71,474	109,042
Total Outstanding Debt	\$ 14,948,074	\$ 16,239,438

At June 30, 2024, the District's overall legal debt margin was \$48,053,613 and an unvoted debt margin of \$555,130.

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

Current Financial Related Activities

The District continues to meet its current financial obligations and is projected to have a positive cash balance throughout its five-year forecast despite deficit spending each fiscal year. Because the District lacks a dedicated permanent improvement levy, the board of education must appropriate General Fund money to fix, repair and replace its capital and infrastructure needs. As the age of our buildings and grounds continues to grow, more General Fund money will need to be budgeted for upkeep and improvements.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Mr. Justin Klingshirn, Treasurer/CFO, Vermilion Local District, 1250 Sanford Street, Vermilion, Ohio 44089.

Basic Financial Statements

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2024**

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 19,306,941
Property Taxes Receivable	17,626,586
Accounts Receivable	31,916
Accrued Interest Receivable	65,560
Intergovernmental Receivable	89,735
Materials and Supplies Inventory	54,827
Nondepreciable Capital Assets	601,858
Depreciable/Amortized Capital Assets, Net	20,447,468
Net OPEB Asset	1,646,645
Total Assets	<u>59,871,536</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	6,273,429
OPEB	<u>1,040,997</u>
Total Deferred Outflows of Resources	<u>7,314,426</u>
LIABILITIES	
Accounts Payable	41,432
Accrued Wages and Benefits	2,447,056
Intergovernmental Payable	380,793
Accrued Interest Payable	42,912
Matured Compensated Absences Payable	5,010
Long-term Liabilities:	
Due within one year	1,178,874
Due in more than one year:	
Net Pension Liability (See Note 12)	23,601,821
Net OPEB Liability (See Note 13)	1,652,153
Other Amounts	<u>17,518,582</u>
Total Liabilities	<u>46,868,633</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	15,814,259
Pension	2,021,468
OPEB	2,741,581
Deferred Charge on Refunding	284,788
Total Deferred Inflows of Resources	<u>20,862,096</u>
NET POSITION	
Net Investment in Capital Assets	6,461,643
Restricted:	
Student Activities	107,806
Scholarships	1,840,165
Endowment	67,386
Federally Funded Programs	1,665
Food Service	331,389
Safety and Security	274,523
Other Purposes	17,158
OPEB	1,646,645
Unrestricted	<u>(11,293,147)</u>
Total Net Position	<u>\$ (544,767)</u>

See accompanying notes to the basic financial statements.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
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	Operating Grants and Contributions	Governmental Activities	
Governmental Activities:					
Instruction:					
Regular	\$ 11,158,190	\$ 257,236	\$ 218,172	\$ (10,682,782)	
Special	2,820,203	241,907	1,028,235	(1,550,061)	
Vocational	-	-	11,674	11,674	
Other	1,036,493	-	468,462	(568,031)	
Supporting Services:					
Pupils	2,383,330	-	379,892	(2,003,438)	
Instructional Staff	1,803,810	-	106,124	(1,697,686)	
Board of Education	176,620	-	-	(176,620)	
Administration	2,235,210	-	-	(2,235,210)	
Fiscal Services	727,848	-	-	(727,848)	
Business	1,718	-	-	(1,718)	
Operation and Maintenance of Plant Services	3,038,663	-	-	(3,038,663)	
Pupil Transportation	1,642,933	-	468,150	(1,174,783)	
Central	104,420	-	-	(104,420)	
Operation of Non-Instructional Services	1,057,144	312,834	634,789	(109,521)	
Extracurricular Activities	1,289,419	337,475	34,228	(917,716)	
Interest and Fiscal Charges	359,222	-	-	(359,222)	
Total Governmental Activities	\$ 29,835,223	\$ 1,149,452	\$ 3,349,726	\$ (25,336,045)	

General Revenues:

Property Taxes levied for:

General Purposes	17,058,211
Debt Service	275,289
Other Purposes	398,668
Grants & Entitlements Not Restricted to Specific Programs	5,261,868
Investment Income	928,031
All Other Revenues	272,651
Total General Revenues	24,194,718
Change in Net Position	(1,141,327)
Net Position - Beginning of Year	596,560
Net Position - End of Year	\$ (544,767)

See accompanying notes to the basic financial statements.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 16,072,557	\$ 3,234,384	\$ 19,306,941
Materials and Supplies Inventory	42,794	12,033	54,827
Accrued Interest Receivable	48,354	17,206	65,560
Accounts Receivable	31,916	-	31,916
Interfund Receivable	9,391	-	9,391
Intergovernmental Receivable	89,735	-	89,735
Property Taxes Receivable	17,072,498	554,088	17,626,586
Total Assets	\$ 33,367,245	\$ 3,817,711	\$ 37,184,956
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 41,432	\$ -	\$ 41,432
Accrued Wages and Benefits	2,364,544	82,512	2,447,056
Intergovernmental Payable	369,159	11,634	380,793
Matured Compensated Absences Payable	5,010	-	5,010
Interfund Payable	-	9,391	9,391
Total Liabilities	2,780,145	103,537	2,883,682
Deferred Inflows of Resources:			
Property Taxes	15,464,929	349,330	15,814,259
Unavailable Revenue - Delinquent Property Taxes	313,607	10,966	324,573
Total Deferred Inflows of Resources	15,778,536	360,296	16,138,832
Fund Balances:			
Nonspendable	47,164	12,033	59,197
Restricted	-	3,254,968	3,254,968
Committed	4,330	96,268	100,598
Assigned	3,661,689	-	3,661,689
Unassigned (Deficit)	11,095,381	(9,391)	11,085,990
Total Fund Balances	14,808,564	3,353,878	18,162,442
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 33,367,245	\$ 3,817,711	\$ 37,184,956

See accompanying notes to the basic financial statements.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES**
JUNE 30, 2024

Total Governmental Fund Balances \$ 18,162,442

*Amounts reported for Governmental Activities in the Statement of Net Position
are different because:*

Capital Assets and Intangible Right-to-use Assets used in Governmental Activities
are not financial resources and, therefore, are not reported in the funds 21,049,326

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

Delinquent property taxes 324,573

In the Statement of Activities, interest is accrued on outstanding bonds, whereas
in Governmental funds, as interest expenditure is reported when due (42,912)

The net pension liability and net OPEB liability are not due and payable in the
current period; and the net OPEB asset is not available for spending in the
current period; therefore, the liability/asset and related deferred inflows/outflows
are not reported in the governmental funds:

Deferred Outflows - Pension	6,273,429
Deferred Inflows - Pension	(2,021,468)
Net Pension Liability	(23,601,821)
Net OPEB Asset	1,646,645
Deferred Outflows - OPEB	1,040,997
Deferred Inflows - OPEB	(2,741,581)
Net OPEB Liability	<u>(1,652,153)</u>
Total	(21,055,952)

Gain on early retirement of the bonds in Governmental Activities is deferred
and to be amortized over the remaining life of the refunded bonds. (284,788)

Long-term liabilities, including bonds payable, are not due and payable in
the current period and therefore are not reported in the funds:

Library bonds	(2,515,000)
Certificates of participation	(12,160,000)
Financed Purchases	(201,600)
Leases	(71,474)
Unamortized debt premium	(1,921,945)
Compensated absences	<u>(1,827,437)</u>
Total	(18,697,456)

Net Position of Governmental Activities

\$ (544,767)

See accompanying notes to the basic financial statements.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property Taxes	\$ 16,946,109	\$ 670,391	\$ 17,616,500
Intergovernmental	6,612,036	1,849,837	8,461,873
Interest	826,243	101,788	928,031
Tuition	433,153	-	433,153
Extracurricular Activities	95,059	242,416	337,475
Charges for Services	-	312,834	312,834
Contributions and Donations	20,428	129,293	149,721
Classroom Materials and Fees	65,990	-	65,990
Miscellaneous	270,066	2,585	272,651
Total Revenues	25,269,084	3,309,144	28,578,228
EXPENDITURES			
Current:			
Instruction:			
Regular	10,452,283	193,824	10,646,107
Special	2,413,806	446,072	2,859,878
Other	527,967	465,841	993,808
Supporting Services:			
Pupils	2,236,891	157,294	2,394,185
Instructional Staff	936,627	393,697	1,330,324
Board of Education	176,717	-	176,717
Administration	2,183,716	-	2,183,716
Fiscal Services	714,722	7,092	721,814
Business	1,718	-	1,718
Operation and Maintenance of Plant Services	2,865,186	857,485	3,722,671
Pupil Transportation	1,541,187	-	1,541,187
Central	111,109	-	111,109
Operation of Non-Instructional Services:			
Food Service Operations	-	958,373	958,373
Community Services	-	13,137	13,137
Other Operations	-	59,638	59,638
Extracurricular Activities	942,621	301,698	1,244,319
Debt Service:			
Principal Retirement	1,126,364	165,000	1,291,364
Interest and Fiscal Charges	455,642	71,600	527,242
Total Expenditures	26,686,556	4,090,751	30,777,307
Excess of Revenues (Under) Expenditures	(1,417,472)	(781,607)	(2,199,079)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	24,474	24,474
Transfers Out	(24,474)	-	(24,474)
Total Other Financing Sources (Uses)	(24,474)	24,474	-
Net Change in Fund Balances	(1,441,946)	(757,133)	(2,199,079)
Fund Balances - Beginning of Year	16,244,546	4,112,584	20,357,130
Increase (Decrease) in Inventory	5,964	(1,573)	4,391
Fund Balances - End of Year	\$ 14,808,564	\$ 3,353,878	\$ 18,162,442

See accompanying notes to the basic financial statements.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances-Total Governmental Funds \$ (2,199,079)

*Amounts reported for Governmental Activities in the Statement of Activities
are different because:*

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlay in the current period.

Capital outlay	\$ 786,939	
Depreciation/Amortization	<u>(1,349,312)</u>	
Total		(562,373)

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

Delinquent property taxes	<u>115,668</u>	
Total		115,668

Repayment of debt principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position. 1,291,364

Contractually required contributions are reported as expenditures in the Governmental Funds; however, the Statement of Net Position reports these amounts as deferred outflows.

Pension	2,134,766	
OPEB	<u>65,823</u>	
Total		2,200,589

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability and net OPEB asset are reported as pension/OPEB expense in the Statement of Activities.

Pension	(2,256,574)	
OPEB	<u>190,449</u>	
Total		(2,066,125)

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	(93,782)	
Accrued interest	1,900	
Amortization of debt premiums	144,581	
Amortization of deferred amounts on refunding	21,539	
Change in inventory	<u>4,391</u>	
Total		78,629

Change in Net Position of Governmental Activities \$ (1,141,327)

See accompanying notes to the basic financial statements.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 17,783,995	\$ 17,620,607	\$ 17,620,607	\$ -
Intergovernmental	5,991,269	6,591,125	6,591,125	-
Interest	525,213	577,798	577,798	-
Tuition	393,732	433,153	433,153	-
Extracurricular Activities	69,165	76,090	76,090	-
Contributions and Donations	3,964	4,361	4,361	-
Classroom Materials and Fees	59,932	65,932	65,932	-
Miscellaneous	241,688	265,887	265,887	-
Total Revenues	25,068,958	25,634,953	25,634,953	-
Expenditures				
Current:				
Instruction				
Regular	10,663,492	10,430,483	10,339,963	90,520
Special	2,667,749	2,671,441	2,554,280	117,161
Other	452,936	443,613	439,413	4,200
Supporting Services				
Pupils	2,365,710	2,461,578	2,331,113	130,465
Instructional Staff	1,415,481	1,432,003	1,378,003	54,000
Board of Education	189,385	208,933	188,226	20,707
Administration	2,284,638	2,323,425	2,213,481	109,944
Fiscal Services	751,141	734,391	729,654	4,737
Business	1,772	1,799	1,718	81
Operation and Maintenance of Plant Services	3,005,877	3,072,997	2,944,710	128,287
Pupil Transportation	1,608,503	1,734,779	1,561,321	173,458
Central	118,923	140,328	115,310	25,018
Extracurricular Activities	975,390	1,005,387	945,760	59,627
Debt Service:				
Principal	1,139,364	1,104,750	1,104,750	-
Total Expenditures	27,640,361	27,765,907	26,847,702	918,205
Excess of Revenues Over (Under) Expenditures	(2,571,403)	(2,130,954)	(1,212,749)	918,205
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	10,345	5,251	5,251	-
Transfers Out	(35,000)	(35,000)	(24,474)	10,526
Total Other Financings Sources (Uses)	(24,655)	(29,749)	(19,223)	10,526
Net Change in Fund Balance	(2,596,058)	(2,160,703)	(1,231,972)	928,731
Fund Balance - Beginning of Year	17,252,733	17,252,733	17,252,733	-
Prior Year Encumbrances Appropriated	97,646	97,646	97,646	-
Fund Balance - End of Year	\$ 14,754,321	\$ 15,189,676	\$ 16,118,407	\$ 928,731

See accompanying notes to the basic financial statements.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2024**

	Custodial Funds
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 225
Receivables:	
Taxes for Other Governments	51,748
Total Assets	51,973
LIABILITIES	
Intergovernmental Payable	51,748
Total Liabilities	51,748
NET POSITION	
Restricted For:	
Individuals, Organizations, and Other Governments	225
Total Net Position	\$ 225

See accompany notes to the basic financial statements.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Custodial Funds
ADDITIONS	
Property Tax Collections for Other Governments	\$ 55,536
Total Additions	<u>55,536</u>
DEDUCTIONS	
Property Tax Collections to Other Governments	55,536
Distributions to Other Organizations	<u>2,264</u>
Total Deductions	<u>57,800</u>
Net increase in Fiduciary Net Position	(2,264)
Net Position - Beginning of Year	2,489
Net Position - End of Year	<u><u>\$ 225</u></u>

See accompany notes to the basic financial statements.

Notes to the Basic Financial Statements

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1: DESCRIPTION OF THE DISTRICT

The Vermilion Local School District (the “District”) is located in Erie County and encompasses all of the City of Vermilion and portions of surrounding townships.

The District was established in 1944 through the consolidation of existing land areas and Districts and is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws there is no authority for a District to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District currently operates 1 elementary school, 1 middle school and 1 comprehensive high school. The District employs 101 non-certified and 151 certified employees to provide services to 1,581 students in grades K through 12 and various community groups.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

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

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. **Reporting Entity** (Continued)

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

JOINTLY GOVERNED ORGANIZATIONS

EHOVE Career Center

The career center is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The school accepts nontuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the District.

Metropolitan Educational Technical Association

The District participates in the Metropolitan Educational Technology Association (META), which is a computer consortium. META is an education solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs. The governing board of META consists of a president, vice president, and six board members who represent the members of META. The Board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting, and designating management. During fiscal year 2024, the District paid \$38,648 to META Solutions. Financial information can be obtained from David Varda, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Lake Erie Regional Council (LERC)

The Lake Erie Regional Council (LERC) is a jointly governed organization comprised of ten Districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements to its members in dealing with problems of mutual concern such as health insurance. The LERC assembly consists of a superintendent or designated representative from each participating District and the fiscal agent. LERC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating District is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, who serves as fiscal agent, at 1885 Lake Avenue, Elyria, Ohio.

RELATED ORGANIZATIONS

The Ritter Public Library

The Ritter Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the District's Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although, the District does serve as the taxing authority and has issued tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Ritter Public Library, Clerk/Treasurer, at 5680 Liberty Avenue, Vermilion, Ohio 44089.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The District's fiduciary funds are custodial funds. Custodial funds are used to account for taxes levied on behalf of the library and OHSAA fees collected for tournaments.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position.

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

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

Custodial funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Basis of Accounting** (Continued)

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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, student fees and rentals.

Deferred Outflows/Inflows of Resources - In addition to assets, the government-wide Statement of Net Position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported in the government-wide Statement of Net Position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the government-wide Statement of Net Position and governmental funds Balance Sheet report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, OPEB, deferral on refunding and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance year 2024 operations represents imposed non-exchange revenues. These amounts have been recorded as deferred inflows on both the government-wide Statement of Net Position and the governmental fund financial statements. A deferral on refunding results from the difference in the carrying value of the refunding debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period.

**VERMILION LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. Basis of Accounting (Continued)

For the District, unavailable revenue includes delinquent property taxes. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position and are further explained in Notes 12 and 13.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as material and supplies inventory.

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.

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency). The specific timetable is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Erie County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2024.

**VERMILION LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. Budgets (Continued)

4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2024. All amounts reported in the budgetary statement reflect the original appropriations plus all modifications legally enacted by the Board.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

During fiscal year 2024, investments were limited to U.S. Government Agency Notes, Negotiable Certificates of Deposit, U.S. Treasury notes/bills, U.S. Government Money Markets, and STAR Ohio.

During fiscal year 2024, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

**VERMILION LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

F. Cash and Investments (Continued)

For the fiscal year 2024, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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

The District allocates investment earnings to the General, Scholarship, Endowment, and Food Service funds in accordance with Board policies and State statutes. Interest revenue credited to the General Fund during fiscal year 2024 amounted to \$826,243, which includes \$56,176 assigned from other District funds. In total, the change in fair value decreased the District's total investments by \$262,349.

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

An analysis of the District's investment account at year end is provided in Note 5.

G. Inventory

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

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

H. Capital Assets

General capital assets are those related to government activities. 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. Donated capital assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$7,500 for its general capital assets. 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.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

H. Capital Assets (Continued)

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

<u>Description</u>	<u>Governmental Activities</u>	<u>Estimated Lives</u>
Intangible Right-to-use Lease – Equipment		5 years
Land Improvements		20 years
Buildings and Improvements		25 - 50 years
Furniture and Equipment		5 - 20 years
Vehicles		8 years

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivable/payable.” These amounts are eliminated in the governmental activities column on the Statement of Net Position.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees, regardless of age, were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2024, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

**VERMILION LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

J. Compensated Absences (Continued)

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “matured compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

K. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, and 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.

L. Accrued Liabilities and Long-Term Obligations

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

M. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally 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 are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**VERMILION LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

M. Fund Balance (Continued)

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

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

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

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

N. Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The government-wide Statement of Net Position reports \$4,286,737 of the restricted component of net position, none of which is restricted by enabling legislation. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

**VERMILION LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

O. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. There were no significant prepayments at fiscal year-end.

P. Estimates

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

Q. Interfund Activity

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

R. Unamortized Bond Premium

Bond premiums are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, bond premiums are recognized in the current period.

S. Parochial School

Within the District's boundaries, the St. Mary School and the Norwalk Catholic School are operated through the Toledo Catholic Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial schools. The receipt and expenditure of these state monies by the District are reflected in a special revenue fund for financial reporting purposes.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2024.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 3: CHANGES IN ACCOUNTING PRINCIPLES

During the fiscal year, the District implemented the following Governmental Accounting Standards Board (GASB) Statements and Guides:

GASB Statement No. 100, Accounting Change and Error Corrections – an Amendment of GASB Statement No. 62. 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. The implementation of the GASB pronouncement did not have any impact on beginning net position or fund balance.

NOTE 4: ACCOUNTABILITY

There is a fund balance deficit in the following funds at June 30, 2024:

Title I, Disadvantaged Children/Targeted Assistance	<u>\$ 9,391</u>
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These deficits are caused by the application of generally accepted accounting principles to these funds. The General Fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

NOTE 5: DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

**VERMILION LOCAL SCHOOL DISTRICT
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(CONTINUED)

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, and Federal Home Loan Mortgage Corporation. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivision of the State of Ohio, if training requirements have been met;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount to a single issuer not to exceed five percent of the interim monies available for investment at any one time if training requirements have been met,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution 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.

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 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.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

A. Deposits with Financial Institutions

At June 30, 2024, the carrying amount of the District's deposits was \$411,094. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2024, \$250,000 of the District's bank balance of \$825,492 was covered by Federal Depository Insurance and \$438,065 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name, and \$137,427 was uninsured and uncollateralized. The District's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the District's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits either be insured or protected by:

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

B. Investments

STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The table on the following page identifies the District's recurring fair value measurement as of June 30, 2024. As previously discussed, Star Ohio is reported at its net asset value. All other investments of the District are valued using quoted market prices (Level 1 and Level 2 inputs).

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

As of June 30, 2024, the District had the following investments and maturities:

Investment Type	Fair Value/NAV	Investment Maturities			Level Input
		<1 Year	1 - 2 Years	2 - 5 Years	
U.S. Government Agency Notes	\$ 5,382,863	\$ 754,196	\$ 2,185,431	\$ 2,443,236	2
Negotiable Certificates of Deposit	1,407,522	924,951	45,946	436,625	2
U.S. Treasury Notes	4,352,238	734,338	236,468	3,381,432	2
U.S. Government Money Markets	108,488	108,488	-	-	1
STAR Ohio	7,644,961	7,644,961	-	-	N/A
Total	\$ 18,896,072	\$ 10,166,934	\$ 2,467,845	\$ 6,261,293	

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

Credit Risk: The District's investments in U.S. Government Agency Notes and Treasury Notes were rated Aaa by Moody's Investor Services. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. Standard & Poor's has assigned STAR Ohio an AAAm money market rating. Fitch rated U.S. Government Money Market at AAA. The credit rating for the District's investments in the negotiable certificates of deposit are not rated. Commercial Paper must be rated Aaa by Moody's and AAAm by Standard and Poor's.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and U.S. Treasury notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee. The District's investments in negotiable certificates of deposit of \$1,407,522 were fully covered by the FDIC.

B. **Investments** (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. Ohio Revised Code 135.14(B)(7) limits the investment in commercial paper notes of a single issuer does not exceed the aggregate five per cent of interim moneys available at the time of purchase.

**VERMILION LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

The following table includes the percentage of each investment type held by the District at June 30, 2024:

Investment Type	Fair Value/NAV	% of Total
U.S. Government Agency Notes	\$ 5,382,863	28.49%
Negotiable Certificates of Deposit	1,407,522	7.45%
U.S. Treasury Notes/Bills	4,352,238	23.03%
U.S. Government Money Markets	108,488	0.57%
STAR Ohio	7,644,961	40.46%
Total	\$ 18,896,072	100.00%

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the Statement of Net Position as of June 30, 2024:

<u>Cash and Investments per Footnote</u>	
Carrying Amount of Deposits	\$ 411,094
Investments	18,896,072
Total	\$ 19,307,166

<u>Cash and Investments per Statements</u>	
Governmental Activities	\$ 19,306,941
Custodial Funds	225
Total	\$ 19,307,166

NOTE 6: INTERFUND TRANSACTIONS

A. Interfund Loans Receivable and Payable

Interfund balances at June 30, 2024 as reported on the fund financial statements, consist of the following individual interfund loans receivable and payable:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 9,391

Monies were advanced from the general fund to various nonmajor governmental funds to cover operating expenditures until additional monies are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 6: **INTERFUND TRANSACTIONS** (Continued)

B. **Interfund Transfers**

Interfund transfers at June 30, 2024 as reported on the fund financial statements, consist of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 24,474

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The interfund transfer between governmental funds is eliminated on the government-wide financial statements. The General Fund transferred \$24,474 into the District Managed Activities Fund to cover current year expenses.

NOTE 7: **PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenues received in calendar year 2024 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed values as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2024 represent the collection of calendar year 2023 taxes. Public utility real and personal property taxes received in calendar year 2023 became a lien on December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value

The District receives property taxes from Erie and Lorain counties. The County Auditors periodically advance to the 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 as an advance at June 30, 2024 was \$1,293,962 in the General Fund, \$80,406 in Debt Service Fund (a nonmajor governmental fund), \$113,386 in the Special Levy Fund (a nonmajor governmental fund), and \$17,838 in the Library Construction Fund (a custodial fund). This amount is recorded as revenue. The amount available for advance at June 30, 2022, was \$1,968,460 in the General Fund, \$27,941 in Debt Service Fund (a nonmajor governmental fund), \$38,416 in the Special Levy Fund (a nonmajor governmental fund), and \$6,210 in the Library Construction Fund (a custodial fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 7: PROPERTY TAXES (Continued)

Accrued property taxes receivable includes real property and public utility property 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 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end.

The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources. On the full accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been included in deferred inflows of resources.

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

	2023 Second Half Collections		2024 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential				
and Other Real Estate	\$ 481,849,630	88.30%	\$ 489,790,580	88.23%
Public Utility Personal	63,871,270	11.70%	65,339,710	11.77%
Total	<u>\$ 545,720,900</u>	<u>100.00%</u>	<u>\$ 555,130,290</u>	<u>100.00%</u>
Tax rate per \$1,000 of Assessed Valuation	\$ 66.98		\$ 66.80	

NOTE 8: RECEIVABLES

Receivables at June 30, 2024, consisted of taxes, accrued interest, accounts, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the Statement of Net Position follows:

Governmental Activities	
Property Taxes Receivables	\$ 17,626,586
Intergovernmental Receivable	89,735
Accounts Receivable	31,916
Accrued Interest Receivable	65,560
Total Governmental Activities	<u>\$ 17,813,797</u>

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

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 9: CAPITAL ASSETS

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

<i>Governmental Activities:</i>	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
<i>Capital assets, not being depreciated:</i>				
Land	\$ 601,858	\$ -	\$ -	\$ 601,858
Construction in progress	193,061	786,939	(980,000)	-
Total capital assets, not being depreciated	<u>794,919</u>	<u>786,939</u>	<u>(980,000)</u>	<u>601,858</u>
<i>Capital assets, being depreciated/amortized:</i>				
Intangible Right-to-use Lease - Equipment	187,707	-	-	187,707
Land improvements	2,028,069	-	-	2,028,069
Buildings and improvements	31,224,405	980,000	-	32,204,405
Furniture and equipment	3,845,051	-	-	3,845,051
Vehicles	2,287,069	-	-	2,287,069
Total capital assets, being depreciated/amortized	<u>39,572,301</u>	<u>980,000</u>	<u>-</u>	<u>40,552,301</u>
<i>Less: accumulated depreciation/amortization:</i>				
Intangible Right-to-use Lease - Equipment	(79,697)	(37,542)	-	(117,239)
Land improvements	(1,080,675)	(64,749)	-	(1,145,424)
Buildings and improvements	(13,529,685)	(576,512)	-	(14,106,197)
Furniture and equipment	(2,390,838)	(542,811)	-	(2,933,649)
Vehicles	(1,674,626)	(127,698)	-	(1,802,324)
Total accumulated depreciation/amortization	<u>(18,755,521)</u>	<u>(1,349,312)</u>	<u>*</u>	<u>(20,104,833)</u>
Total Capital Assets being depreciated/amortized, net	<u>20,816,780</u>	<u>(369,312)</u>	<u>-</u>	<u>20,447,468</u>
Governmental activities capital assets, net	<u>\$ 21,611,699</u>	<u>\$ 417,627</u>	<u>\$ (980,000)</u>	<u>\$ 21,049,326</u>

* Depreciation/Amortization expense was charged to governmental functions as follows:

Instruction:		
Regular		\$ 524,979
Supporting Services:		
Pupils		1,055
Instructional Staff		470,360
Administration		41,216
Operation and Maintenance of Plant Services		114,216
Pupil Transportation		129,033
Operational of Non-Instructional Services		25,437
Extracurricular Activities		43,016
Total Depreciation Expense		<u>\$ 1,349,312</u>

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 10: LONG-TERM OBLIGATIONS

A. Changes in Governmental Activities Long-Term Obligations

During the fiscal year 2024, the following changes occurred in governmental activities long-term obligations:

	Balance as of July 1, 2023	Additions	Reductions	Balance as of June 30, 2024	Amounts Due In One Year
<u>Governmental Activities Long-Term Obligations</u>					
<u>Long-term Debt Obligations</u>					
General Obligation Bonds					
General Obligation Bonds - Library Refunding 2020					
Current Interest (2.0-4.0%)	\$ 2,680,000	\$ -	\$ (165,000)	\$ 2,515,000	\$ 165,000
Premium on Bonds	239,464	-	(17,848)	221,616	-
Total General Obligations	<u>2,919,464</u>	<u>-</u>	<u>(182,848)</u>	<u>2,736,616</u>	<u>165,000</u>
Direct Borrowings					
Certificate of Participation Refunding, Series 2020 (3.0-4.0%)	12,810,000	-	(650,000)	12,160,000	670,000
Premium on Certificates	1,827,062	-	(126,733)	1,700,329	-
Total Direct Borrowings	<u>14,637,062</u>	<u>-</u>	<u>(776,733)</u>	<u>13,860,329</u>	<u>670,000</u>
Other Long-Term Obligations					
Financed Purchases Payable	640,396	-	(438,796)	201,600	100,800
Leases Payable	109,042	-	(37,568)	71,474	37,928
Compensated Absences	1,733,655	270,070	(176,288)	1,827,437	205,146
Net Pension Liability:					
STRS	16,831,137	1,401,739	-	18,232,876	-
SERS	5,097,822	271,123	-	5,368,945	-
Total Net Pension Liability	<u>21,928,959</u>	<u>1,672,862</u>	<u>-</u>	<u>23,601,821</u>	<u>-</u>
Net OPEB Liability:					
SERS	1,354,160	297,993	-	1,652,153	-
Total Net OPEB Liability	<u>1,354,160</u>	<u>297,993</u>	<u>-</u>	<u>1,652,153</u>	<u>-</u>
Total Other Long-term Obligations	<u>25,766,212</u>	<u>2,240,925</u>	<u>(652,652)</u>	<u>27,354,485</u>	<u>343,874</u>
Total Governmental Activities' Long-Term Obligations	<u>\$ 43,322,738</u>	<u>\$ 2,240,925</u>	<u>\$ (1,612,233)</u>	<u>\$ 43,951,430</u>	<u>1,178,874</u>

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Note 12 and 13. The District pays obligations related to employee compensation from the fund benefitting from their service.

Compensated absences will be paid from the fund from which the employee is paid. The primary funds that pay employees are, but not limited to, the General Fund and Food Service Fund.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 10: **LONG-TERM OBLIGATIONS** (Continued)

A. **Changes in Governmental Activities Long-Term Obligations** (Continued)

General Obligation Bonds –

Library Refunding, Series 2020 – On September 17, 2020, the District issued general obligation bonds on behalf of the Ritter Public Library for current refunding of the current interest portion of the Library, Series 2011 refunding bonds, which were originally for library improvements. As a result, the proceeds from the bonds have not been capitalized by the District and are not included in the District's calculation of "net investment in capital asset."

These bonds are general obligation of the District for which the full faith and credit of the District is pledged for repayment. These bonds are payable from a 0.45 mil tax levied on all taxable property in the District. Accordingly, such unmatured obligations are accounted for in the Statement of Net Position. Payments of principal and interest relating to this bond are recorded as an expenditure in the Bond Retirement Fund. The current interest bonds were issued with a par value of \$2,955,000 with interest rates varying from 2.0 percent to 4.0 percent. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2036.

The following is a summary of the future annual requirements to maturity for general obligation bonds:

Fiscal Year Ending June 30,	General Obligation Bonds			Total
	Principal	Interest		
2025	\$ 165,000	\$ 67,475		\$ 232,475
2026	170,000	62,450		232,450
2027	170,000	57,350		227,350
2028	170,000	51,400		221,400
2029	180,000	44,400		224,400
2029-2033	1,000,000	112,600		1,112,600
2034-2037	660,000	20,000		680,000
Total	<u>\$ 2,515,000</u>	<u>\$ 415,675</u>		<u>\$ 2,930,675</u>

Direct Borrowings –

Certificate of Participation Refunding, Series 2020 – On September 3, 2020, the District issued Certificates of Participation for purpose of refunding Certificates of Participation, Series 2012. The Certificates of Participation were issued at a par value of \$14,215,000 and contain a variable interest rates between 3.0-4.0%. The final maturity is dated for December 1, 2037.

The Outstanding lease from direct borrowings contain the following provisions in the event of default the lessor may exercise one or more of the following remedies; (1) By written notice to the Board, request the Board to promptly return possession of the Project to the Lessor or, at the Lessor's option, the Lessor may enter upon the Project Site and take immediate possession of and remove personal property constituting Project Facilities; (2) Sublease the Project for the account of the Board, holding the Board liable for all Lease Payments and other payments due prior to the effective date of the sublease and for the difference between the rental and other amounts paid by the sublessee pursuant to such sublease and the amounts payable by the Board pursuant to the Lease during the then current Lease Term; and (3) Exercise any other right, remedy or privilege available under Ohio or any other applicable law, or proceed by appropriate court action to enforce the terms of the Lease or rescind the Lease or recover damages.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 10: LONG-TERM OBLIGATIONS (Continued)

A. Changes in Governmental Activities Long-Term Obligations (Continued)

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

Fiscal Year Ending June 30,	Certificate of Participation			Total
	Principal	Interest		
2025	\$ 670,000	\$ 431,600		\$ 1,101,600
2026	695,000	404,300		1,099,300
2027	725,000	375,900		1,100,900
2028	750,000	346,400		1,096,400
2029	785,000	315,700		1,100,700
2029-2033	4,395,000	1,073,900		5,468,900
2034-2038	4,140,000	252,900		4,392,900
Total	<u>\$ 12,160,000</u>	<u>\$ 3,200,700</u>		<u>\$ 15,360,700</u>

Other Long-term Debt Obligations –

Financed Purchases Payable – On June 22, 2020, the District entered into a purchase agreement with Apple Incorporated for laptops and iPads. The purchase agreement transfers benefits and risk of ownership to the lessee. Payments are reported as debt service expenditures for the General Fund in the basic financial statements.

On July 20, 2022, the District entered into a purchase agreement with Apple Incorporated for Macbooks. The purchase agreement transfers benefits and risk of ownership to the lessee. Payments are reported as debt service expenditures for the General Fund in the basic financial statements.

The equipment was capitalized at \$1,755,188, which represents the present value of the future minimum lease payments at the time of acquisition. The accumulated depreciation was reported at \$1,356,897, leaving a book value of \$398,290 at June 30, 2024.

In the event of default, the lessor may take actions to remedy the agreement that include, but not limited to, taking possession of the leased equipment and make due the remaining obligation.

The following is a summary of the future annual requirements to maturity for financed purchases payable:

Fiscal Year Ending June 30,	Financed Purchases Payable	
	Principal	
2025	\$ 100,800	
2026	100,800	
	<u>\$ 201,600</u>	

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 10: **LONG-TERM OBLIGATIONS** (Continued)

A. **Changes in Governmental Activities Long-Term Obligations** (Continued)

Leases Payable – The District entered into two lease agreements for the right-to-use copier equipment and postage equipment. GASB Statement No. 87 requires the District to report a long-term liability for the future scheduled payments. Both leases will be paid from the General Fund.

The District entered into the postage lease agreement with Quadient Finance USA, Inc. on January 1, 2021 for a 60 month term. Payments are made on a monthly basis with an implied interest rate of 0.64% and will mature on January 20, 2026.

The District entered into the copier equipment lease agreement with US Bank on July 1, 2021 for a 60 month term. Payments are made on a monthly basis with an implied interest rate of 1.059% and will mature on July 20, 2026.

The following is a summary of the future annual requirements to maturity for leases payable:

Fiscal Year Ending June 30,	Leases Payable		
	Principal	Interest	Total
2025	\$ 37,928	\$ 532	\$ 38,460
2026	33,546	175	33,721
	<u>\$ 71,474</u>	<u>\$ 707</u>	<u>\$ 72,181</u>

B. **Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9 percent of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1 percent of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2024, are a voted debt margin of \$48,053,613 and an unvoted debt margin of \$555,130.

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(CONTINUED)

NOTE 11: **RISK MANAGEMENT**

A. Property, Fleet, and Liability Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the District contracted with the Ohio Casualty Group for general liability, automobile liability and property insurance. The District liability policy has a limit of \$1,000,000 for each occurrence and \$3,000,000 aggregate. Automobile liability has a \$1,000,000 combined single limit of liability. Limits of insurance on real property and equipment are \$81,127,669 with a deductible of \$5,000.

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

B. Life Insurance

The District provides group life insurance and accidental death and dismemberment insurance to its employees. Life insurance is provided through the American United Insurance Company as members of the Ohio School Council/MEC consortium.

C. Employee Health and Dental

The District has contracted with the Lake Erie Regional Council of Governments (LERC) to provide partially self-insured employee health and medical benefits since December 1988. LERC is a claims-servicing pool comprised of 11 Districts. Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow or individual account balance. LERC Board of Directors has the right to return monies to an existing district subsequent to the settlement of all expenses and claims. This plan provides a medical/surgical plan. Stop loss is provided by a private insurance carrier for all individual claims in excess of \$250,000.

LERC's pool premiums are billed to each participating District based on its actuarially determined rates. Should contributions prove to be insufficient to pay program costs of the insurance program in any given year, each participating member is notified of its deficiency and its premium is adjusted to cover its share of the additional cost of anticipated future claims.

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(CONTINUED)

NOTE 12: DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

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

B. Plan Description - School Employees Retirement System (SERS)

Plan Description —District non-teaching employees participate in SERS, a cost-sharing, multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, 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 CPI-W, not exceed 2.5% and with a floor of 0.0%.

A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. The retirement board approved a 2.5% COLA for calendar year 2023 and 2024.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was the entire 14 percent.

The District’s contractually required contribution to SERS was \$527,547 for fiscal year 2024. Of this amount, \$33,018 is reported as an intergovernmental payable.

C. Plan Description - State Teachers Retirement System (STRS)

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

**VERMILION LOCAL SCHOOL DISTRICT
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(CONTINUED)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

C. **Plan Description - State Teachers Retirement System (STRS)** (Continued)

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. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age. Eligibility changes for DB plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. 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, 12.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 percent goes 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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 in the GASB 68 schedules of employer allocation and pension amounts by employer.

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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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.

**VERMILION LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

C. **Plan Description – State Teachers Retirement System (STRS)** (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2024, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2024 contribution rates were equal to the statutory maximum rates.

The District's contractually required contributions to STRS was \$1,607,219 for fiscal year 2024. Of this amount, \$279,256 is reported as an intergovernmental payable.

D. **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 District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.0942509%	0.075713190%	
Proportion of the Net Pension Liability			
Current Measurement Date	0.0971664%	0.084666490%	
Change in Proportionate Share	<u>0.0029155%</u>	<u>0.00895330%</u>	
Proportionate Share of the Net Pension			
Liability	\$ 5,368,945	\$ 18,232,876	\$ 23,601,821
Pension Expense	\$ 629,594	\$ 1,626,980	\$ 2,256,574

**VERMILION LOCAL SCHOOL DISTRICT
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(CONTINUED)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 230,770	\$ 664,732	\$ 895,502
Changes of assumptions	38,031	1,501,576	1,539,607
Changes in proportion and differences between District contributions and proportionate share of contributions	135,355	1,568,199	1,703,554
District contributions subsequent to the measurement date	527,547	1,607,219	2,134,766
Total Deferred Outflows of Resources	\$ 931,703	\$ 5,341,726	\$ 6,273,429
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 40,458	\$ 40,458
Changes of assumptions	-	1,130,254	1,130,254
Net difference between projected and actual earnings on pension plan investments	75,467	54,643	130,110
Changes in proportion and differences between District contributions and proportionate share of contributions	-	720,646	720,646
Total Deferred Inflows of Resources	\$ 75,467	\$ 1,946,001	\$ 2,021,468

\$2,134,766 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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	\$98,970	(\$13,350)	\$85,620
2026	(155,082)	(618,920)	(774,002)
2027	380,803	2,164,789	2,545,592
2028	3,998	255,987	259,985
Total	\$328,689	\$1,788,506	\$2,117,195

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(CONTINUED)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

E. 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 below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of investment expenses
Actuarial Cost Method	Entry Age Normal

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% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disable members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed June 30, 2020.

**VERMILION LOCAL SCHOOL DISTRICT
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(CONTINUED)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

E. **Actuarial Assumptions – SERS** (Continued)

The long-term return expectation for the Pension Plan Investments has been determined 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 a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

Discount Rate The total pension liability was calculated using the discount rate of 7.00 percent. 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 rate of fiscal year 2023 was 14 percent. Projected inflows from investment earning 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 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.

	Current		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 7,924,287	\$ 5,368,945	\$ 3,216,554

**VERMILION LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

F. Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2023 are presented below:

Inflation	2.50 percent
Projected salary increases	Varies by service from 2.5% to 8.5%
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent

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

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

Asset Class	Target Allocation	Long-Term Expected Real 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><u>100.00 %</u></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% and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**VERMILION LOCAL SCHOOL DISTRICT
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(CONTINUED)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

F. **Actuarial Assumptions – STRS** (Continued)

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 member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 28,038,128	\$ 18,232,876	\$ 9,940,316

**VERMILION LOCAL SCHOOL DISTRICT
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(CONTINUED)

NOTE 13: DEFINED BENEFIT OPEB PLANS

A. Net OPEB Liability/Asset

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability and net OPEB asset. Resulting adjustments to the net OPEB liability and net OPEB asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

**VERMILION LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

B. Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, there was no contribution made to health care. A 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.

The surcharge is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$65,823 for fiscal year 2024. The full amount is reported as an intergovernmental payable.

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(CONTINUED)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

C. Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

D. OPEB Liabilities, OPEB Asset, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/asset			
Prior Measurement Date	0.0964495%	0.07571319%	
Proportion of the Net OPEB Liability/asset			
Current Measurement Date	0.1002857%	0.08466649%	
Change in Proportionate Share	<u>0.0038362%</u>	<u>0.00895330%</u>	
Proportionate Share of the Net OPEB Liability	\$ 1,652,153	\$ -	\$ 1,652,153
Proportionate Share of the Net OPEB Asset	\$ -	\$ (1,646,645)	\$ (1,646,645)
OPEB Expense	\$ (90,420)	\$ (100,029)	\$ (190,449)

**VERMILION LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

D. OPEB Liabilities, OPEB Asset, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 3,440	\$ 2,567	\$ 6,007
Changes of assumptions	558,644	242,574	801,218
Net difference between projected and actual earnings on pension plan investments	12,808	2,938	15,746
Changes in proportion and difference between District contributions and proportionate share of contributions	145,266	6,937	152,203
District contributions subsequent to the measurement date	<u>65,823</u>	<u>-</u>	<u>65,823</u>
Total Deferred Outflows of Resources	<u><u>\$ 785,981</u></u>	<u><u>\$ 255,016</u></u>	<u><u>\$ 1,040,997</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 852,079	\$ 251,158	\$ 1,103,237
Changes of assumptions	469,224	1,086,435	1,555,659
Changes in proportion and difference between District contributions and proportionate share of contributions	<u>26,761</u>	<u>55,924</u>	<u>82,685</u>
Total Deferred Inflows of Resources	<u><u>\$ 1,348,064</u></u>	<u><u>\$ 1,393,517</u></u>	<u><u>\$ 2,741,581</u></u>

\$65,823 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability and net OPEB asset in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense below:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$ (238,798)	\$ (498,344)	\$ (737,142)
2026	(193,525)	(227,697)	(421,222)
2027	(101,906)	(89,267)	(191,173)
2028	(62,863)	(120,340)	(183,203)
2029	(50,028)	(110,623)	(160,651)
Thereafter	<u>19,214</u>	<u>(92,230)</u>	<u>(73,016)</u>
Total	<u><u>\$ (627,906)</u></u>	<u><u>\$ (1,138,501)</u></u>	<u><u>\$ (1,766,407)</u></u>

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

E. 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 below:

Wage 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 investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

Base Mortality: Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 13: DEFINED BENEFIT OPEB PLANS (Continued)

E. Actuarial Assumptions – SERS (Continued)

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

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 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.79 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

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 state statute contribution rate of 1.50 percent of projected covered employee 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 for the SEIR for both the June 30, 2022 and the June 30, 2023 total OPEB liability.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

E. Actuarial Assumptions – SERS (Continued)

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 is 3.86 % at June 30, 2023 and 3.69 % at June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the 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 (6.75% decreasing to 4.40%).

	1% Decrease (3.27%)	Current (4.27%)	1% Increase (5.27%)
District's proportionate share of the net OPEB liability	\$ 2,111,923	\$ 1,652,153	\$ 1,289,604
	1% Decrease (5.75 % decreasing to 3.40%)	Current (6.75 % decreasing to 4.40%)	1% Increase (7.75 % decreasing to 5.40%)
District's proportionate share of the net OPEB liability	\$ 1,213,779	\$ 1,652,153	\$ 2,233,056

F. Actuarial Assumptions – STRS

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

Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Cost-of-Living Adjustments	0 percent	
Discount Rate of Return	7.00 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	7.50 percent	4.14 percent
Medicare	-10.94 percent	4.14 percent
Prescription Drug		
Pre-Medicare	-11.95 percent	4.14 percent
Medicare	1.33 percent	4.14 percent

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

F. **Actuarial Assumptions – STRS** (Continued)

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

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

Actuarial assumptions used in the June 30, 2023, valuations are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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 below:

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
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	<u>1.00</u>	1.00
Total	<u><u>100.00 %</u></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 does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should

Discount Rate The discount rate used to measure the total OPEB asset was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB asset as of June 30, 2023.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

F. **Actuarial Assumptions – STRS** (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 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%)
District's proportionate share of the net OPEB asset	\$ 1,393,671	\$ 1,646,645	\$ 1,866,961
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 1,877,185	\$ 1,646,645	\$ 1,368,967

Benefit Term Changes Since the Prior Measurement Date Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

NOTE 14: **BUDGETARY BASIS OF ACCOUNTING**

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

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the General Fund is presented on the Budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the Budgetary basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (Budgetary basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (Budgetary basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to constrain that portion of the applicable appropriation, total outstanding encumbrances (Budgetary basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 14: BUDGETARY BASIS OF ACCOUNTING (Continued)

(d) Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (Budgetary basis).

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$ (1,441,946)
Net Adjustment for Revenue Accruals	419,575
Net Adjustments for Expenditure Accruals	(65,307)
Funds with Separate Legally Adopted Budgets	(2,564)
Adjustment for Encumbrances	(141,730)
Budget Basis	<u><u>\$ (1,231,972)</u></u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a GAAP basis. These include the Emergency Levy Fund, the Public-School Support Fund, the Special Trust Fund, and the Other Grants Fund.

NOTE 15: CONTINGENCIES

A. Grants

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

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

C. State Foundation Funding

The District's foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, all ODE adjustments for fiscal year 2024 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2024 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 16: SET-ASIDES

The 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 fiscal year-end. These amounts must be carried forward to be used for the same purposes in future years. The following cash basis information describes the change in the fiscal year-end set-aside amounts for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside Balance as of June 30, 2023	\$ -
Current Year Set-aside Requirement	361,564
Current Year Qualifying Expenditures	(1,386,301)
Total	\$ (1,024,737)
Balance carried forward to Fiscal Year 2025	\$ -
Set-aside Balance as of June 30, 2024	\$ -

Although the District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirements for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

NOTE 17: FUND BALANCES

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

Fund Balances	General	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>			
Materials and Supplies Inventory	\$ 42,794	\$ 12,033	\$ 54,827
Unclaimed Funds	4,370	-	4,370
<i>Total Nonspendable</i>	<u>47,164</u>	<u>12,033</u>	<u>59,197</u>
<i>Restricted for</i>			
Debt Service	-	606,887	606,887
Food Service Operations	-	333,366	333,366
Scholarships	-	1,840,165	1,840,165
Endowment	-	67,386	67,386
Student Activities	-	107,806	107,806
Safety and Security Levy	-	282,200	282,200
Other Purposes	-	17,158	17,158
<i>Total Restricted</i>	<u>-</u>	<u>3,254,968</u>	<u>3,254,968</u>
<i>Committed to</i>			
Capital Improvements	-	96,268	96,268
Healthcare Payments	4,330	-	4,330
<i>Total Committed</i>	<u>4,330</u>	<u>96,268</u>	<u>100,598</u>
<i>Assigned to</i>			
FY2025 Appropriations	3,491,982	-	3,491,982
Student Instruction	2,225	-	2,225
Student and Staff Support	124,436	-	124,436
Public School Support	22,022	-	22,022
Special Programs	3,146	-	3,146
Other Purposes	17,878	-	17,878
<i>Total Assigned</i>	<u>3,661,689</u>	<u>-</u>	<u>3,661,689</u>
<i>Unassigned (Deficit)</i>	<u>11,095,381</u>	<u>(9,391)</u>	<u>11,085,990</u>
<i>Total Fund Balances</i>	<u><u>\$ 14,808,564</u></u>	<u><u>\$ 3,353,878</u></u>	<u><u>\$ 18,162,442</u></u>

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

NOTE 18: CONSTRUCTION AND OTHER COMMITMENTS

A. Construction Commitments

As of June 30, 2024, the District did have any significant construction commitments outstanding.

B. Other Commitments

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

	<u>Outstanding Encumbrances</u>
General Fund	\$ 126,661
Other Governmental Funds	17,264
	<u><u>\$ 143,925</u></u>

NOTE 19: SUBSEQUENT EVENT

The District entered into an agreement with Apple Financial Services to purchase 1,115 MacBook Air devices for replacement on July 15, 2024.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
REQUIRED SUPPLEMENTARY INFORMATION
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY**
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.0971664%	0.0942509%	0.0933907%	0.0888522%	0.0882653%	0.0928685%	0.0950988%	0.0995570%	0.1059947%	0.111608%
District's Proportionate Share of the Net Pension Liability	\$ 5,368,945	\$ 5,097,822	\$ 3,445,847	\$ 5,876,872	\$ 5,281,068	\$ 5,318,751	\$ 5,681,944	\$ 7,286,654	\$ 6,048,160	\$ 5,648,417
District's Covered Payroll	\$ 3,976,371	\$ 3,399,293	\$ 3,268,329	\$ 3,125,893	\$ 3,025,837	\$ 3,496,185	\$ 3,075,536	\$ 3,179,279	\$ 3,183,126	\$ 3,245,967
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	135.02%	149.97%	105.43%	188.01%	174.53%	152.13%	184.75%	229.19%	190.01%	174.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

Amounts presented as of the District's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
REQUIRED SUPPLEMENTARY INFORMATION
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY**
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.08466649%	0.07571319%	0.08224689%	0.08294656%	0.07930018%	0.08046443%	0.08211413%	0.08199609%	0.08954723%	0.08442251%
District's Proportionate Share of the Net Pension Liability	\$ 18,232,876	\$ 16,831,137	\$ 10,516,004	\$ 20,070,116	\$ 17,536,758	\$ 17,692,322	\$ 19,506,388	\$ 27,446,563	\$ 24,748,235	\$ 20,534,476
District's Covered Payroll	\$ 11,435,764	\$ 9,843,079	\$ 10,151,300	\$ 10,240,329	\$ 9,200,971	\$ 9,503,514	\$ 8,732,793	\$ 8,965,436	\$ 9,061,786	\$ 8,699,392
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.44%	170.99%	103.59%	195.99%	190.60%	186.17%	223.37%	306.14%	273.11%	236.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%	75.50%	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%

Amounts presented as of the District's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - PENSION
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 527,547	\$ 556,692	\$ 475,901	\$ 457,566	\$ 437,625	\$ 408,488	\$ 471,985	\$ 430,575	\$ 445,099	\$ 419,536
Contributions in Relation to the Contractually Required Contribution	(527,547)	(556,692)	(475,901)	(457,566)	(437,625)	(408,488)	(471,985)	(430,575)	(445,099)	(419,536)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District Covered Payroll	\$ 3,768,193	\$ 3,976,371	\$ 3,399,293	\$ 3,268,329	\$ 3,125,893	\$ 3,025,837	\$ 3,496,185	\$ 3,075,536	\$ 3,179,279	\$ 3,183,126
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%

See accompanying notes to the required supplementary information

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - PENSION
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,607,219	\$ 1,601,007	\$ 1,378,031	\$ 1,421,182	\$ 1,433,646	\$ 1,288,136	\$ 1,330,492	\$ 1,222,591	\$ 1,255,161	\$ 1,268,650
Contributions in Relation to the Contractually Required Contribution	<u>(1,607,219)</u>	<u>(1,601,007)</u>	<u>(1,378,031)</u>	<u>(1,421,182)</u>	<u>(1,433,646)</u>	<u>(1,288,136)</u>	<u>(1,330,492)</u>	<u>(1,222,591)</u>	<u>(1,255,161)</u>	<u>(1,268,650)</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District Covered Payroll	\$ 11,480,136	\$ 11,435,764	\$ 9,843,079	\$ 10,151,300	\$ 10,240,329	\$ 9,200,971	\$ 9,503,514	\$ 8,732,793	\$ 8,965,436	\$ 9,061,786
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST EIGHT FISCAL YEARS (1)

	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability	0.1002857%	0.0964495%	0.0963831%	0.0915962%	0.0907607%	0.0945515%	0.0968664%	0.1009794%
District's Proportionate Share of the Net OPEB Liability	\$ 1,652,153	\$ 1,354,160	\$ 1,824,129	\$ 1,990,685	\$ 2,282,440	\$ 2,623,114	\$ 2,599,640	\$ 2,878,286
District's Covered Payroll	\$ 3,976,371	\$ 3,399,293	\$ 3,268,329	\$ 3,125,893	\$ 3,025,837	\$ 3,496,185	\$ 3,075,536	\$ 3,179,279
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	41.55%	39.84%	55.81%	63.68%	75.43%	75.03%	84.53%	90.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST EIGHT FISCAL YEARS (1)

	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability/Asset	0.08466649%	0.07571319%	0.08224689%	0.08294656%	0.07930018%	0.08046443%	0.08211413%	0.08199609%
District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (1,646,645)	\$ (1,960,467)	\$ (1,734,109)	\$ (1,457,785)	\$ (1,313,401)	\$ (1,292,982)	\$ 3,203,789	\$ 4,385,172
District's Covered Payroll	\$ 11,435,764	\$ 9,843,079	\$ 10,151,300	\$ 10,240,329	\$ 9,200,971	\$ 9,503,514	\$ 8,732,793	\$ 8,965,436
District's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-14.40%	-19.92%	-17.08%	-14.24%	-14.27%	-13.61%	36.69%	48.91%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	168.52%	230.73%	174.73%	182.13%	174.74%	176.00%	47.11%	37.30%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - OPEB
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (1)	\$ 65,823	\$ 74,935	\$ 63,381	\$ 62,311	\$ 55,979	\$ 71,961	\$ 70,056	\$ 62,977	\$ 51,479	\$ 26,102
Contributions in Relation to the Contractually Required Contribution	<u>(65,823)</u>	<u>(74,935)</u>	<u>(63,381)</u>	<u>(62,311)</u>	<u>(55,979)</u>	<u>(71,961)</u>	<u>(70,056)</u>	<u>(62,977)</u>	<u>(51,479)</u>	<u>(26,102)</u>
Contribution Deficiency (Excess)	<u><u>-</u></u>									
District Covered Payroll	\$ 3,768,193	\$ 3,976,371	\$ 3,399,293	\$ 3,268,329	\$ 3,125,893	\$ 3,025,837	\$ 3,496,185	\$ 3,075,536	\$ 3,179,279	\$ 3,183,126
OPEB Contributions as a Percentage of Covered Payroll (1)	1.75%	1.88%	1.86%	1.91%	1.79%	2.38%	2.00%	2.05%	1.62%	0.82%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - OPEB
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District Covered Payroll	\$ 11,480,136	\$ 11,435,764	\$ 9,843,079	\$ 10,151,300	\$ 10,240,329	\$ 9,200,971	\$ 9,503,514	\$ 8,732,793	\$ 8,965,436	\$ 9,061,786
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Net Pension Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017 and 2019-2024.

The following changes were made to the benefit terms in 2018 as identified: The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018-2020.

Changes in assumptions- SERS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016, 2018-2021, and 2024. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement (h) change in discount rate from 7.75% to 7.5%. For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.00% to 2.40%, (b) assumed real wage growth was reduced from 0% to 0.85%, (c) Cost-of-Living-Adjustments was reduced from 2.50% to 2.00% (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality amount active members, service retirees and beneficiaries, and disabled members were updated (i) change in discount rate from 7.50% to 7.00%. For fiscal year 2023, Cost-of-Living-Adjustments were increased from 2.00% to 2.50%.

Changes in benefit terms – STRS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2024.

Changes in assumptions – STRS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017, 2019-2021, and 2024. For fiscal year 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) inflation assumption lowered from 2.75% to 2.50%, (b) investment return assumption lowered from 7.75% to 7.45%, (c) total salary increases rates lowered by decreasing the merit component of the individual salary increases, as well as by 0.25% due to lower inflation, (d) payroll growth assumption lowered to 3.00%, (e) updated the healthy and disable mortality assumption to the “RP-2014” mortality tables with generational improvement scale MP-2016, (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) investment return assumption lowered from 7.45% to 7.00%, (b) discount rate of return reduced from 7.45% to 7.00%. For fiscal year 2023, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) projected salary increases changed from, 12.50% at age 20 to 2.50% at age 65, to, varies by service from 2.50% to 8.50% (b) 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.

Net OPEB Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2018-2024.

Changes in Assumptions – SERS

Amounts reported for fiscal years 2018-2023 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

Medicare Trend Assumption

Medicare	
Fiscal year 2024	6.75 percent decreasing to 4.40 percent
Fiscal year 2023	7.00 percent decreasing to 4.40 percent
Fiscal year 2022	5.125 percent decreasing to 4.40 percent
Fiscal year 2020	5.25 percent decreasing to 4.75 percent
Fiscal year 2019	5.375 percent decreasing to 4.75 percent

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Fiscal year 2018	5.50 percent decreasing to 5.00 percent
Pre – Medicare	
Fiscal year 2024	7.00 percent decreasing to 4.40 percent
Fiscal year 2023	7.00 percent decreasing to 4.40 percent
Fiscal year 2022	6.75 percent decreasing to 4.40 percent
Fiscal year 2020	7.00 percent decreasing to 4.75 percent
Fiscal year 2019	7.25 percent decreasing to 4.75 percent
Fiscal year 2018	7.50 percent decreasing to 5.00 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 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 years 2020 and 2021, the health care cost trend rates were modified.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to 7.00 percent. The health care cost trend rates modified.

For fiscal year 2023, projected salary increases changed from, 12.50% at age to 2.50% at age 65, to, varies by service from 2.50% to 8.50%. The health care cost trend rates were modified.

For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

Changes in Benefit Terms – STRS

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.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

For fiscal year 2020, claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984 per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

There were no benefit term changes from the amounts reported for fiscal year 2022-2024.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Expenditures	Non-Cash Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Passed through Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 123,565	\$ 0
COVID-19 - National School Lunch Program	10.555	44,237	0
National School Lunch Program	10.555	391,676	51,223
Total Child Nutrition Cluster		<u>559,478</u>	<u>51,223</u>
Total U.S. Department of Agriculture		<u>559,478</u>	<u>51,223</u>
<u>U.S. Department of Education</u>			
<i>Passed through Ohio Department of Education</i>			
Title I - Grants to Local Educational Agencies	84.010	<u>310,782</u>	<u>0</u>
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	446,072	0
Special Education Preschool Grant	84.173	12,177	0
Total Special Education Cluster		<u>458,249</u>	<u>0</u>
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	<u>59,519</u>	<u>0</u>
Student Support and Academic Enrichment	84.424A	28,580	0
Student Support and Academic Enrichment - Strong Connection	84.424F	21,237	0
Total ALN # 84.424		<u>49,817</u>	<u>0</u>
Education Stabilization Fund:			
COVID 19 - ARP ESSER	84.425U	363,204	0
Total U.S. Department of Education		<u>1,241,571</u>	<u>0</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 1,801,049</u>	<u>\$ 51,223</u>

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

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Vermilion Local School District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented 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 Vermilion Local School District, it is not intended to and does not present the financial position or changes in net position of the Vermilion Local School District.

NOTE 2: 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

The Vermilion Local School District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4: CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE 5: NONCASH SUPPORT

The District receives noncash support in the form of food subsidies from the National School Lunch Program (NSLP), CFDA 10.555. The value of the food subsidies is determined by using the fair market value of the food items as quoted by local food supplies.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Vermilion Local School District
Erie County
1250 Sanford Street
Vermilion, Ohio 44089

To the Members of 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vermilion Local School District, Erie County, Ohio, (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 dated December 27, 2024.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an 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 have not been identified.

Vermilion Local School District

Erie County

Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. 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.



Zupka & Associates
Certified Public Accountants

December 27, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Vermilion Local School District
Erie County
1250 Sanford Street
Vermilion, Ohio 44089

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Vermilion Local School District, Erie County, Ohio's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2024. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Vermilion Local School District complied, in all material respects, with the types of 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 Each Major Federal Program

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Vermilion Local School District

Erie County

Independent Auditor's Report on Compliance for Each 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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Zupka & Associates
Certified Public Accountants

December 27, 2024

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
JUNE 30, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

2024(i)	Type of Financial Statement Opinion	Unmodified
2024(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2024(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2024(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2024(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2024(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2024(v)	Type of Major Programs' Compliance Opinions	Unmodified
2024(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2024(vii)	Major Programs (list): Special Education Cluster (IDEA) - Special Education - Grants to States - ALN #84.027 Special Education Preschool Grants - ALN #84.173	
2024(viii)	Dollar Threshold: A/B Program	Type A: \$750,000 Type B: All Others less than \$750,000
2024(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**VERMILION LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO**
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

The prior audit report, as of June 30, 2023, included no findings or instance of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

OHIO AUDITOR OF STATE KEITH FABER



VERMILION LOCAL SCHOOL DISTRICT

ERIE 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 4/17/2025

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

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