



OHIO AUDITOR OF STATE  
**KEITH FABER**





**FEDERAL-HOCKING LOCAL SCHOOL DISTRICT  
ATHENS COUNTY  
JUNE 30, 2024**

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FEDERAL-HOCKING LOCAL SCHOOL DISTRICT  
ATHENS COUNTY  
JUNE 30, 2024

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## INDEPENDENT AUDITOR'S REPORT

Federal-Hocking Local School District  
Athens County  
8461 State Route 144  
Stewart, Ohio 45778

To the Board of Education:

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

#### ***Opinions***

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

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

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

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to

continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of the School District's Proportionate Share of the Net Pension and Other Post-Employment Benefit Liabilities/Assets and Schedules of School District Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the

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

***Supplementary information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2025, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 7, 2025

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# **Federal Hocking Local School District, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2024*

*Unaudited*

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

## **Financial Highlights**

Key financial highlights for the fiscal year 2024 are as follows:

- Net position of governmental activities decreased \$447,002.
- Construction in progress moved depreciable assets due to the generator project completion in 2024. This caused depreciable assets to increase but was offset by the depreciation exceeding the additions for the year.
- The School District had \$17,565,872 in expenses related to governmental activities; only \$3,377,816 of these expenses were offset by program specific charges for services and sales, grants, contributions, and interest. General revenues of \$13,741,054 were not adequate to provide for these programs causing a decrease in net position for fiscal year 2024.

## **Using this Annual Financial Report**

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 Federal Hocking Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

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

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

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

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2024?" The Statement of Net Position and the Statement of Activities answer this question.

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

## **Federal Hocking Local School District, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2024*

*Unaudited*

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These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

#### Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Permanent Improvement Capital Projects Fund.

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

# Federal Hocking Local School District, Ohio

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

Table 1  
 Net Position  
 Governmental Activities

	2024	2023	Change
<b>Assets</b>			
Current and Other Assets	\$14,030,114	\$14,156,385	(\$126,271)
Capital Assets	13,218,946	13,313,634	(94,688)
Net OPEB Asset	<u>934,736</u>	<u>1,244,323</u>	<u>(309,587)</u>
Total Assets	<u>28,183,796</u>	<u>28,714,342</u>	<u>(530,546)</u>
<b>Deferred Outflows of Resources</b>			
Pension	2,722,558	3,445,425	(722,867)
OPEB	633,004	462,835	170,169
Asset Retirement Obligations	<u>17,600</u>	<u>18,500</u>	<u>(900)</u>
Total Deferred Outflows of Resources	<u>3,373,162</u>	<u>3,926,760</u>	<u>(553,598)</u>
<b>Liabilities</b>			
Current and Other Liabilities	1,871,952	1,808,498	63,454
Long-term Liabilities:			
Due Within One Year	285,401	275,331	10,070
Due in More Than One year:			
Net Pension Liability	13,702,692	14,065,078	(362,386)
Net OPEB Liability	1,020,057	893,249	126,808
Other Amounts	<u>1,341,964</u>	<u>1,553,154</u>	<u>(211,190)</u>
Total Liabilities	<u>18,222,066</u>	<u>18,595,310</u>	<u>(373,244)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	5,064,096	4,499,866	564,230
Pension	1,064,973	1,508,784	(443,811)
OPEB	<u>1,816,380</u>	<u>2,200,697</u>	<u>(384,317)</u>
Total Deferred Inflows of Resources	<u>7,945,449</u>	<u>8,209,347</u>	<u>(263,898)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	12,639,431	12,542,664	96,767
Restricted	2,491,025	1,949,337	541,688
Unrestricted (Deficits)	<u>(9,741,013)</u>	<u>(8,655,556)</u>	<u>(1,085,457)</u>
Total Net Position	<u>\$5,389,443</u>	<u>\$5,836,445</u>	<u>(\$447,002)</u>

The net pension liability is the largest single liability reported by the School District at June 30, 2024. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities.

## **Federal Hocking Local School District, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2024*

*Unaudited*

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In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

In total, assets decreased from fiscal year 2024. Intergovernmental receivables decreased due to the decrease in grants in fiscal year 2024. Materials and supplies and inventory held for resale decreased mainly due to the changes in food service providers throughout the year that caused a reduction in inventory and supplies at year end. Non depreciable assets decreased due to the generator project being completed within the year and added as an asset. The net OPEB asset decreased due to the changes in benefits, and contribution rates. These decreases were offset by the increase in property taxes and depreciable assets.

Deferred outflows of resources decreased in total. The decrease in pension deferred outflows and the increase in OPEB deferred outflows coincide with the above changes in benefits and contribution rates.

In total, liabilities decreased. Accounts payable decreased in 2024 mainly due to the decrease in assets recorded as payables. Net pension liability decreased due to the changes in benefits and contribution rates. Other amounts due in more than one year decreased due to payments on financed purchases. These decreases were offset by increases to the net OPEB liability and intergovernmental payables. Intergovernmental payables increased due to an invoice received late for prior year services.

Deferred inflows of resources decreased in 2024 due to the decrease in pension and OPEB deferred inflows decreasing. This was offset by the increase in property taxes deferred inflows of resources.

In total, the net position for the School District decreased. Decreases were in food service operations, athletics and music programs, federal grant programs and unrestricted. All other net positions increased throughout the year.

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

# Federal Hocking Local School District, Ohio

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

Table 2  
 Changes in Net Position

	2024	2023	Change
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$439,633	\$352,432	\$87,201
Operating Grants, Contributions and Interest	2,938,183	6,108,914	(3,170,731)
Total Program Revenues	<u>3,377,816</u>	<u>6,461,346</u>	<u>(3,083,530)</u>
General Revenues:			
Property Taxes	5,143,241	4,655,723	487,518
Grants and Entitlements	8,234,507	7,960,869	273,638
Investment Earnings/Interest	334,746	224,180	110,566
Gifts and Donations	0	23,668	(23,668)
Miscellaneous	28,560	49,786	(21,226)
Total General Revenues	<u>13,741,054</u>	<u>12,914,226</u>	<u>826,828</u>
Total Revenues	<u>17,118,870</u>	<u>19,375,572</u>	<u>(2,256,702)</u>
<b>Program Expenses</b>			
Instruction:			
Regular	7,880,240	7,633,977	246,263
Special	2,490,633	2,449,110	41,523
Vocational	299,515	282,655	16,860
Student Intervention Services	138	2,866	(2,728)
Support Services:			
Pupils	757,427	957,944	(200,517)
Instructional Staff	42,757	3,049	39,708
Board of Education	104,965	80,906	24,059
Administration	1,095,166	1,066,970	28,196
Fiscal	435,598	406,721	28,877
Operation and Maintenance of Plant	1,446,305	1,498,762	(52,457)
Pupil Transportation	1,633,959	1,470,933	163,026
Central	182,007	210,847	(28,840)
Operation of Non-Instructional Services:			
Food Service Operations	829,380	745,710	83,670
Community Services	21,333	5,686	15,647
Extracurricular Activities	330,955	363,468	(32,513)
Interest	15,494	20,458	(4,964)
Total Expenses	<u>17,565,872</u>	<u>17,200,062</u>	<u>365,810</u>
Change in Net Position	<u>(447,002)</u>	<u>2,175,510</u>	<u>(2,622,512)</u>
Net Position at Beginning of Year	<u>5,836,445</u>	<u>3,660,935</u>	<u>2,175,510</u>
Net Position at End of Year	<u><b>\$5,389,443</b></u>	<u><b>\$5,836,445</b></u>	<u><b>(\$447,002)</b></u>

Total program revenues decreased from fiscal year 2023 to fiscal year 2024, primarily in the area of operating grants and contributions. Operating grants and contributions decreased mainly due to the ESSERS grant and other federal grants being reduced in fiscal year 2024. Charges for services and sales increased offsetting the decrease.

## **Federal Hocking Local School District, Ohio**

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

General revenues increased, mainly in the area of property taxes, grants and entitlements, and investment earnings/interest. Property taxes increased due to the increase in property values, while investments earnings/interest increased due to the increasing interest rates. Program expenses increased mainly in the areas of regular instruction and pupil transportation.

The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decreased as the property valuation increases thus generating about the same revenue. Property taxes made up approximately 30% of revenues for governmental activities for the School District in fiscal year 2024.

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

**Table 3**  
**Governmental Activities**

<b>Program Expenses</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
	<b>2024</b>	<b>2024</b>	<b>2023</b>	<b>2023</b>
<b>Instruction:</b>				
Regular	\$7,880,240	\$7,259,759	\$7,633,977	\$6,662,107
Special	2,490,633	871,211	2,449,110	997,474
Vocational	299,515	219,801	282,655	(57,825)
Student Intervention Services	138	0	2,866	2,367
<b>Support Services:</b>				
Pupils	757,427	738,324	957,944	626,569
Instructional Staff	42,757	5,582	3,049	2,375
Board of Education	104,965	104,965	80,906	77,024
Administration	1,095,166	1,078,930	1,066,970	1,055,455
Fiscal	435,598	435,598	406,721	403,529
Operation and Maintenance of Plant	1,446,305	1,178,694	1,498,762	(761,153)
Pupil Transportation	1,633,959	1,629,582	1,470,933	1,184,872
Central	182,007	167,978	210,847	205,519
<b>Operation of Non-Instructional Services:</b>				
Food Service Operations	829,380	288,267	745,710	185,180
Community Services	21,333	5,423	5,866	4,976
Extracurricular Activities	330,955	188,448	363,468	129,789
Interest	15,494	15,494	20,458	20,458
<b>Total</b>	<b>\$17,565,872</b>	<b>\$14,188,056</b>	<b>\$17,200,242</b>	<b>\$10,738,716</b>

The dependence upon tax revenues and State subsidies for governmental activities is apparent. For fiscal year 2024, approximately 80% of governmental activities were supported through taxes and other general revenues.

## **Federal Hocking Local School District, Ohio**

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

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### **The School District Funds**

The School District's major funds are accounted for using the modified accrual basis of accounting. The General Fund had total revenues of \$14,114,365 and expenditures of \$14,629,780. The General Fund's balance decreased \$535,415 mainly due to expenditures increasing over \$760,000.

The fund balance of the Permanent Improvement Capital Projects Fund at June 30, 2024, is \$1,306,177, an increase of \$84,138 from the prior year despite an increase in expenditures of over \$170,000 offset by an increase in property tax revenues.

### **General Fund Budgeting Highlights**

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

During the course of fiscal 2024, the School District amended its General Fund budget, but not significantly. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

The General Fund had original revenue budget estimates of \$13,181,072. The original budget estimates were increased to the final budget of \$14,039,539.

Original expenditure appropriations were \$14,263,326. The appropriations were increased to the final budget of \$14,624,501. The increase of \$361,175 was mostly in regular instruction. Actual expenditures were below appropriations by \$49,729.

The School District's ending unobligated General Fund balance was \$6,232,558.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

At the end of fiscal year 2024, the School District has a \$12,639,431 invested, net of debt, in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2024 balances compared to 2023.

Table 4  
Capital Assets  
(Net of Depreciation)

	<u>2024</u>	<u>2023</u>
Land	\$44,623	\$44,623
Construction in Progress	0	834,855
Land Improvements	1,261,151	1,279,039
Buildings and Improvements	9,440,519	9,761,833
Furniture and Equipment	1,371,181	339,879
Vehicles	1,101,472	1,053,405
<b>Totals</b>	<b>\$13,218,946</b>	<b>\$13,313,634</b>

## **Federal Hocking Local School District, Ohio**

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

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See Note 9 to the basic financial statements for more information on capital assets.

### **Debt**

The School District has a financed purchase and asset retirement obligations outstanding at fiscal year end. The changes from fiscal year 2023 follows:

Table 5  
Outstanding Debt, at Fiscal Year End

	2024	2023
HVAC Financed Purchase	\$579,515	\$770,970
Asset Retirement Obligations	45,000	45,000
	<u><u>\$624,515</u></u>	<u><u>\$815,970</u></u>

See Note 12 to the basic financial statements for more information on debt.

### **Economic Factors**

The School District relies on property taxes, along with State funding, to fund its day to day operations. While there have been a few new businesses established recently, development of additional business is unlikely during the current economic climate. State funding for fiscal year 2024 is based on the premise of the Fair School Funding Plan. While the School District expects an increase in revenue due to the plan, the establishment of legislative "phase ins" for some elements of the funding plan have delayed any gains the School District would receive. Gains will be offset by the decrease in students once the plan is fully phased in.

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

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Bruce Steenrod, Treasurer/CFO at Federal Hocking Local School District, 8461 State Route 144, Stewart, Ohio 45778. Or E-Mail at [BSteenrod@fhlancers.com](mailto:BSteenrod@fhlancers.com).

**Federal Hocking Local School District, Ohio**

*Statement of Net Position*

June 30, 2024

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$7,572,322
Cash and Cash Equivalents in Segregated Accounts	104
Investments	257,226
Intergovernmental Receivable	327,287
Accounts Receivable	17,183
Prepaid Items	102,993
Inventory Held for Resale	3,539
Materials and Supplies Inventory	8,701
Property Taxes Receivable	5,740,759
Nondepreciable Capital Assets	44,623
Depreciable Capital Assets, Net	13,174,323
Net OPEB Asset	<u>934,736</u>
<i>Total Assets</i>	<u>28,183,796</u>
<b>Deferred Outflows of Resources</b>	
Pension	2,722,558
OPEB	633,004
Asset Retirement Obligations	<u>17,600</u>
<i>Total Deferred Outflows of Resources</i>	<u>3,373,162</u>
<b>Liabilities</b>	
Accounts Payable	84,597
Accrued Wages and Benefits Payable	1,262,962
Accrued Interest Payable	816
Matured Compensated Absences Payable	24,935
Intergovernmental Payable	498,642
Long-Term Liabilities:	
Due Within One Year	285,401
Dues In More Than One Year:	
Net Pension Liability	13,702,692
Net OPEB Liability	1,020,057
Other Amounts Due in More than One Year	<u>1,341,964</u>
<i>Total Liabilities</i>	<u>18,222,066</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	5,064,096
Pension	1,064,973
OPEB	<u>1,816,380</u>
<i>Total Deferred Inflows of Resources</i>	<u>7,945,449</u>
<b>Net Position</b>	
Net Investment in Capital Assets	12,639,431
Restricted for:	
Capital Improvements	1,339,217
Student Activities	66,705
Local Grant Programs	21,568
Classroom Facilities	41,346
Athletics and Music Programs	15,382
OPEB Plan	934,736
State Grant Programs	50,517
Federal Grant Programs	21,554
Unrestricted (Deficit)	<u>(9,741,013)</u>
<i>Total Net Position</i>	<u>\$5,389,443</u>

See accompanying notes to the basic financial statements

**Federal Hocking Local School District, 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 and Sales	Operating Grants, Contributions, and Interest	
<b>Governmental Activities</b>				
Instruction:				
Regular	\$7,880,240	\$264,022	\$356,459	(\$7,259,759)
Special	2,490,633	0	1,619,422	(871,211)
Vocational	299,515	0	79,714	(219,801)
Student Intervention	138	0	138	0
Support Services:				
Pupils	757,427	0	19,103	(738,324)
Instructional Staff	42,757	0	37,175	(5,582)
Board of Education	104,965	0	0	(104,965)
Administration	1,095,166	32	16,204	(1,078,930)
Fiscal	435,598	0	0	(435,598)
Operation and Maintenance of Plant	1,446,305	0	267,611	(1,178,694)
Pupil Transportation	1,633,959	304	4,073	(1,629,582)
Central	182,007	5,794	8,235	(167,978)
Operation of Non-Instructional Services:				
Food Service Operations	829,380	74,817	466,296	(288,267)
Community Services	21,333	1,112	14,798	(5,423)
Extracurricular Activities	330,955	93,552	48,955	(188,448)
Interest	15,494	0	0	(15,494)
<i>Totals</i>	<i>\$17,565,872</i>	<i>\$439,633</i>	<i>\$2,938,183</i>	<i>(14,188,056)</i>

**General Revenues**

Property Taxes Levied for:

General Purposes	4,410,336
Capital Improvements	732,905
Grants and Entitlements not Restricted to Specific Programs	8,234,507
Investment Earnings/Interest	334,746
Miscellaneous	28,560

*Total General Revenues*

*13,741,054*

*Change in Net Position*

*(447,002)*

*Net Position Beginning of Year*

*5,836,445*

*Net Position End of Year*

*\$5,389,443*

See accompanying notes to the basic financial statements

**Federal Hocking Local School District, Ohio**

*Balance Sheet  
Governmental Funds  
June 30, 2024*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$6,071,369	\$1,263,111	\$237,842	\$7,572,322
Cash and Cash Equivalents in Segregated Accounts	0	0	104	104
Investments	0	0	257,226	257,226
Receivables:				
Property Taxes	4,959,123	781,636	0	5,740,759
Accounts	2,084	0	15,099	17,183
Intergovernmental	33,402	0	293,885	327,287
Interfund	234,737	0	0	234,737
Prepaid Items	80,810	440	21,743	102,993
Inventory Held for Resale	0	0	3,539	3,539
Materials and Supplies Inventory	8,158	0	543	8,701
<i>Total Assets</i>	<u>\$11,389,683</u>	<u>\$2,045,187</u>	<u>\$829,981</u>	<u>\$14,264,851</u>
<b>Liabilities</b>				
Accounts Payable	\$39,998	\$24,731	\$19,868	\$84,597
Accrued Wages and Benefits Payable	1,143,402	0	119,560	1,262,962
Matured Compensated Absences Payable	24,935	0	0	24,935
Interfund Payable	0	0	234,737	234,737
Intergovernmental Payable	419,237	0	79,405	498,642
<i>Total Liabilities</i>	<u>1,627,572</u>	<u>24,731</u>	<u>453,570</u>	<u>2,105,873</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	4,382,857	681,239	0	5,064,096
Unavailable Revenue	218,661	33,040	176,274	427,975
<i>Total Deferred Inflows of Resources</i>	<u>4,601,518</u>	<u>714,279</u>	<u>176,274</u>	<u>5,492,071</u>
<b>Fund Balances</b>				
Nonspendable	88,968	440	22,286	111,694
Restricted	0	1,305,737	190,497	1,496,234
Committed	11,000	0	258,226	269,226
Assigned	186,789	0	29,427	216,216
Unassigned (Deficits)	4,873,836	0	(300,299)	4,573,537
<i>Total Fund Balances</i>	<u>5,160,593</u>	<u>1,306,177</u>	<u>200,137</u>	<u>6,666,907</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$11,389,683</u>	<u>\$2,045,187</u>	<u>\$829,981</u>	<u>\$14,264,851</u>

See accompanying notes to the basic financial statements

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

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<b>Total Governmental Fund Balances</b>	\$6,666,907
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*Amounts reported for governmental activities in the statement of net position are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	13,218,946
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:

Delinquent Property Taxes	222,697
Intergovernmental Revenues	162,267
Charges for Services and Sales	14,149
Tuition and Fees	28,677
Miscellaneous Revenue	185
	427,975

Accrued interest payable is recognized for outstanding long-term liabilities with interest accruals that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(816)
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The asset retirement obligation, net pension liability, and net OPEB liability/asset are not due and payable in the current period; therefore, the liability, asset, and related deferred inflows/outflows are not reported in the funds:

Deferred Outflows - Asset Retirement Obligations	17,600
Deferred Outflows - Pension	2,722,558
Deferred Inflows - Pension	(1,064,973)
Net Pension Liability	(13,702,692)
Deferred Outflows - OPEB	633,004
Deferred Inflows - OPEB	(1,816,380)
Net OPEB Asset	934,736
Net OPEB Liability	(1,020,057) (13,296,204)

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

Asset Retirement Obligations	(45,000)
Financed Purchase Payable	(579,515)
Compensated Absences Payable	(1,002,850) (1,627,365)

<i>Net Position of Governmental Activities</i>	<i>\$5,389,443</i>
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See accompanying notes to the basic financial statements

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

	General	(Formerly Major) ESSER	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$4,411,434	\$0	\$733,247	\$0	\$5,144,681
Intergovernmental	9,090,977	0	83,940	1,954,474	11,129,391
Investment Earnings/Interest	334,746	0	0	14,410	349,156
Tuition and Fees	235,597	0	0	0	235,597
Extracurricular Activities	5,749	0	0	93,552	99,301
Charges for Services and Sales	1,241	0	0	60,668	61,909
Gifts and Donations	9,935	0	0	78,055	87,990
Miscellaneous	24,686	0	815	2,874	28,375
<i>Total Revenues</i>	<i>14,114,365</i>	<i>0</i>	<i>818,002</i>	<i>2,204,033</i>	<i>17,136,400</i>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	7,236,502	0	197,777	388,118	7,822,397
Special	1,666,897	0	0	787,905	2,454,802
Vocational	289,455	0	0	11,884	301,339
Student Intervention Services	0	0	0	138	138
Support Services:					
Pupils	728,686	0	0	17,966	746,652
Instructional Staff	7,232	0	0	35,525	42,757
Board of Education	58,687	0	46,278	0	104,965
Administration	1,106,961	0	7,906	21,317	1,136,184
Fiscal	427,175	0	20,194	0	447,369
Operation and Maintenance of Plant	1,199,553	0	176,527	229,602	1,605,682
Pupil Transportation	1,353,601	0	285,182	3,897	1,642,680
Central	190,843	0	0	0	190,843
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	815,548	815,548
Community Services	3,179	0	0	18,154	21,333
Extracurricular Activities	153,281	0	0	167,711	320,992
Debt Service:					
Principal	191,455	0	0	0	191,455
Interest	16,273	0	0	0	16,273
<i>Total Expenditures</i>	<i>14,629,780</i>	<i>0</i>	<i>733,864</i>	<i>2,497,765</i>	<i>17,861,409</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(515,415)</i>	<i>0</i>	<i>84,138</i>	<i>(293,732)</i>	<i>(725,009)</i>
<b>Other Financing Sources (Use)</b>					
Transfers In	0	0	0	20,000	20,000
Transfers Out	(20,000)	0	0	0	(20,000)
<i>Total Other Financing Sources (Use)</i>	<i>(20,000)</i>	<i>0</i>	<i>0</i>	<i>20,000</i>	<i>0</i>
<i>Net Change in Fund Balances</i>	<i>(535,415)</i>	<i>0</i>	<i>84,138</i>	<i>(273,732)</i>	<i>(725,009)</i>
<i>Fund Balances (Deficit) Beginning of Year as Previously Reported</i>	<i>5,696,008</i>	<i>(77,209)</i>	<i>1,222,039</i>	<i>551,078</i>	<i>7,391,916</i>
Change from Major Fund to Nonmajor Fund Adjustments - See Note 3	0	77,209	0	(77,209)	0
<i>Adjusted Fund Balances</i>					
<i>Beginning of Year</i>	<i>5,696,008</i>	<i>0</i>	<i>1,222,039</i>	<i>473,869</i>	<i>7,391,916</i>
<i>Fund Balances End of Year</i>	<i>\$5,160,593</i>	<i>\$0</i>	<i>\$1,306,177</i>	<i>\$200,137</i>	<i>\$6,666,907</i>

See accompanying notes to the basic financial statements

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

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**Net Change in Fund Balances - Total Governmental Funds** (\$725,009)

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

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

Capital Asset Additions	628,310	
Depreciation Expense	<u>(722,998)</u>	(94,688)

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

Delinquent Property Taxes	(1,440)	
Intergovernmental Revenues	(71,296)	
Tuition and Fees	28,677	
Charges for Services and Sales	14,149	
Miscellaneous Revenues	<u>185</u>	(29,725)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 191,455

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. 779

Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	1,245,295	
OPEB	<u>37,807</u>	1,283,102

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities:

Pension	(1,161,965)	
OPEB	<u>80,284</u>	(1,081,681)

Amortization of deferred outflows related to the asset retirement obligation is reported as an expense in the statement of activities. (900)

Compensated absences 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. 9,665

*Change in Net Position of Governmental Activities* (\$447,002)

See accompanying notes to the basic financial statements

**Federal Hocking Local School District, Ohio**

*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*

*General Fund*

*For the Fiscal Year Ended June 30, 2024*

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$4,186,812	\$4,307,628	\$4,307,628	\$0
Intergovernmental	8,945,427	9,154,172	9,089,755	(64,417)
Interest	0	326,500	334,732	8,232
Tuition and Fees	304	234,912	235,480	568
Miscellaneous	48,529	16,327	16,058	(269)
<i>Total Revenues</i>	<u>13,181,072</u>	<u>14,039,539</u>	<u>13,983,653</u>	<u>(55,886)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	7,059,320	7,240,497	7,207,757	32,740
Special	1,591,664	1,632,638	1,626,166	6,472
Vocational	286,559	293,854	295,871	(2,017)
Support Services:				
Pupils	713,096	731,454	728,554	2,900
Instructional Staff	7,086	7,269	7,240	29
Board of Education	72,886	74,762	74,466	296
Administration	1,084,660	1,112,582	1,108,172	4,410
Fiscal	423,141	434,009	432,516	1,493
Operation and Maintenance of Plant	1,198,553	1,229,408	1,232,583	(3,175)
Pupil Transportation	1,298,041	1,331,456	1,326,178	5,278
Central	171,474	175,888	175,191	697
Extracurricular Activities	149,118	152,956	152,350	606
Debt Service:				
Principal	191,455	191,455	191,455	0
Interest	16,273	16,273	16,273	0
<i>Total Expenditures</i>	<u>14,263,326</u>	<u>14,624,501</u>	<u>14,574,772</u>	<u>49,729</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,082,254)</u>	<u>(584,962)</u>	<u>(591,119)</u>	<u>(6,157)</u>
<b>Other Financing Source (Use)</b>				
Refund of Prior Year Expenditures	11,819	116,819	116,012	(807)
Advance In	634,938	634,938	634,938	0
Transfers Out	(20,000)	(20,000)	(20,000)	0
<i>Total Other Financing Source (Use)</i>	<u>626,757</u>	<u>731,757</u>	<u>730,950</u>	<u>(807)</u>
<i>Net Change in Fund Balance</i>	<u>(455,497)</u>	<u>146,795</u>	<u>139,831</u>	<u>(6,964)</u>
<i>Fund Balance Beginning of Year</i>	<u>6,067,184</u>	<u>6,067,184</u>	<u>6,067,184</u>	<u>0</u>
Prior Year Encumbrances Appropriated	25,543	25,543	25,543	0
<i>Fund Balance End of Year</i>	<u>\$5,637,230</u>	<u>\$6,239,522</u>	<u>\$6,232,558</u>	<u>(\$6,964)</u>

See accompanying notes to the basic financial statements

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## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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### **NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Federal Hocking Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by State statute and federal guidelines.

Federal Hocking Local School District is a rural school located in Athens County, in the Appalachian region of the State, and consists of the villages of Amesville, Coolville, Guysville, and Stewart. The School District is staffed by 83 certificated employees, 13 administrative employees, and 55 classified employees who provide services to 841 students. The School District currently operates two elementary schools, one middle school, one high school, and one garage.

#### **Reporting Entity**

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

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

The School District participates in three jointly governed organizations and three insurance purchasing pools. These organizations are the Metropolitan Educational Technology Association (META) Solutions, the Coalition of Rural and Appalachian Schools, the Ohio Coalition of Equity and Adequacy of School funding, the Ohio School Plan, the Ohio School Board Association Workers' Compensation Group Rating Program, and the Athens County School Employee Health and Welfare Benefit Association. These organizations are presented in Notes 18 and 19 to the basic financial statements.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **A. Basis of Presentation**

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

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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**Government-wide Financial Statements** The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. The statements usually distinguish between those activities that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School District has no business-type activities.

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

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

### **B. Fund Accounting**

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

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

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

**Permanent Improvement Capital Projects Fund** This fund accounts for the accumulation of resources from taxes that are used to pay for capital and permanent improvement costs of the School District.

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

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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### **C. Measurement Focus and Basis of Accounting**

#### **Government-wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position. The statement of activities accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

#### **Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

### **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. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

#### **Revenues - Exchange and Non-Exchange Transactions**

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

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

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

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for asset retirement obligations, pension, and OPEB plans. The deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is expensed in a systematic and rational manner over the tangible asset's useful life. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, tuition and fees, charges for services and sales, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11)

### **E. Budgetary Process**

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

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

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources.

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

### **F. Cash and Investments**

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool, except for the investments in the Christmann Scholarship Special Revenue Fund. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

The School District has a segregated bank account for athletic activities. This depository account is presented as "cash and cash equivalents in segregated accounts" since it is not deposited into the School District treasury.

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

During fiscal year 2024, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and certificates of deposit. These investments are reported at cost.

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 School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the General Fund during fiscal year 2024 amounted to \$334,746, which includes \$63,999 assigned from other School District funds.

### **G. Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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### **H. Prepaid Items**

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

### **I. Capital Assets**

The School District's only capital assets are general capital assets resulting from expenditures in the governmental funds. General capital 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 fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<b>Description</b>	<b>Estimated Lives</b>
Land Improvements	10-20 years
Buildings and Improvements	10-50 years
Furniture and Equipment	5 - 20 years
Vehicles	10 years

### **J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for the accumulated unused vacation time when earned for all employees with more than one year of service. The employees are allowed to carryover vacation days up to a maximum accumulation of two years' worth of accrued days.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which these payments will be paid.

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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### **K. 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 judgements and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current 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. Financed purchases and the asset retirement obligation are recognized as a liability on the governmental fund financial statements when due.

### **L. Internal Activity**

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

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

### **M. Fund Balance**

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

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

**Restricted** The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions. Under Ohio law, amounts paid into any fund, including by transfer, shall have the same constraints placed on the use of funds as those externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District's Board of Education. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District's Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in fiscal year 2025's appropriated budget. The Board of Education has also assigned fund balance for capital improvements and public school support.

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

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

### **N. Pensions /Other Postemployment Benefits (OPEB)**

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

### **O. Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets 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. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Restricted Net Position for the OPEB plan represents the corresponding restricted asset amounts held in trust by the OPEB plan for future benefits.

### **P. 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. There were no extraordinary or special items reported for fiscal year 2024.

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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### **Q. Estimates**

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

### **R. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated on the statement of net position.

### **NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND CHANGES TO OR WITHIN THE FINANCIAL REPORTING ENTITY**

#### **Change in Accounting Principles**

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

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

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

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

#### **Changes to or within the Financial Reporting Entity**

For fiscal year 2024, the Elementary and Secondary School Emergency Relief Program (ESSER) Special Revenue Fund presentation was adjusted from major to nonmajor due to no longer meeting the quantitative threshold for a major fund. This change is separately displayed in the financial statements.

## **Federal Hocking Local School District, Ohio**

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

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### **NOTE 4 - FUND DEFICITS**

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

#### **Special Revenue Funds:**

Lunch Room	\$142,463
21 Century Grant	55,044
Title I	52,269
Title VI-B	34,637
Title II-A	6,442
Title IV-A	5,172
	<hr/>
	<b>\$296,027</b>

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

### **NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget) rather than committed or assigned fund balance (GAAP).
4. Prepaid items, unrecorded cash, and negative cash advances to other funds are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
5. Budgetary revenues and expenditures of the Public School Support Fund are reclassified to the General Fund for GAAP reporting.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

## Federal Hocking Local School District, Ohio

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

### Net Change in Fund Balance

GAAP Basis	(\$535,415)
Revenue Accruals	236,976
Expenditure Accruals	(38,300)
Beginning of Fiscal Year:	
Prepaid Items	(40,342)
End of Fiscal year:	
Prepaid Items	80,810
Negative cash advances to other funds	(234,737)
Unrecorded Cash	(14)
Advances from other funds	634,938
To reclassify excess of revenues over expenditures into financial statement fund types	3,055
Encumbrances	<u>32,860</u>
Budget Basis	<u>\$139,831</u>

### **NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

## Federal Hocking Local School District, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

**Investments** Investments are reported at fair value. As of June 30, 2024, the School District had the following investments:

	Measurement		
	Amount	Maturity	Moody's
Net Asset Value (NAV) Per Share			
Star Ohio	\$5,001,026	Average 46.5 days	Aaa

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments.

**Credit Risk** STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization. The School District has no investment policy that addresses credit risk.

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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**Concentration of Credit Risk** The School District's investment policy places no limit on the amount it may invest in any one issuer.

### **NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Athens and Morgan Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2024, was \$386,609 in the General Fund and \$67,357 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2023, was \$282,803 in the General Fund and \$49,490 in the Permanent Improvement Capital Projects Fund.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

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

# Federal Hocking Local School District, Ohio

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

	2023 Second Half Collections		2024 Second Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$152,157,770	73.37%	\$183,058,490	76.29%
Commercial/Industrial and Public Utility Real	16,445,230	7.93%	16,640,360	6.93%
Public Utility Personal	38,769,380	18.70%	40,255,380	16.78%
	<b>\$207,372,380</b>	<b>100.00%</b>	<b>\$239,954,230</b>	<b>100.00%</b>
Tax Rate per \$1,000 of assessed valuation	\$29.00		\$29.00	

## **NOTE 8 - RECEIVABLES**

Receivables at June 30, 2024, consisted of property taxes, accounts (billings for user charged services, and student fees), interfund, and intergovernmental receivables. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be received within one year. The delinquent property taxes amounted to \$222,697.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Title I-A	\$76,705
21st Century Grants	55,044
Elementary and Secondary School Emergency Relief Grant	53,834
IDEA-B	51,425
Title II-A	31,497
State Foundation	28,936
Rural and Low-Income, Title VI-B	12,000
Title IV-A Student Support and Academic Enrichment	6,076
High School that Works	5,021
Medicaid Reimbursement	4,131
Title I	1,378
Title I Non - Competitive Grant	905
Miscellaneous	335
<b>Total</b>	<b>\$327,287</b>

## **NOTE 9 - CAPITAL ASSETS**

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

## Federal Hocking Local School District, Ohio

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

	Balance 6/30/2023	Additions	Deductions	Balance 6/30/2024
<b>Capital Assets:</b>				
Capital Assets not being depreciated:				
Land	\$44,623	\$0	\$0	\$44,623
Construction in Progress	834,855	53,832	(888,687)	0
Total Capital Assets not being Depreciated	<u>879,478</u>	<u>53,832</u>	<u>(888,687)</u>	<u>44,623</u>
Depreciable Capital Assets:				
Land Improvements	2,284,855	12,050	0	2,296,905
Buildings and Improvements	17,708,924	49,721	0	17,758,645
Furniture and Equipment	2,789,436	1,138,310	0	3,927,746
Vehicles	2,817,090	263,084	0	3,080,174
Total Capital Assets being Depreciated	<u>25,600,305</u>	<u>1,463,165</u>	<u>0</u>	<u>27,063,470</u>
Less Accumulated Depreciation				
Land Improvements	(1,005,816)	(29,938)	0	(1,035,754)
Buildings and Improvements	(7,947,091)	(371,035)	0	(8,318,126)
Furniture and Equipment	(2,449,557)	(107,008)	0	(2,556,565)
Vehicles	(1,763,685)	(215,017)	0	(1,978,702)
Total Accumulated Depreciation	<u>(13,166,149)</u>	<u>(722,998)</u> *	<u>0</u>	<u>(13,889,147)</u>
Total Capital Assets being Depreciated, Net	<u>12,434,156</u>	<u>740,167</u>	<u>0</u>	<u>13,174,323</u>
Capital Assets, Net	<u>\$13,313,634</u>	<u>\$793,999</u>	<u>(\$888,687)</u>	<u>\$13,218,946</u>

Included in the additions and deletions in the above table is a reclass of construction in progress in the amount of \$888,687 as a result of the completion of the standby generators installed at Coolville and Amesville Schools.

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

Instruction:	
Regular	\$194,612
Special	56,268
Vocational	7,269
Support Services:	
Pupils	11,122
Administration	25,802
Fiscal	2,474
Operation and Maintenance of Plant	126,867
Pupil Transportation	255,117
Food Service Operations	35,058
Extracurricular Activities	8,409
Total Depreciation Expense	<u>\$722,998</u>

### **NOTE 10 - DEFINED BENEFIT PENSION PLANS**

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

#### ***Net Pension Liability/Net OPEB Liability/Asset***

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

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

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

Age and service requirements for retirement are as follows:

## **Federal Hocking Local School District, Ohio**

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

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

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

The School District’s contractually required contribution to SERS was \$332,708 for fiscal year 2024. Of this amount, \$96,103 is reported as an intergovernmental payable.

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

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

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

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

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2024 employer and employee

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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

The School District's contractually required contribution to STRS was \$912,587 for fiscal year 2024. Of this amount, \$182,331 is reported as an intergovernmental payable.

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

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

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06067510%	0.04806181%	
Prior Measurement Date	<u>0.06253210%</u>	<u>0.04805576%</u>	
Change in Proportionate Share	<u>-0.00185700%</u>	<u>0.00000605%</u>	
			<u>Total</u>
Proportionate Share of the Net			
Pension Liability	\$3,352,612	\$10,350,080	\$13,702,692
Pension Expense	\$245,430	\$916,535	\$1,161,965

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

## Federal Hocking Local School District, Ohio

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	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$144,103	\$377,342	\$521,445
Changes of assumptions	23,748	852,385	876,133
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	0	79,685	79,685
School District contributions subsequent to the measurement date	<u>332,708</u>	<u>912,587</u>	<u>1,245,295</u>
Total Deferred Outflows of Resources	<u><u>\$500,559</u></u>	<u><u>\$2,221,999</u></u>	<u><u>\$2,722,558</u></u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$22,967	\$22,967
Changes of assumptions	0	641,601	641,601
Net difference between projected and actual earnings on pension plan investments	47,124	31,019	78,143
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>195,741</u>	<u>126,521</u>	<u>322,262</u>
Total Deferred Inflows of Resources	<u><u>\$242,865</u></u>	<u><u>\$822,108</u></u>	<u><u>\$1,064,973</u></u>

\$1,245,295 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	(\$118,243)	(\$83,602)	(\$201,845)
2026	(155,792)	(382,337)	(538,129)
2027	196,523	1,018,397	1,214,920
2028	<u>2,498</u>	<u>(65,154)</u>	<u>(62,656)</u>
Total	<u><u>(\$75,014)</u></u>	<u><u>\$487,304</u></u>	<u><u>\$412,290</u></u>

### *Actuarial Assumptions – SERS*

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

## **Federal Hocking Local School District, Ohio**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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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:

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

## Federal Hocking Local School District, Ohio

*Notes to the Basic Financial Statements  
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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	
<b>Total</b>	<b>100.00 %</b>		

**Discount Rate** The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

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

	Current		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$4,948,284	\$3,352,612	\$2,008,562

### ***Actuarial Assumptions -- STRS***

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

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

## **Federal Hocking Local School District, Ohio**

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

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

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

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

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00%</u>	

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

\*\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

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

## Federal Hocking Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$15,916,134	\$10,350,080	\$5,642,723

### **NOTE 11 - DEFINED BENEFIT OPEB PLANS**

See Note 10 for a description of the net OPEB liability (asset).

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

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a

## **Federal Hocking Local School District, Ohio**

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

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health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$37,807.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$37,807 for fiscal year 2024. Of this amount, \$37,807 is reported as an intergovernmental payable.

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

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

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

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

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

	<b>SERS</b>	<b>STRS</b>	
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.06191750%	0.04806181%	
Prior Measurement Date	<u>0.06362130%</u>	<u>0.04805576%</u>	
Change in Proportionate Share	<u>-0.00170380%</u>	<u>0.00000605%</u>	
			<b>Total</b>
Proportionate Share of the:			
Net OPEB Liability	\$1,020,057	\$0	\$1,020,057
Net OPEB (Asset)	\$0	(\$934,736)	(\$934,736)
OPEB Expense	(\$69,935)	(\$10,349)	(\$80,284)

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

## Federal Hocking Local School District, Ohio

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

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$2,125	\$1,457	\$3,582
Changes of assumptions	344,911	137,701	482,612
Net difference between projected and actual earnings on OPEB plan investments	7,906	1,668	9,574
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	86,188	13,241	99,429
School District contributions subsequent to the measurement date	<u>37,807</u>	<u>0</u>	<u>37,807</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>\$478,937</u></b>	<b><u>\$154,067</u></b>	<b><u>\$633,004</u></b>

### **Deferred Inflows of Resources**

Differences between expected and actual experience	\$526,081	\$142,570	\$668,651
Changes of assumptions	289,706	616,725	906,431
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>240,683</u>	<u>615</u>	<u>241,298</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>\$1,056,470</u></b>	<b><u>\$759,910</u></b>	<b><u>\$1,816,380</u></b>

\$37,807 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	(\$163,243)	(\$262,590)	(\$425,833)
2026	(147,320)	(124,643)	(271,963)
2027	(96,679)	(47,860)	(144,539)
2028	(75,766)	(65,286)	(141,052)
2029	(70,440)	(59,721)	(130,161)
Thereafter	<u>(61,892)</u>	<u>(45,743)</u>	<u>(107,635)</u>
<b>Total</b>	<b><u>(\$615,340)</u></b>	<b><u>(\$605,843)</u></b>	<b><u>(\$1,221,183)</u></b>

### *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.

## **Federal Hocking Local School District, Ohio**

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

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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:

June 30, 2023

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

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

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

## Federal Hocking Local School District, Ohio

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

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

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
School District's proportionate share of the net OPEB liability	\$1,303,924	\$1,020,057	\$796,216
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$749,401	\$1,020,057	\$1,378,713

## Federal Hocking Local School District, Ohio

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

### ***Actuarial Assumptions – STRS***

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

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

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

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

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

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

## Federal Hocking Local School District, Ohio

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

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$791,132)	(\$934,736)	(\$1,059,800)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,065,603)	(\$934,736)	(\$777,108)

### **NOTE 12 - LONG-TERM OBLIGATIONS**

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

	Principal Outstanding 6/30/23	Additions	Deductions	Principal Outstanding 6/30/24	Amounts Due Within One Year
Financed Purchase payable from Direct Borrowing: HVAC Purchase - 2.41%	\$770,970	\$0	\$191,455	\$579,515	\$196,059
Net Pension Liability: STRS	10,682,856	0	332,776	10,350,080	0
SERS	3,382,222	0	29,610	3,352,612	0
<b>Total Net Pension Liability</b>	<b>14,065,078</b>	<b>0</b>	<b>362,386</b>	<b>13,702,692</b>	<b>0</b>
Net OPEB Liability - SERS	893,249	126,808	0	1,020,057	0
Compensated Absences	1,012,515	43,855	53,520	1,002,850	89,342
Asset Retirement Obligations	45,000	0	0	45,000	0
<b>Total Long-Term Obligations</b>	<b>\$16,786,812</b>	<b>\$170,663</b>	<b>\$607,361</b>	<b>\$16,350,114</b>	<b>\$285,401</b>

Compensated absences will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund and the Food Service Special Revenue Fund. There are no repayment schedules for the net pension and OPEB liabilities. However, employee pension contributions are made from the following funds: the General Fund and the Title IDEA-B Grant, Title I Grant, 21<sup>st</sup> Century Grant, and Food Service Special Revenue Funds. For additional information related to the net pension and OPEB liabilities, see Notes 10 and 11.

#### ***Financed Purchase from Direct Borrowing***

The School District has entered into a financed purchase for improvements in the School District's HVAC systems, where ownership of the underlying asset transfers to the School District by the end of the contract. The School District disbursed \$191,455 to pay these costs for the fiscal year ended June 30, 2024. Future finance purchase payments are as follows:

## Federal Hocking Local School District, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$196,059	\$12,157	\$208,216
2026	200,794	7,375	208,169
2027	182,662	2,478	185,140
	<b>\$579,515</b>	<b>\$22,010</b>	<b>\$601,525</b>

Whenever any event of default the Bank shall have the right, at its sole option without any further demand or notice to take one or any combination of the following remedial steps:

- (a) take possession of the Leased Property by virtue of the Bank's ownership interest as lessor of the Leased Property;
- (b) hold the Lessee liable for the difference between (i) the rents and other amounts payable by Lessee hereunder to the end of the then current Original Term or Renewal Term, as appropriate, and (ii) the rent paid by a lessee of the Leased Property pursuant to such lease; and
- (c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Lease, the Security Documents, the Escrow Agreement or as a secured party in any or all of the Leased Property or the Escrow Account hereunder.
- (d) terminate the Escrow Agreement and apply the proceeds in the Escrow Account to the Lease Payments due hereunder.

The School District will be required to pay future obligations related to the asset retirement of certain assets when they are removed from service. For additional information related to the asset retirement obligations, see Note 13.

The School District's overall debt margin was \$21,016,366, with an unvoted debt margin of \$239,954 at June 30, 2024.

### **NOTE 13 - ASSET RETIREMENT OBLIGATIONS**

The Governmental Accounting Standard Board's (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

The School District has the following AROs:

The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a School District classified as an "owner" or "operator," to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of \$20,000 associated with the School Districts' underground storage tank was estimated by the School Districts' Buildings and Grounds Director. The remaining useful life of this UST is 13 years. The School District maintains insurance related to any potential pollution remediation associated with the USTs.

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements  
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Ohio Revised Code Section 6111.44 requires the School District to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the School District would be responsible to address any public safety issues associated with their waste water treatment facilities. The School Districts' Buildings and Grounds Director estimates these public safety issues to include removing/filling any tankage, cleaning/removing certain equipment, and backfilling certain exposed areas. This asset retirement obligation (ARO) of \$25,000 associated with the School District waste water treatment facility was estimated by the School Districts' Buildings and Grounds Director. The remaining useful life of these facility is 24 years.

### **NOTE 14 - INTERFUND BALANCES AND TRANSFERS**

#### **A. Transfers**

The General Fund made a transfer to the Student Activity Special Revenue Fund in the amount of \$20,000. The transfer was made to use unrestricted revenues collected in the General Fund to finance the program accounted for in the other fund in accordance with budgetary authorizations.

#### **B. Interfund Balances**

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

	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General Fund	<u>\$234,737</u>	<u>\$0</u>
Nonmajor Special Revenue Funds:		
Food Service	0	96,814
ESSER Fund	0	51,527
Title VI-B	0	16,333
Title I-A	0	77
Title IV A	0	904
Title I	0	25,585
Title II-A	0	31,497
Miscellaneous Federal Grants	0	12,000
Total Special Revenue Funds	<u>0</u>	<u>234,737</u>
Total All Funds	<u>\$234,737</u>	<u>\$234,737</u>

Interfund balances/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization; and to segregate and to return money to the fund from which it was originally provided once a project is completed. All of the above loans were made cover actual cash deficits until federal and other monies are received.

### **NOTE 15 - FUND BALANCES**

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

## Federal Hocking Local School District, Ohio

*Notes to the Basic Financial Statements  
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Fund Balances	General	Permanent Improvement	Other	Total
			Governmental Funds	
<u><b>Nonspendable:</b></u>				
Prepays	\$80,810	\$440	\$21,743	\$102,993
Materials and Supplies				
Inventory	8,158	0	543	8,701
<i>Total Nonspendable</i>	<u>88,968</u>	<u>440</u>	<u>22,286</u>	<u>111,694</u>
<u><b>Restricted for:</b></u>				
Local Grant Programs	0	0	21,568	21,568
State Grant Programs	0	0	45,496	45,496
Athletic and Music Programs	0	0	15,382	15,382
Classroom Facilities	0	0	41,346	41,346
Student Activities	0	0	66,705	66,705
Capital Improvements	0	<u>1,305,737</u>	0	<u>1,305,737</u>
<i>Total Restricted</i>	<u>0</u>	<u>1,305,737</u>	<u>190,497</u>	<u>1,496,234</u>
<u><b>Committed to:</b></u>				
Scholarships	0	0	258,226	258,226
Underground Storage Tanks	<u>11,000</u>	0	0	<u>11,000</u>
<i>Total Restricted</i>	<u>11,000</u>	0	<u>258,226</u>	<u>269,226</u>
<u><b>Assigned for:</b></u>				
Capital Projects	0	0	29,427	29,427
Purchases on Order	14,655	0	0	14,655
Public School Support	29,674	0	0	29,674
Fiscal Year 2025				
Appropriations	<u>142,460</u>	0	0	<u>142,460</u>
<i>Total Assigned</i>	<u>186,789</u>	0	<u>29,427</u>	<u>216,216</u>
Unassigned (Deficit):	4,873,836	0	(300,299)	4,573,537
<i>Total Fund Balances</i>	<u>\$5,160,593</u>	<u>\$1,306,177</u>	<u>\$200,137</u>	<u>\$6,666,907</u>

### **NOTE 16 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District participates in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 19).

The types and amounts of coverage provided by the Ohio School Plan are as follows:

## **Federal Hocking Local School District, Ohio**

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

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Building and Contents - replacement cost (\$1,000 deductible)	\$66,558,393
Crime (\$1,000 deductible):	
Employee Theft	25,000
Forgery or Alteration	25,000
Inside Premises	10,000
Outside Premises	10,000
Liability:	
Bodily Injury and Property Damage	2,000,000
Personal and Advertising Injury	2,000,000
General Aggregate Limit	4,000,000
Completed Operations Aggregate Limit	2,000,000
Employers' - Stop Gap - Bodily Injury	2,000,000
Educational Legal - Errors and Omissions (\$2,500 deductible):	
Injury Limit	2,000,000
Aggregate Limit	4,000,000
Automobile Liability:	
Liability	2,000,000
Medical Payments - each person	5,000
Uninsured Motorists	1,000,000
Deductibles:	
Comprehensive	250
Collision	500

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

For fiscal year 2024, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

For fiscal year 2024, the School District was a member of the Athens County School Employee Health and Welfare Benefit Association (the Consortium), an insurance purchasing pool (See Note 19), through which a cooperative Health Benefit Program was created for the benefit of its members. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating School Districts. These funds are pooled together for the purposes of paying health and dental benefit claims of employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the School District were to withdraw from the pool. If the reserve would not cover such claims, the School District would be liable for any costs above the reserve.

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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### **NOTE 17 - EMPLOYEE BENEFITS**

#### **A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified and administrative employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated vacation time may be carried forward for the Treasurer and upon approval of the Superintendent, for all other classified employees. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to an unlimited number of days for certified employees and a maximum of 350 days for classified employees.

Upon retirement, classified employees may choose between two choices of severance. They can receive severance pay equal to \$50 per day of unused accumulated sick leave to a maximum of 350 days or one-fourth of the unused accumulated sick leave to a maximum of 60 days multiplied by the daily rate.

Certified employees receive one-fourth of accrued, but unused sick leave credit to a maximum of 60 days paid based on the employee's current rate of pay.

#### **B. Insurance Benefits**

The School District provides life insurance and accidental death and dismemberment insurance through Metropolitan Educational Council Group Life Insurance, in the amount of \$30,000 for all employees. The School District also provides vision insurance to its employees through Vision Service Plan. Health insurance is provided by Athens County School Employee Health and Welfare Benefit Association. Monthly premiums for this coverage are \$2,901.59 for family plans and \$1,089.38 for single high deductible plans and \$3,741.62 for family plan and \$ 1,400.23 for single plan. The School District pays 90 percent for single coverage premiums and 85% for family coverage premiums. Dental insurance is also provided by Huntington Private Financial. Monthly premiums for vision are \$13.77 and \$87.15 for dental coverage for family and single plans. The School District pays 100 percent of the dental and vision premiums.

### **NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS**

#### **A. Metropolitan Educational Technology Association (META) Solutions**

The School District participates in the Metropolitan Educational Technology Association (META) Solutions, formed from the merger of the Metropolitan Educational Council (MEC) and the Southern Ohio Voluntary Education Cooperative (SEOVEC) during fiscal year 2016, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During 2024, the School District paid \$58,294 for services with

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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META. Financial information can be obtained from Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

### **B. Coalition of Rural and Appalachian Schools**

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of 120 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The CORAS is operated by a fifteen-member board composed of one elected and one appointed (one appointed seat is empty) from each of the eight regions into which the 32 Appalachian counties are divided, one dean appointment from the Ohio University College of Education, and three ex-officio members. The board exercises total control over the operations of the CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The CORAS provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The CORAS is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the CORAS. During fiscal year 2024, the School District paid the membership fee of \$400. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at 322 Patton Hall, Ohio University, Athens, Ohio 45701.

### **C. Coalition for Equity and Adequacy of School Funding**

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of school district representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the Coalition includes over 500 school districts throughout the State of Ohio. The Committee exercises total control over budgeting, appropriating, contracting, and the designation of management. Member school districts and joint vocational schools pay dues to \$0.05 per pupil. School districts and joint vocational schools may also pay supplemental dues in the amount of \$0.05 per pupil for K-12 districts and educational service centers pay dues of \$0.05 per pupil. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest or financial responsibility for the Coalition. During fiscal year 2024, the School District paid \$400 to the Coalition. To obtain financial information, write to the Ohio Coalition of Equity and Adequacy of School Funding at 100 South Third Street, Columbus, Ohio 43215.

## **NOTE 19 - INSURANCE PURCHASING POOLS**

### **A. Ohio School Plan**

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code.

The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs, and other administrative services. The OSP's business and affairs are conducted by a thirteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

### **B. Ohio School Boards Association Workers' Compensation Group Rating Program**

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

### **C. Athens County School Employee Health and Welfare Benefit Association**

The School District participates in a consortium of seven districts to operate the Athens County School Employee Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with United Healthcare to be a health care provider for medical benefits as well as to provide aggregate and stop loss insurance coverage, and Coresource to provide administration for its dental benefits. The Association is governed by a board of directors consisting of one representative from each of the participating districts. Financial information for the association can be obtained from the administrators at Snider, Fuller, and Stroh, 5 Depot Street, Athens, Ohio 45701.

### **NOTE 20- SET-ASIDE CALCULATIONS**

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

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</u> <u>Improvements</u>
Set-aside Balance as of June 30, 2024	\$0
Current Year Set-aside Requirement	190,120
Offsetting Credits	(327,342)
Qualifying Disbursements	(703,151)
Total	<u><u>(\$840,373)</u></u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future fiscal years.

## **Federal Hocking Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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### **NOTE 21 - SIGNIFICANT COMMITMENTS**

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

General Fund	\$32,860
Permanent Improvement Capital Projects Fund	32,143
Nonmajor Funds	<u>146,896</u>
Total	<u><u>\$211,899</u></u>

### **NOTE 22 - CONTINGENCIES**

#### **A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants.

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

#### **B. Litigation**

As of June 30, 2024, the School District is currently not a party to any material legal proceedings.

#### **C. School Foundation**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional DEW adjustments for fiscal year 2024 are finalized. As a result, there was no significant impact of the FTE adjustment on the fiscal year 2024 financial statements.

### **NOTE 23 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency ended in April 2023. During fiscal year 2024, the School District received Covid -19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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**Federal Hocking Local School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years\**

	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.0606751%	0.0625321%	0.0692996%	0.0643664%
School District's Proportionate Share of the Net Pension Liability	\$3,352,612	\$3,382,222	\$2,556,955	\$4,257,329
School District's Covered Payroll	\$2,331,007	\$2,537,957	\$2,634,057	\$2,233,914
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	143.83%	133.27%	97.07%	190.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
0.0635437%	0.0635708%	0.0603745%	0.0585255%	0.0558864%	0.0534440%
\$3,801,931	\$3,640,817	\$3,607,242	\$4,283,526	\$3,188,931	\$2,704,770
\$2,186,696	\$2,143,822	\$1,887,307	\$1,861,607	\$1,683,498	\$1,565,743
173.87%	169.83%	191.13%	230.10%	189.42%	172.75%
70.85%	69.50%	69.50%	62.98%	69.16%	71.70%

**Federal Hocking Local School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years\**

	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.04806181%	0.04805576%	0.04764666%	0.04857061%
School District's Proportionate Share of the Net Pension Liability	\$10,350,080	\$10,682,856	\$6,092,053	\$11,752,359
School District's Covered Payroll	\$6,444,200	\$6,589,750	\$6,006,986	\$5,887,586
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	160.61%	162.11%	101.42%	199.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%	75.50%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
0.04742397%	0.04622137%	0.04451587%	0.04102738%	0.04111360%	0.04286837%
\$10,487,526	\$10,163,042	\$10,574,841	\$13,733,101	\$11,362,597	\$10,427,071
\$5,630,493	\$5,334,371	\$4,767,393	\$4,332,707	\$4,314,864	\$4,377,077
186.26%	190.52%	221.82%	316.96%	263.34%	238.22%
77.40%	75.30%	75.30%	66.80%	72.10%	74.70%

**Federal Hocking Local School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability*  
*School Employees Retirement System of Ohio*  
*Last Eight Fiscal Years (1)\**

	2024	2023	2022
School District's Proportion of the Net OPEB Liability	0.06191750%	0.06362130%	0.07084630%
School District's Proportionate Share of the Net OPEB Liability	\$1,020,057	\$893,249	\$1,340,825
School District's Covered Payroll	\$2,331,007	\$2,537,957	\$2,634,057
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	43.76%	35.20%	50.90%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.06611650%	0.06445780%	0.06412130%	0.06109450%	0.05914230%
\$1,436,927	\$1,620,978	\$1,778,897	\$1,639,615	\$1,685,774
\$2,233,914	\$2,186,696	\$2,143,822	\$1,887,307	\$1,861,607
64.32%	74.13%	82.98%	86.88%	90.55%
18.17%	15.57%	12.46%	12.46%	11.49%

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

	2024	2023	2022
School District's Proportion of the Net OPEB Liability (Asset)	0.04806181%	0.04805576%	0.04764666%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$934,736)	(\$1,244,323)	(\$1,004,591)
School District's Covered Payroll	\$6,444,200	\$6,589,750	\$6,006,986
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered - Payroll	-14.51%	-18.88%	-16.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	168.50%	230.70%	174.70%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.04857061%	0.04742397%	0.04622137%	0.04451587%	0.04102738%
(\$853,628)	(\$785,453)	(\$742,732)	\$1,736,845	\$2,194,155
\$5,887,586	\$5,630,493	\$5,334,371	\$4,767,393	\$4,332,707
-14.50%	-13.95%	-13.92%	36.43%	50.64%
182.10%	174.70%	47.10%	47.10%	37.30%

**Federal Hocking Local School District, Ohio**

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

	2024	2023	2022	2021
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$332,708	\$326,341	\$355,314	\$368,768
Contributions in Relation to the Contractually Required Contribution	(332,708)	(326,341)	(355,314)	(368,768)
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered Payroll (1)	\$2,376,486	\$2,331,007	\$2,537,957	\$2,634,057
Pension Contributions as a Percentage of Covered Payroll	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	37,807	42,472	39,919	38,568
Contributions in Relation to the Contractually Required Contribution	(37,807)	(42,472)	(39,919)	(38,568)
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
OPEB Contributions as a Percentage of Covered Payroll	<u><u>1.59%</u></u>	<u><u>1.82%</u></u>	<u><u>1.57%</u></u>	<u><u>1.46%</u></u>
Total Contributions as a Percentage of Covered Payroll (2)	<u><u>15.59%</u></u>	<u><u>15.82%</u></u>	<u><u>15.57%</u></u>	<u><u>15.46%</u></u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
\$312,748	\$295,204	\$289,416	\$264,223	\$260,625	\$221,885
(312,748)	(295,204)	(289,416)	(264,223)	(260,625)	(221,885)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,233,914	\$2,186,696	\$2,143,822	\$1,887,307	\$1,861,607	\$1,683,498
<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>
39,276	47,174	43,711	32,504	29,210	42,792
(39,276)	(47,174)	(43,711)	(32,504)	(29,210)	(42,792)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
1.76%	2.16%	2.04%	1.72%	1.57%	2.54%
<u>15.76%</u>	<u>15.66%</u>	<u>15.54%</u>	<u>15.72%</u>	<u>15.57%</u>	<u>15.72%</u>

**Federal Hocking Local School District, Ohio**

*Required Supplementary Information*

*Schedule of the School District's Contributions*

*State Teachers Retirement System of Ohio*

*Last Ten Fiscal Years*

	2024	2023	2022	2021
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$912,587	\$902,188	\$922,565	\$840,978
Contributions in Relation to the Contractually Required Contribution	(912,587)	(902,188)	(922,565)	(840,978)
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered Payroll	\$6,518,479	\$6,444,200	\$6,589,750	\$6,006,986
Pension Contributions as a Percentage of Covered Payroll	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>

Although the covered payroll for the net OPEB liability is the same as the net pension liability, there were no OPEB related required contributions to postemployment health care. There is no required supplementary information to present related to the statutorily established employer contribution requirements for the net OPEB liability.

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
\$824,262	\$788,269	\$746,812	\$667,435	\$606,579	\$604,081
<u>(824,262)</u>	<u>(788,269)</u>	<u>(746,812)</u>	<u>(667,435)</u>	<u>(606,579)</u>	<u>(604,081)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$5,887,586	\$5,630,493	\$5,334,371	\$4,767,393	\$4,332,707	\$4,314,864
<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>

## **Federal Hocking Local School District, Ohio**

### *Notes to Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2024*

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#### **Net Pension Liability**

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

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

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

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

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members was based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

## **Federal Hocking Local School District, Ohio**

### *Notes to Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2024*

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

**Investment rate of return:**

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

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

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

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

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

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

## **Federal Hocking Local School District, Ohio**

### *Notes to Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2024*

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

### **Net OPEB Liability**

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

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

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

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

#### Municipal Bond Index Rate:

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

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

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

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

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

## **Federal Hocking Local School District, Ohio**

### *Notes to Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2024*

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decreased. The assumed mortality, disability, retirement, withdrawal, and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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

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

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

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

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

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

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

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

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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**FEDERAL HOCKING LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Provided Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education and Workforce</i>				
<i>Child Nutrition Cluster:</i>				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2023/2024	0	31,416
Cash Assistance:				
School Breakfast Program	10.553	2023/2024	0	160,326
National School Lunch Program	10.555	2023/2024	0	240,337
<i>Total Child Nutrition Cluster</i>			0	432,079
Total U.S. Department of Agriculture			0	<b>432,079</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Title I Grants to Local Educational Agencies	84.010A	2024	0	358,924
Title I Grants to Local Educational Agencies	84.010A	2023	0	76,150
Title I Grants to Local Educational Agencies- Supplemental School Improvement	84.010A	2024	0	28,462
Title I Grants to Local Educational Agencies- Supplemental School Improvement	84.010A	2023	0	13,221
Title I Grants to Local Educational Agencies- Expanding Opportunities	84.010A	2024	0	3,378
<i>Total Title I Grants to Local Educational Agencies</i>			0	480,135
<i>Special Education Cluster:</i>				
Special Education - Grants to States	84.027A	2024	0	243,993
Special Education - Grants to States	84.027A	2023	0	29,369
COVID-19: Special Education - Grants to States	84.027X	2023	0	37,225
<i>Total Special Education - Grants to States</i>			0	310,587
Special Education - Preschool Grants	84.173A	2024	0	6,690
COVID-19: Special Education - Preschool Grants	84.173X	2023	0	2,834
<i>Total Special Education - Preschool Grants</i>			0	9,524
<i>Total Special Education Cluster</i>			0	<b>320,111</b>
Twenty-First Century Community Learning Centers	84.287A	2024	81,205	81,205
Twenty-First Century Community Learning Centers	84.287A	2023	32,412	32,412
Twenty-First Century Community Learning Centers	84.287A	2023	38,648	43,810
<i>Total Twenty-First Century Community Learning Centers</i>			152,265	<b>157,427</b>
Rural Education	84.358B	2024	0	31,122
Supporting Effective Instruction State Grant	84.367A	2024	0	36,784
Supporting Effective Instruction State Grant	84.367A	2023	0	21,450
<i>Total Supporting Effective Instruction State Grant</i>			0	<b>58,234</b>
Student Support and Academic Enrichment Grants	84.424A	2024	0	26,322
Student Support and Academic Enrichment Grants	84.424A	2023	0	7,619
<i>Total Support and Academic Enrichment Grants</i>			0	<b>33,941</b>
<i>COVID-19: Education Stabilization Fund</i>				
Elementary and Secondary School Emergency Relief Fund	84.425D	2023	0	80,329
Elementary and Secondary School Emergency Relief Fund (ARP)	84.425U	2023/2024	0	355,147
<i>Total COVID-19: Education Stabilization Fund</i>			0	<b>435,476</b>
Total U.S. Department of Education			<b>152,265</b>	<b>1,516,446</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$152,265</b>	<b>\$1,948,525</b>

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

**FEDERAL-HOCKING LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

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

**NOTE A – BASIS OF PRESENTATION**

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

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

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - SUBRECIPIENTS**

The School District passes certain federal awards received from Ohio Department of Education and Workforce to other governments or not-for-profit agencies (subrecipients). As Note B describes, the School District reports expenditures of Federal awards to subrecipients when paid in cash.

As a pass-through entity, the School District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**NOTE E - CHILD NUTRITION CLUSTER**

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

**NOTE F – FOOD DONATION PROGRAM**

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



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

Federal-Hocking Local School District  
Athens County  
8461 State Route 144  
Stewart, Ohio 45778

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Federal-Hocking Local School District, Athens County, Ohio (the School District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 7, 2025.

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

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

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

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

Federal-Hocking Local School District  
Athens County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 7, 2025



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

Federal-Hocking Local School District  
Athens County  
8461 State Route 144  
Stewart, Ohio 45778

To the Board of Education:

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

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

We have audited Federal-Hocking Local School District's, Athens County, Ohio, (School District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Federal-Hocking Local School District's major federal programs for the year ended June 30, 2024. Federal-Hocking Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

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

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

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

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

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

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

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

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

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

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

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

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

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

Federal-Hocking Local School District  
Athens County  
Independent Auditor's Report on Compliance With Requirements  
Applicable to Each Major Federal Program and on Internal Control Over  
Compliance Required by the Uniform Guidance  
Page 3

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 7, 2025

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FEDERAL-HOCKING LOCAL SCHOOL DISTRICT  
ATHENS COUNTY

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): <ul style="list-style-type: none"><li>• Title I Grants to Local Educational Agencies, AL# 84.010</li><li>• Education Stabilization Fund AL# 84.425</li></ul>	
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR 200.511(b)**  
**JUNE 30, 2024**

Finding Number	Finding Summary	Status	Additional Information
2023-001	Material Weakness relating to Financial Reporting based on material audit adjustments identified.	Fully Corrected	N/A
2023-002	Noncompliance and Material Weakness Pertaining to Ohio Rev. Code§ 3327.08 for failing to competitively bid for purchase of three school busses.	Fully Corrected	N/A
2023-003	Noncompliance and Material Weakness relating to Wage Rate Requirements for the AL # 84.425D Education Stabilization Fund	Fully Corrected	N/A

# OHIO AUDITOR OF STATE KEITH FABER



FEDERAL-HOCKING LOCAL SCHOOL DISTRICT

ATHENS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/25/2025

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](http://www.ohioauditor.gov)